UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10

GENERAL FORM FOR REGISTRATION OF SECURITIES
Pursuant to Section 12(b) or (g) of The Securities Exchange Act of 1934

LOWELL FARMS INC.

(Exact name of registrant as specified in its charter)

British Columbia, Canada	**NA**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
19 Quail Run Circle – Suite B, Salinas, California.	**93907**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code **(831) 998-8214**

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

Title of each class to be so registered	Name of each exchange on which each class is to be registered
None	**None**

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

Subordinate Voting Shares
(Title of class)

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.☐

LOWELL FARMS INC.

Table of Contents

ITEM 1. BUSINESS.

Unless the context indicates or suggests otherwise, references to "we," "our," "us," the "Company," or "Lowell Farms" refer to Lowell Farms Inc., a corporation organized under the laws of British Columbia, Canada, individually, or as the context requires, collectively with its subsidiaries. We changed our name from Indus Holdings, Inc. to Lowell Farms Inc, effective March 1, 2021. For a discussion of our corporate history, see Corporate Information below.

General

We are a California-based cannabis company with vertically integrated operations including large scale cultivation, extraction, processing, manufacturing, branding, packaging and wholesale distribution to retail dispensaries. We manufacture and distribute proprietary and third-party brands throughout the State of California, the largest cannabis market in the world. We also provide manufacturing, extraction and distribution services to third-party cannabis and cannabis branding companies.

On February 25, 2021, we acquired the Lowell Herb Co. and Lowell Smokes trademark brands, product portfolio and production assets from The Hacienda Group, a California limited liability company ("Hacienda"), and its subsidiaries. The acquisition is referred to in this Form 10 as the "Lowell Acquisition." The Lowell Acquisition expanded our product offerings by adding a highly regarded, mature line of premium branded cannabis pre-rolls, including infused pre-rolls, to our product portfolio under the Lowell Herb Co. and Lowell Smokes brands. The Lowell Acquisition also expanded our offerings of premium packaged flower, concentrates, and vape products. We believe our pre-existing strengths in cultivation and sourcing will enhance the value of the brands and products acquired in the Lowell Acquisition.

The Lowell Acquisition also substantially broadened our customer base by adding highly developed direct-to-consumer channels to complement our pre-existing network of retail dispensary customers. This addition to our customer base has resulted in broader geographic coverage in California by the combined business.

We operate a 225,000 square foot greenhouse cultivation facility in Monterey County, a 15,000 square foot manufacturing and laboratory facility in Salinas, California, a separate 20,000 square foot distribution facility in Salinas, California, an 11,000 square foot production facility in Sun Valley, California and a warehouse depot and distribution vehicles in Los Angeles, California.

Product Offerings

Our product offerings includes flower, vape pens, oils, extracts, chocolate edibles, mints, gummies, beverages, tinctures and pre-rolls. We sell our products under owned and third-party brands.

Brands we own include the following:

- Lowell Herb Co. and Lowell Smokes - premium packaged flower, pre-roll, concentrates, and vape products.
- Cypress Reserve – a premium flower brand reserved for the Company's highest potency harvests from its greenhouses.
- Flavor Extracts – provides crumble and terp sugar (which is an edible cannabis product with isolated and enhanced flavor and aromas) products that are hand-selected for optimum flavor and premium color.
- Kaizen – a premium brand offering a full spectrum of cannabis concentrates.
- House Weed – a value driven flower and concentrates offering, delivering a flavorful and potent experience with dependable quality.
- Moon – offers a range of cannabis bars, bites and fruit chews in a variety of delicious flavors, focused on high-potency, high-quality and high-value.
- Altai – combines confections with high quality cannabis to create delicious hand-crafted and award-winning edibles.
- Humble Flower – a premium brand offering cannabis-infused topical creams, balms and oils.
- Original Pot Company – infuses its baked edibles with high quality cannabis.
- CannaStripe – offers a range of gummy edibles, high-quality, high-value.
- Acme Elixirs – provides high quality, lab-tested vaporizing pens.

The Lowell Herb Co. and Lowell Smokes brands were acquired in the Lowell Acquisition. Our remaining brands were developed prior to the acquisition.

Third-party brands for which we exclusively manufacture and distribute in California include Dixie beverages and edibles, Dr. Raw tinctures and topicals, Legal beverages, and Her Highness edibles and prerolls. We also provide third party extraction processing and third-party distribution services, and bulk extraction concentrates and flower to licensed manufacturers and distributors. The focus in 2020 was on our owned brands and limiting the number of third-party brands manufactured and distributed. The Lowell Acquisition is a significant expansion of this strategy.

Cultivation

We conduct cannabis cultivation operations located in Monterey County, California. We currently operate a cultivation facility which includes four greenhouses totaling approximately 225,000 square feet sited on 10 acres located on Zabala Road. Farming cannabis at this scale enables us to curate specialized strains and maintain greater control over the quantity and quality of cannabis available for our products, preserving the consistency of our flower and cannabis feedstocks for our extraction laboratory and product manufacturing operations.

The first harvest was in the third quarter of calendar 2017. We are nearing completion of a series of facility upgrades to our greenhouses and supporting infrastructure, which when completed will increase facility output approximately four times from that generated in 2019. These facility improvements include separate grow rooms configured with drop-shades, supplemental lighting, upgraded electrical capability with environmental controls and automated fertigation, raised gutter height in two of the greenhouses and expanded dry room capacity capable of handling the increased output. We harvested approximately 9,000 and 17,000 pounds of flower in 2019 and 2020, respectively, and are currently projecting to harvest up to 40,000 to 45,000 pounds in 2021 as a result of these facility upgrades and improvements. We have invested approximately $6 million in our greenhouse renovations to date with a planned $2 million additional investment. The completion and commissioning of the renovated greenhouses and headhouse is expected to further reduce unit costs of cultivation and make available additional cannabis flower and feedstocks for our extraction and processing, packaging and distribution operations.

We maintain a strict quality control process which facilitates a predictable output yield of pesticide-free products.

Extraction

Extraction operations were first launched by us in the third quarter of 2017 with the commissioning of our 5,000 square foot licensed laboratory within our Salinas manufacturing facility. The lab contains six separate rooms that can each house one independent closed loop volatile extraction machine (meaning that the machine does not expose the products to open air), which are designed to process the cannabis through the application of hydrocarbon or ethanol solvents, to extract certain concentrated resins and oils from the dried cannabis. This process is known as volatile extraction, which is an efficient and rapid method of extracting cannabis. These resins, oils and concentrates are sold as ingestible products known as “shatter”, rosin, wax, sugar, diamonds, “caviar” and “crumble”.

We currently own and operate five closed loop volatile extraction machines, each housed in a separate room, and each having the capacity to process approximately 100 pounds of dry product per day yielding approximately 5 kilograms of cannabis concentrates. We also currently own and operate 14 purge ovens to work in conjunction with the five extraction units in the laboratory. Purge ovens, also known as vacuum ovens, are used after the processing by the extraction units to remove the solvents from the end-product in a low pressure and high heat environment.

The extraction operations utilize cannabis feedstocks from our cultivation site, supplemented with feedstock acquired from multiple third-party cultivations. Concentrate production is packaged as branded extracts, such as crumble, shatter, wax and sugar for distribution, incorporated into its manufactured edible products and sold in bulk to other licensed enterprises. In addition, extraction is provided on a fee-based service on third-party material.

Upon the completion of the acquisition of certain regulatory assets in the Lowell Acquisition, we will acquire from Hacienda certain non-hydrocarbon extraction assets used for the production of oils, water hashish, bubble hashish and rosin.

Manufacturing

Our manufacturing facility is located in Salinas, California and houses our edible product operations and extraction and distillation operations. The edible product operations utilize internally produced cannabis oil, which can also be supplied from multiple external sources. Our manufacturing operations produce a wide variety of cannabis-infused products in our 15,000 square foot manufacturing facility in Salinas. Our products include chocolate confections, beverages, baked goods, hard and soft non-chocolate confections, and topical lotions and balms. Lowell Farms utilizes modern commercial production equipment and employs food grade manufacturing protocols, including industry-leading standard operating procedures designed so that its products meet stringent quality standards. We have implemented updated compliance, packaging and labeling standards to meet the requirements of the California Medical and Adult-Use Cannabis Regulation and Safety Act with the advent of adult use legalization in California.

We also operate an automated flower packaging line and a pre-roll assembly line for making finished goods in those respective categories with feedstock grown by the Lowell Farms cultivation operations.

Distribution and Distribution Services

We have a primary distribution center, warehouse and packing facility located in Salinas, California and a service center and distribution depot in Los Angeles, California. We provide physical warehousing and delivery to retail dispensary customers throughout the State of California for our manufactured products as well as third party branded products distributed on behalf of third parties. In addition, we distribute all finished goods produced at the Hacienda facility. Deliveries are made daily to over 80% of the licensed dispensaries in California utilizing a fleet of 39 owned and leased vehicles. We provide warehousing, delivery, customer service and collection services for the third-party brands. We will increase our fleet of vehicles as necessary to meet delivery requirements from increased proprietary and third-party brand sales.

Technology Platform

We maintain an automated, on-demand supply chain logistics platform, utilizing e-commerce, enterprise resource planning and other technology to manage product movement, order taking and logistics needs.

Inventory Management

We have comprehensive inventory management procedures, which are compliant with the rules set forth by the California Department of Consumer Affairs' Bureau of Cannabis Control and all other applicable state and local laws, regulations, ordinances, and other requirements. These procedures ensure strict control over Lowell Farms' cannabis and cannabis product inventory from cultivation or manufacture to sale and delivery to a licensed dispensary, distributor or manufacturer, or disposal as cannabis waste. Such inventory management procedures also include measures to prevent contamination and maintain the quality of the products cultivated, manufactured or distributed.

Sources, Pricing and Availability of Raw Materials, Component Parts or Finished Products

We presently source all flower feedstock for sale primarily from our cultivation facility. We have developed relationships with local cannabis growers whereby flower quantities are readily available at competitive prices should the sourcing need arise. We source our biomass needs in extraction from our cultivation facility and from third-party suppliers. Remaining biomass material is readily available from multiple sources at competitive prices. Lowell Farms manufactures substantially all cannabis oil and distillate needs from its internal extraction operations. A small amount of specialized cannabis oil is procured from multiple external sources at competitive prices. Lowell Farms manufactures all finished goods for its proprietary brands. Third party distributed brand product is sourced directly from third party partners.

Corporate Information

We are a company incorporated under the laws of British Columbia, Canada. On April 25, 2019, we completed a reverse takeover transaction with Indus Holding Company, a Delaware corporation. On February 25, 2021, we completed the Lowell Acquisition. In connection with the Lowell Acquisition, we changed our name to Lowell Farms Inc.

Business Combination with Indus Holding Company

The Company entered into a definitive agreement dated as of March 29, 2019 (the "Business Combination Agreement") with Indus Holding Company and certain other parties pursuant to which the Company effected a business combination with Indus Holding Company. The business combination resulted in a reverse take-over (the "Business Combination" or the "RTO") of the Company by the securityholders of Indus Holding Company. The completion of the RTO was announced on April 29, 2019.

We were incorporated under the *Business Corporations Act* (Ontario) on October 27, 2005 under the name Zoolander Corporation. Our articles of incorporation were amended on September 10, 2013 to change our name from "Zoolander Corporation" to "Mezzotin Minerals Inc." We sometimes refer to the Company in this Form 10 as "Mezzotin" when referring to the period prior to the RTO. In connection with the RTO, we filed articles of amendment to effectuate the Share Terms Amendment (as defined below) and became domiciled in British Columbia, Canada under the name "Indus Holdings, Inc."

Indus Holding Company was formed as a Delaware corporation on January 2, 2015 and was recapitalized pursuant to an amendment and restatement of its certificate of incorporation in connection with the RTO. Pursuant to the recapitalization, all outstanding shares of preferred and common stock of Indus Holding Company were reclassified as non-voting Class B Common Shares, as described in the next paragraph. Simultaneously, the Company subscribed for and became the sole holder of Indus Holding Company's voting Class A Common Shares. The purchase price for the Class A Common Shares was paid from the proceeds of a subscription receipts financing conducted in connection with the RTO.

In connection with the RTO, (i) Lowell Farms Inc. (at that time named Indus Holdings, Inc.) created a new class of equity securities of Mezzotin designated subordinate voting shares ("Subordinate Voting Shares"), and all outstanding common shares of Mezzotin were reclassified as Subordinate Voting Shares at a ratio of one Subordinate Voting Share for every 485.3 common shares and (ii) a new class of non-participating securities of Mezzotin designated super voting shares ("Super Voting Shares") were created (collectively, the "Share Terms Amendment"). Additionally, pursuant to the Indus Holding Company recapitalization, the voting Class A Common Shares ("Indus Sub Class A Shares") and the non-voting Class B Common Shares ("Indus Sub Class B Shares") of Indus Holding Company were created. All outstanding shares of preferred and common stock of Indus Holding Company were reclassified as Indus Sub Class B Shares on a one-for-one basis. Indus Sub Class B Shares are redeemable at the option of the holder for Subordinate Voting Shares on a one-for-one basis or, at Indus Holding Company's option, for cash.

Effective April 16, 2020, in connection with the completion of a private placement of convertible debentures and warrants (the "Convertible Debenture Offering"), the certificate of incorporation of the Company (at that time named Indus Holdings, Inc.) was amended to create a class of non-voting Class C Common Shares (the "Indus Sub Class C Shares" and, together with the Indus Sub Class B Shares, the "Indus Sub Convertible Shares"). The debentures issued in the Convertible Debenture Offering are convertible into Indus Sub Class C Shares. The Indus Sub Class C Shares are redeemable at the option of the holder for Subordinate Voting Shares on a one-for-one basis. See "General Development of the Business – Financing Transactions" below for further details as to the Convertible Debenture Offering.

Recent Developments

Lowell Acquisition

On February 25, 2021, the Company completed the Lowell Acquisition, pursuant to which it acquired substantially all of the assets associated with the Lowell Herb Co. and Lowell Smokes brands, including the trademarks, product portfolio and production assets, from Hacienda. Lowell Herb Co. is a leading California cannabis brand. The Company will continue the manufacturing and distribution of distinctive and highly regarded premium packaged flower, pre-roll, concentrates, and vape products under the Lowell Herb Co. and Lowell Smokes brands.

The consideration for the Lowell Acquisition was valued at approximately $39.0 million and consisted of a cash payment of $4.1 million and the issuance of 22,643,678 Subordinate Voting Shares to Hacienda. 5,000,000 of such shares are being held in escrow to secure indemnification obligations undertaken by the sellers in the transaction. The share consideration was issued in a private placement transaction and the Company has agreed to register those shares with the Securities and Exchange Commission for resale.

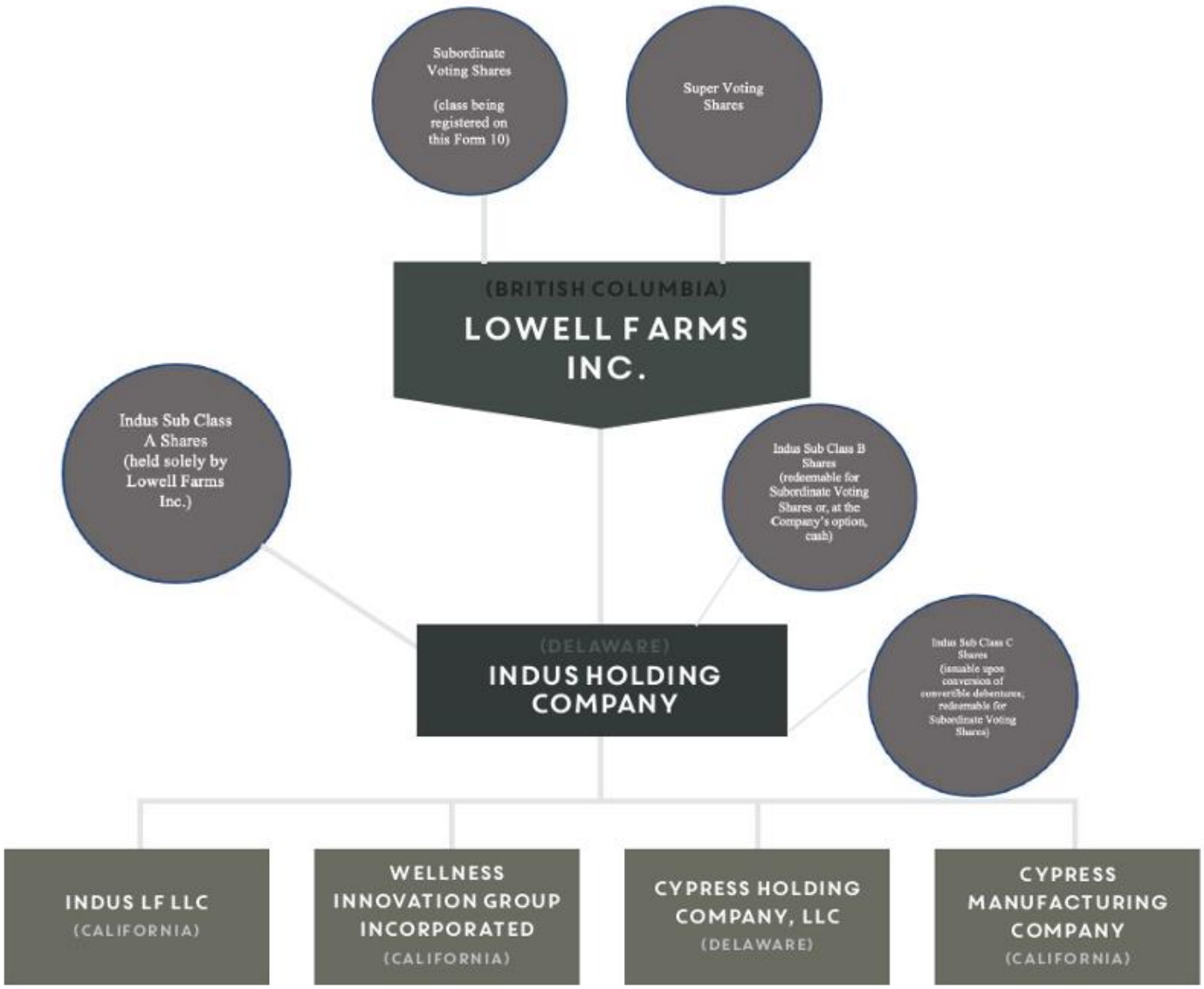
Hacienda has agreed to continue to produce Lowell branded products for an interim period for the account of the Company pending the completion of the transfer of certain regulatory assets. During such period, the Company is managing the production operations of Hacienda at the Sun Valley, California facility pursuant to a management services agreement and will be responsible for substantially all of the liabilities of the production operation, excluding income taxes.

Name Change

Effective March 1, 2021, the Company changed its name from Indus Holdings, Inc. to Lowell Farms Inc. On March 5, 2021, the Subordinate Voting Shares began trading on the Canadian Securities Exchange (the "CSE") under the ticker symbol LOWL and the warrants (the "December 2020 Warrants") issued by the Company (then named Indus Holdings, Inc.) in its December 2020 Unit offering described herein (the "December 2020 Unit Offering") began trading on the CSE under the ticker symbol LOWL.WT. Also on March 5, 2021, the Subordinate Voting Shares began trading on the OTCQX under the ticker symbol LOWLF.

Organizational Chart

Set forth below is the organization chart of the Company, setting out all material subsidiaries of the Company and their jurisdiction of incorporation, formation or organization. Each of the subsidiaries of Indus Holding Company is wholly-owned by it.



Although Indus Holding Company and certain of its subsidiaries exist under the laws of Delaware and Nevada, no such company carries on operations in Delaware or Nevada. Indus is presently carrying on active business operations solely in California.

The primary purpose or main business of each entity is as follows:

- Lowell Farms Inc. is the issuer of our shares traded on the CSE and OTCQX. Lowell Farms Inc. is a holding company and does not conduct material business activities.

- Indus Holding Company is the owner of our principal brand intellectual property (other than the Lowell Herb Co. and Lowell Smokes brands acquired in the Lowell Acquisition) and an intermediate holding company for our operating entities.

- Cypress Manufacturing Company conducts the majority of]our cannabis operations, including cultivation, extraction, manufacturing and distribution, and holds all manufacturing and distribution licenses. Licensed activities acquired by Indus LF LLC in the Lowell Acquisition are being transitioned to Cypress Manufacturing Company.

- Cypress Holding Company owns the majority of our equipment and is a lessee for facility and equipment leases.

- Wellness Innovation Group Incorporated provides sales, marketing, administrative and managerial services to our other operating entities.

- Indus LF LLC is the owner of the brands, product portfolio and assets acquired in the Lowell Acquisition.

The head office of the Company is located at 19 Quail Run Circle – Suite B, Salinas, California 93907 USA. The registered office of the Company is Suite 2200, HSBC Building, 885 West Georgia Street, Vancouver, BC V6C 3E8 Canada. Our website address is https://www.lowellfarms.direct.com/. No information available on or through our website shall be deemed to be incorporated into this Registration Statement on Form 10.

U.S. Cannabis Market

The emergence of the legal cannabis sector in the United States, both for medical and adult use, has been rapid as more states adopt regulations for its production and sale. A majority of Americans now live in a state where cannabis is legal in some form and almost a quarter of the population lives in states in which both medical and recreational use is permitted as a matter of, and in accordance with, applicable state and local laws.1 According to Fortune Business Insights, the global legal marijuana market is anticipated to reach a value of US$97.35 billion by the end of 2026 from US$10.60 billion in 2018. The market is predicted to rise at a compounded annual growth rate of 32.6% during the period 2019 to 2026.2

The use of cannabis and cannabis derivatives to treat or alleviate the symptoms of a wide variety of chronic conditions, while not recognized by the FDA, has been accepted by a majority of citizens with a growing acceptance by the medical community. A review of the research, published in 2015 in the Journal of the American Medical Association, found solid evidence that cannabis can treat pain and muscle spasms.3 The pain component is particularly important, because other studies have suggested that cannabis can replace pain patients' use of highly addictive, potentially deadly opiates.4 Although hemp, defined as cannabis and derivatives of cannabis with not more than 0.3% THC, has been descheduled from the Controlled Substances Act, the FDA has regulatory oversight over foods, drugs, cosmetics containing cannabis under the Food, Drug and Cosmetics Act of 1938. It is possible that as the federal and state agencies legalize certain products, the FDA may issue rules and regulations, including good manufacturing practices related to the growth, cultivation, harvesting and processing of such products, even if they are not marketed as drugs. It is possible that the FDA would require that facilities where medical-use cannabis is grown to register with the FDA and comply with certain federally prescribed regulations, certifications, testing, or other requirements. The potential impact on the cannabis industry is uncertain and could include the imposition of new costs, requirements, and prohibitions.

1 Nichols, Chris (2018). Do a majority of Americans live in states with legal marijuana. https://www.politifact.com/california/statements/2018/apr/19/john-chiang/do-majority-americans-live-states-legal-marijuana/

2 Cannabis/Marijuana Market Size. (August 2019) Retrieved from https://www.fortunebusinessinsights.com/industry-reports/cannabis-marijuana-market-100219

3 Grant, Igor MD (2015). Medical Use of Cannabinoids. Journal of American Medical Association, 314: 16, 1750-1751. doi: 10.1001/jama.2015.11429.

4 Bachhuber, MA, Saloner B, Cunningham CO, Barry CL. (2014). Medical Cannabis Laws and Opioid Analgesic Overdose Mortality in the United States, 1999-2010. JAMA Intern Med. 174(10):1668-1673. doi: 10.1001/jamainternmed.2014.4005.

Although we are not currently engaged in the production or distribution of medical marijuana products, the FDA has jurisdiction over our flower, oil, vape and edible products, among others. The FDA is currently taking action in the form of Warning Letters, but may also take more extreme enforcement such as recalls, disgorgement or penalties. If we are unable to comply with regulations or facility registration as prescribed by the FDA, it may have an adverse effect on our business, operating results, and financial condition.

Polls conducted throughout the United States consistently show overwhelming support for the legalization of medical cannabis, together with strong majority support for the full legalization of recreational adult-use cannabis. As of November 11, 2019, "Around nine-in-ten Americans favor legalization for recreational or medical purposes" and "Only 8% say it should not be legal."[5] These are large increases in public support over the past 40 years in favor of legal cannabis use.

Today cannabis is legal in some form in a total of 36 states, the District of Columbia, Guam, Puerto Rico and the U.S. Virgin Islands. On the recreational side, there are currently 15 States, plus the District of Columbia and four U.S. territories, in which the recreational sale of cannabis has been approved. These States include Oregon, Washington, Nevada, California, Colorado, Massachusetts, Michigan, Vermont, Alaska, Illinois, Maine, New Jersey, Arizona, South Dakota and Montana. With respect to medical marijuana, as more research centers study the effects of cannabis-based products in treating or addressing therapeutic needs, and assuming that research findings demonstrate that such products are effective in doing so, management believes that the size of the U.S. medical cannabis market will also continue to grow as more States expand their medical marijuana programs and new States legalize medical marijuana. Although the Company only operates in the State of California, it may seek opportunities expand into other States within the United States that have legalized cannabis use either medicinally or recreationally.

Notwithstanding that 36 states and the District of Columbia have now legalized adult-use and/or medical cannabis, cannabis remains illegal under U.S. federal law with cannabis listed as a Schedule I drug under the Controlled Substance Act, or CSA. See "*United States Regulatory Environment*".

Growth Strategy

While the legalization of cannabis throughout the United States continues to expand both in the adult use (recreational) and medical markets, and the size of the U.S. cannabis market will continue to provide growth opportunities, management believes that focusing on the substantial California market and becoming profitable and self-sustaining is the appropriate near-term growth strategy for the Company.

We plan to capitalize on the significant increase in cannabis consumption in California through the robust marketing of the recently acquired Lowell branded products and our other proprietary brands, the continued expansion of our brand and distribution footprint and the exploitation of our increased cultivation capacity. We will selectively seek opportunities to further expand our brands and operations in California through acquisitions or alliances.

We may also seek to expand our cultivation footprint within California by either purchasing an existing cultivation business or by entering into a lease arrangement with a suitable property to develop cultivation facilities. We currently have no retail facilities within the state of California but continue to evaluate such opportunities and could seek to enter retail at a future date.

5 Pew Research Organization (November 11, 2019). Two-thirds of Americans support marijuana legalization. Retrieved from https://www.pewresearch.org/fact-tank/2019/11/14/americans-support-marijuana-legalization/

Also, we may consider, but do not currently have definitive plans or timelines for our expansion beyond California as these markets continue to expand.

Competitive Conditions

We compete with other branded licensed cultivators, manufacturers and distributors, offering similar products and services, within California.

Currently, the California cannabis industry is largely comprised of small to medium-sized entities. We believe that the vast majority of our competitors are relatively small operations. Over time, it is expected that within California the industry will begin to consolidate as market-share will increasingly favor larger and more sophisticated operators.

We expect to face additional competition from new entrants. To remain competitive, we expect to invest in scale, people, processes and technology to maintain cost and product leadership over our competitors.

We may not have sufficient resources to maintain research and development, marketing, sales and support efforts on a competitive basis, which could materially and adversely affect our business, financial condition, results of operations or prospects.

Also, we expect to face continued competition from the illicit or "black-market" commercial activities that still operate within the state. Despite state-level legalization of cannabis in the United States, such operations remain abundant and present substantial competition to Lowell Farms. In particular, illicit operations, because they are largely clandestine, are not required to comply with the extensive regulations with which we must comply in order to conduct business, and accordingly may have significantly lower costs of operation. It is estimated that the current illicit cannabis market in California exceeds $8.5 billion.[6]

Intangible Property

To date, we have 11 registered federal trademarks with the United States Patent and Trademark Office and 3 California state trademark registrations. In addition, we have 8 federal trademark application pending. We own over 100 website domains, including www.lowellfarms.com, and numerous social media accounts across all major platforms. Lowell Farms maintains strict standards and operating procedures regarding its intellectual property, including the regular use of nondisclosure, confidentiality, and intellectual property assignment agreements.

Lowell Farms has developed numerous proprietary technologies and processes. These proprietary technologies and processes include its information system software, cultivation, edible manufacturing and extraction techniques, quality and compliance processes and new product development processes. While actively exploring the patentability of these techniques and processes, Lowell Farms relies on non-disclosure/confidentiality arrangements and trade secret protection. Lowell Farms has invested significant resources towards developing recognizable and unique brands consistent with premium companies in analogous industries.

The USPTO may deny federal trademark registration to any name, product, or other assets that violate the law, including cannabis products. However, hemp-derived goods and CBD products with less than 0.3% THC, as well as ancillary products or services, may be eligible for federal trademark registration. Additionally, the USPTO may accept trademark applications for consulting services or goods that do not directly involve the cannabis flower, such as computer software, educational platforms, and brand apparel. Cannabis products, goods, and services that do not meet the USPTO standard for trademark registration may qualify for state trademark registration in states where such products, goods, and services have been legalized.

6 https://www.northbaybusinessjournal.com/article/business/analyst-california-cannabis-market-isnt-slowed-by-covid-and-should-reach/

No guarantee can be given that Lowell Farms will be able to successfully assert its trademark rights, nor can the company guarantee that its trademark registrations will not be invalidated, circumvented or challenged. Any such invalidity, particularly with respect to a product name, or a successful intellectual property challenge or infringement proceeding against the company, could have a material adverse effect on Lowell Farms' business.

Employees

Lowell Farms employs personnel with a wide range of skill sets, including those with masters' and bachelors' degrees in their respective fields. With respect to cultivation, Lowell Farms recruits individuals with plant science and agricultural experience, and personnel have the practical experience necessary to cultivate high yielding, multiple strain variety cannabis plants and to develop new cannabis strains through selective horticultural practices. With regard to extraction, Lowell Farms recruits individuals with extraction and distillation experience for its product lines, and personnel have the practical experience and knowledge necessary to process the raw, dried cannabis product through volatile extraction processes, thereby generating high yields of cannabis extracts and distillates. In addition, Lowell Farms personnel have the practical experience and knowledge necessary to conduct secondary processing of cannabis biomass into crude cannabis oil, distillate, and concentrates, including shatter, wax and crystals, and to utilize the natural terpenes in cannabis to formulate premium vaporizer oils. Terpenes are the oils that give cannabis plants their smell. They come from the same components as tetrahydrocannabinol ("THC") and cannabidiol ("CBD").

With regard to product development and manufacturing, Lowell Farms recruits individuals with professional culinary education for edibles product development for its edibles division, and personnel have extensive experience in confectionary product development and manufacturing, particularly with regard to cannabis edibles, including chocolates, candies, cookies, gummies, beverages and tinctures.

With regard to sales & distribution, we recruit employees who retain a high degree of industry awareness and knowledge who can interface with dispensaries state-wide and introduce our products with the intention of retaining and potentially increasing shelf-space and the intention of maintaining or increasing market share. Our sales and distribution teams are important conduits for collecting intelligence on consumer behavior and trends. Our distribution capabilities are critical to building trust with dispensaries that they will receive inventory on a timely and consistent basis.

Lowell Farms currently possesses all specialized skills and knowledge it requires, but will continue to compete with other cannabis and manufacturing companies to secure and retain such staff.

As of March 1, 2021, we had 224 full-time employees and 2 part-time employees, all of which are located in California. Additionally, Lowell Farms utilizes contract employees in security, cultivation, packaging and warehousing activities. The use of contract employees enables Lowell Farms to manage variable staffing needs and in the case of cultivation and security personnel, access to experienced, qualified and readily available human resources.

In 2018, the manufacturing personnel of Lowell Farms were organized by UFCW Local 5. In 2020, prior to the completion of a collective bargaining agreement, the union workers voted to decertify UFCW Local 5. Under California law, the holder of a cannabis license with 20 or more employees must enter into a "labor peace agreement" with a union or provide a notarized statement to the Bureau of Cannabis Control that it will do so. A "labor peace agreement" is a private contract between an employer and a union that requires both parties to waive certain rights under federal labor law in connection with union organizing activities. Following the decertification of UFCW Local 5, Lowell Farms provided such a notarized statement to the Bureau of Cannabis Control. There has been no further union organizing activity of which the Company is aware involving its employees.

United States Regulatory Environment

Below is a discussion of the federal and state-level U.S. regulatory regimes in those jurisdictions where Lowell Farms is currently involved, directly or through its subsidiaries in the cannabis industry. Lowell Farms is directly engaged in the manufacture, extraction, cultivation, package, sale or distribution of cannabis in the adult-use and/or medical industries in the State of California. The Company derives all of its revenues from the cannabis industry in the State of California, which industry is illegal under U.S. federal law. The Company's cannabis-related activities are compliant with applicable State and local law, and the related licensing framework, and the Company is not aware of any non-compliance with applicable State and local law, and the related licensing framework, by any of the Company's clients to whom the Company renders services. Nonetheless, such activities remain illegal under U.S. federal law. The enforcement of relevant laws is a significant risk.

The Company evaluates, monitors and reassesses this disclosure, and any related risks, on an ongoing basis, and the same will be supplemented and amended to investors in public filings, including in the event of government policy changes or the introduction of new or amended guidance, laws or regulations regarding marijuana regulation. Any non-compliance, citations or notices of violation which may have an impact on the Company's licenses, business activities or operations will be promptly disclosed by the Company.

United States Federal Overview

The United States federal government regulates drugs in large part through the CSA. Marijuana, which is a form of cannabis, is classified as a Schedule I controlled substance. As a Schedule I controlled substance, the federal Drug Enforcement Agency, or DEA, considers marijuana to have a high potential for abuse; no currently accepted medical use in treatment in the United States; and a lack of accepted safety for use of the drug under medical supervision. According to the U.S. federal government, cannabis having a concentration of tetrahydrocannabinol, or THC, greater than 0.3% on a dry weight basis is marijuana. Cannabis with a THC content below 0.3% is classified as hemp. The scheduling of marijuana as a Schedule I controlled substance is inconsistent with what we believe to be widely accepted medical uses for marijuana by physicians, researchers, patients, and others. Moreover, as of January 30, 2021 and despite the clear conflict with U.S. federal law, 36 states and the District of Columbia have legalized marijuana for medical use, while 15 of those states and the District of Columbia have legalized the adult-use of cannabis for recreational purposes. In November 2020, voters in Arizona, Montana, New Jersey and South Dakota voted by referendum to legalize marijuana for adult use, and voters in Mississippi and South Dakota voted to legalized marijuana for medical use. As further evidence of the growing conflict between the U.S. federal treatment of cannabis and the societal acceptance of cannabis, the FDA on June 25, 2018 approved Epidiolex. Epidiolex is an oral solution with an active ingredient derived from the cannabis plant for the treatment of seizures associated with two rare and severe forms of epilepsy, Lennox-Gastaut syndrome and Dravet syndrome, in patients two years of age and older. This is the first FDA-approved drug that contains a purified substance derived from the cannabis plant. In this case, the substance is cannabidiol, or CBD, a chemical component of marijuana that does not contain the psychoactive properties of THC.

Unlike in Canada, which uniformly regulates the cultivation, distribution, sale and possession of marijuana at the federal level under the Cannabis Act (Canada), marijuana is largely regulated at the State level in the United States. State laws regulating marijuana are in conflict with the CSA, which makes marijuana use and possession federally illegal. Although certain States and territories of the United States authorize medical or adult-use marijuana production and distribution by licensed or registered entities, under United States federal law, the possession, use, cultivation, and transfer of marijuana and any related drug paraphernalia is illegal. Although our activities are compliant with the applicable State and local laws in California, strict compliance with state and local laws with respect to cannabis may neither absolve us of liability under United States federal law nor provide a defense to any federal criminal action that may be brought against us.

In 2013, as more and more states began to legalize medical and/or adult-use marijuana, the federal government attempted to provide clarity on the incongruity between federal law and these State-level regulatory frameworks. Until 2018, the federal government provided guidance to federal agencies and banking institutions through a series of Department of Justice, or DOJ, memoranda. The most notable of this guidance came in the form of a memorandum issued by former U.S. Deputy Attorney General James Cole on August 29, 2013, which we refer to as the Cole Memorandum.

The Cole Memorandum offered guidance to federal agencies on how to prioritize civil enforcement, criminal investigations and prosecutions regarding marijuana in all states and quickly set a standard for marijuana-related businesses to comply with. The Cole Memorandum put forth eight prosecution priorities:

1. Preventing the distribution of marijuana to minors;

2. Preventing revenue from the sale of marijuana from going to criminal enterprises, gangs and cartels;

3. Preventing the diversion of marijuana from states where it is legal under state law in some form to other states;

4. Preventing the state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity;

5. Preventing violence and the use of firearms in the cultivation and distribution of marijuana;

6. Preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use;

7. Preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands; and

8. Preventing marijuana possession or use on federal property.

On January 4, 2018, former United States Attorney General Jeff Sessions rescinded the Cole Memorandum by issuing a new memorandum to all United States Attorneys, which we refer to as the Sessions Memo. Rather than establishing national enforcement priorities particular to marijuana-related crimes in jurisdictions where certain marijuana activity was legal under State law, the Sessions Memo simply rescinded the Cole Memorandum and instructed that "[i]n deciding which marijuana activities to prosecute... with the [DOJ's] finite resources, prosecutors should follow the well-established principles that govern all federal prosecutions." Namely, these include the seriousness of the offense, history of criminal activity, deterrent effect of prosecution, the interests of victims, and other principles.

Neither Attorney General William Barr, who succeeded Attorney General Sessions, nor any subsequent Acting Attorney General provided a clear policy directive for the United States as it pertains to State-legal marijuana-related activities. President-elect Biden has nominated Merrick Garland to serve as Attorney General in his administration. It is not yet known whether the Department of Justice under President-elect Biden and Attorney General Garland, if confirmed, will re-adopt the Cole Memorandum or announce a substantive marijuana enforcement policy.

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.

As an industry best practice, despite the recent rescission of the Cole Memorandum, the Company abides by the following standard operating policies and procedures to ensure compliance with the guidance provided by the Cole Memorandum:

1. ensure that its operations are compliant with all licensing requirements as established by the applicable State, county, municipality, town, township, borough, and other political/administrative divisions;

2. ensure that its cannabis related activities adhere to the scope of the licensing obtained (for example: in the States where cannabis is permitted only for adult-use, the products are only sold to individuals who meet the requisite age requirements);

3. implement policies and procedures to ensure that cannabis products are not distributed to minors;

4. implement policies and procedures to ensure that funds are not distributed to criminal enterprises, gangs or cartels;

5. 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 across any State lines in general;

6. ensure that its 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

7. ensure that its 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, the Company conducts background checks to ensure that the principals and management of its operating subsidiaries are of good character, 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. The Company will also conduct ongoing reviews of the activities of its 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. See "*Risk Factors*".

Although the Cole Memorandum has been rescinded, one legislative safeguard for the medical marijuana industry remains in place: Congress has passed a so-called "rider" provision in the Fiscal Years 2015, 2016, 2017, 2018, 2019 and 2020 Consolidated Appropriations Acts 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. The rider is known as the "Rohrabacher- Farr" Amendment after its original lead sponsors (it is also sometimes referred to as the "Rohrabacher- Blumenauer" or "Joyce-Leahy" Amendment, but it is referred to in Registration Statement on Form 10 as the "Rohrabacher-Farr Amendment"). Most recently, the Rohrabacher-Farr Amendment was included in the Consolidated Appropriations Act of 2019, which was signed by President Trump on February 14, 2019 and funds the departments of the federal government through the fiscal year ending September 30, 2019. In signing the Act, President Trump issued a signing statement noting that the Act "provides that the DOJ may not use any funds to prevent implementation of medical marijuana laws by various States and territories," and further stating "I will treat this provision consistent with the President's constitutional responsibility to faithfully execute the laws of the United States." While the signing statement can fairly be read to mean that the executive branch intends to enforce the CSA and other federal laws prohibiting the sale and possession of medical marijuana, the president did issue a similar signing statement in 2017 and no major federal enforcement actions followed. On September 27, 2019 the Rohrabacher-Farr Amendment was temporarily renewed through a stopgap spending bill and was similarly renewed again on November 21, 2019. The Fiscal Year 2020 omnibus spending bill was ultimately passed on December 20, 2019, making the Rohrabacher-Farr Amendment effective through September 30, 2020. In signing the spending bill, President Trump again released a statement similar to the ones he made May 2017 and February 2019 regarding the Rohrabacher-Farr Amendment. On December 27, 2020 the amendment was renewed through the signing of the Fiscal Year 2021 omnibus spending bill, effective through September 30, 2021.

United States Border Entry

The United States Customs and Border Protection, or CBP, enforces the laws of the United States as they pertain to lawful travel and trade into and out of the U.S. Crossing the border while in violation of the CSA and other related United States federal laws may result in denied admission, seizures, fines, and apprehension. CBP officers administer determine the admissibility of travelers who are non-U.S. citizens into the United States pursuant to the United States Immigration and Nationality Act. An investment in our Subordinate Voting Shares, if it became known to CBP, could have an impact on a non-U.S. citizen's admissibility into the United States and could lead to a lifetime ban on admission.

Because marijuana remains illegal under United States federal law, those investing in Canadian companies with operations in the United States cannabis industry could face detention, denial of entry, or lifetime bans from the United States for their business associations with United States marijuana businesses. Entry happens at the sole discretion of CBP officers on duty, and these officers have wide latitude to ask questions to determine the admissibility of a non-US citizen or foreign national. The government of Canada has started warning travelers that previous use of marijuana, or any substance prohibited by United States federal laws, could mean denial of entry to the United States. Business or financial involvement in the marijuana industry in the United States could also be reason enough for CBP 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 marijuana continues to be a controlled substance under United States law, working in or facilitating the proliferation of the legal marijuana industry in U.S. states where it is deemed legal 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 marijuana in the United States (such as Lowell Farms), who are not United States citizens, face the risk of being barred from entry into the United States.

Anti-Money Laundering Laws and Access to Banking

The Company is subject to a variety of laws and regulations in the United States that involve anti-money laundering, financial recordkeeping and the proceeds of crime, including the Currency and Foreign Transactions Reporting Act of 1970 (referred to herein 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 any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the United States.

Additionally, under United States 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 any Schedule I controlled substance. Banks and other financial institutions could potentially be prosecuted and convicted of money laundering under the Bank Secrecy Act for providing services to cannabis businesses. Therefore, under the Bank Secrecy Act, banks or other financial institutions that provide a cannabis business with a checking account, debit or credit card, small business loan, or any other financial service could be charged with money laundering or conspiracy.

While there has been no change in U.S. federal banking laws to accommodate businesses in the large and increasing number of U.S. states that have legalized medical or adult-use marijuana, FinCEN, in 2014, issued guidance, or the FinCEN Guidance, to prosecutors of money laundering and other financial crimes. The FinCEN Guidance advised prosecutors not to focus their enforcement efforts on banks and other financial institutions that serve marijuana-related businesses so long as that marijuana-related business activities are legal in their state and none of the federal enforcement priorities referenced in the Cole Memorandum are being violated (such as keeping marijuana out of the hands of organized crime). The FinCEN Guidance also clarifies how financial institutions can provide services to marijuana-related businesses consistent with their Bank Secrecy Act obligations, including thorough customer due diligence, but makes it clear that they are doing so at their own risk. The customer due diligence steps typically include:

1. Verifying with the appropriate State authorities whether the business is duly licensed and registered;

2. Reviewing the license application (and related documentation) submitted by the business for obtaining a State license to operate its marijuana-related business;

3. Requesting available information about the business and related parties from State licensing and enforcement authorities;

4. Developing an understanding of the normal and expected activity for the business, including the types of products to be sold and the type of customers to be served (e.g., medical versus adult-use customers);

5. Ongoing monitoring of publicly available sources for adverse information about the business and related parties;

6. Ongoing monitoring for suspicious activity, including for any of the red flags described in the FinCEN Guidance; and

7. Refreshing information obtained as part of customer due diligence on a periodic basis and commensurate with the risk.

With respect to information regarding State licensure obtained in connection with such customer due diligence, a financial institution may reasonably rely on the accuracy of information provided by state licensing authorities, where States make such information available.

While the FinCEN Guidance decreased some risk for banks and financial institutions considering servicing the cannabis industry, in practice it has not increased banks' willingness to provide services to marijuana-related businesses. This is because current U.S. federal law does not guarantee banks immunity from prosecution, and it also requires banks and other financial institutions to undertake time-consuming and costly due diligence on each marijuana-related business they accept as a customer.

Those State-chartered banks and/or credit unions that have agreed to work with marijuana businesses are typically limiting those accounts to small percentages of their total deposits to avoid creating a liquidity risk. Since, theoretically, the federal government could change the banking laws as it relates to marijuana-related businesses at any time and without notice, these banks and credit unions must keep sufficient cash on hand to be able to return the full value of all deposits from marijuana-related businesses in a single day, while also keeping sufficient liquid capital on hand to service their other customers. Those State-chartered banks and credit unions that do have customers in the marijuana industry can charge marijuana businesses high fees to cover the added cost of ensuring compliance with the FinCEN Guidance.

As an industry best practice and consistent with its standard operating procedures, Lowell Farms adheres to all customer due diligence steps in the FinCEN Guidance and any additional requirements imposed by those financial institutions it utilizes. However, in the event that any of our operations, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such operations in the United States were found to be in violation of anti-money laundering legislation or otherwise, such transactions could 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 or effect other distributions.

In the United States, the "SAFE Banking Act" has been put forth which would grant banks and other financial institutions immunity from federal criminal prosecution for servicing marijuana-related businesses if the underlying marijuana business follows State law. The SAFE Banking Act was adopted by the House of Representatives during the 2020 legislative session. On December 4, 2020, the U.S. House of Representatives also passed the Marijuana Opportunity Reinvestment and Expungement (MORE) Act. The MORE Act would remove marijuana from the CSA and eliminate criminal penalties for individuals who manufacture, distribute or possess marijuana. While there is strong support in the public and within Congress for legislation such as the Safe Banking Act and the MORE Act, there can be no assurance that any such legislation will be enacted. In both Canada and the United States, 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.

Tax Concerns

An additional challenge for marijuana-related businesses is that the provisions of Internal Revenue Code Section 280E are being applied by the IRS to businesses operating in the medical and adult-use marijuana industry. Section 280E prohibits marijuana businesses from deducting their ordinary and necessary business expenses, forcing them to pay higher effective federal tax rates than similar companies in other industries. The effective tax rate on a marijuana business depends on how large its ratio of non-deductible expenses is to its total revenues. Therefore, businesses in the legal cannabis industry may be less profitable than they would otherwise be. Furthermore, although the IRS issued a clarification allowing the deduction of cost of goods sold, the scope of such items is interpreted very narrowly, and the bulk of operating costs and general administrative costs are not permitted to be deducted.

The 2018 Farm Bill

CBD is a non-psychoactive chemical found in cannabis and is often derived from hemp, which contains, at most, only trace amounts of THC. On December 20, 2018, President Trump signed the Agriculture Improvement Act of 2018 (popularly known as the 2018 Farm Bill) into law. Until the 2018 Farm Bill became law, hemp fell within the definition of "marijuana" under the CSA and the DEA classified hemp as a Schedule I controlled substance because hemp is part of the cannabis plant.

The 2018 Farm Bill defines hemp as the plant Cannabis sativa L. and any part of the plant with a delta-9 THC concentration of not more than 0.3% by dry weight and removes hemp from the CSA. The 2018 Farm Bill requires the U.S. Department of Agriculture, or USDA, to, among other things: (1) evaluate and approve regulatory plans approved by individual states for the cultivation and production of industrial hemp, and (2) promulgate regulations and guidelines to establish and administer a program for the cultivation and production of hemp in the U.S. The regulations promulgated by the USDA will be in lieu of those States not adopting State-specific hemp regulations. Hemp and products derived from it, such as CBD, may then be sold into commerce and transported across State lines provided that the hemp from which any product is derived was cultivated under a license issued by an authorized state program approved by the USDA and otherwise meets the definition of hemp. The 2018 Farm Bill also explicitly preserved the authority of the FDA to regulate hemp-derived products under the U.S. Food, Drug and Cosmetic Act. The Company expects that the FDA will promulgate its own rules for the regulation of hemp-derived products in the coming year. Notwithstanding the pending FDA rules, on October 29, 2019, the USDA published its proposed rules for the regulation of hemp, (referred to herein as the "USDA Rule"). The USDA Rule will go into effect immediately upon the conclusion of the public comment period and publication in the federal register by the USDA. The USDA Rule, among other things, sets minimum standards for the cultivation and production of hemp, as well as requirements for laboratory testing of hemp.

State Level Overview and Compliance Summary

In the United States, cannabis is largely regulated at the State level. Although California authorizes medical and adult-use marijuana production and distribution by licensed entities, and numerous other states have legalized marijuana in some form, under U.S. federal law, the possession, use, cultivation, and transfer of marijuana and any related drug paraphernalia remains illegal, and any such acts are criminal acts under U.S. federal law. Although we believe that our business activities are compliant with applicable State and local laws, strict compliance with State and local laws with respect to marijuana may neither absolve us of liability under U.S. federal law, nor provide a defense to any federal proceeding which may be brought against us. Any such proceedings brought against us may result in a material adverse effect on our business.

California Regulatory Landscape

In 1996, California was the first State to legalize medical marijuana through Proposition 215, the Compassionate Use Act of 1996. This provided an affirmative defense for defendants charged with 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, decriminalizing the use, possession, and collective cultivation of medical marijuana, and establishing an optional identification card system for medical marijuana patients.

In September 2015, the California legislature passed three bills collectively known as the "Medical Marijuana Regulation and Safety Act," or MCRSA. The MCRSA established a licensing and regulatory framework for medical marijuana businesses in California. The system created testing laboratories 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," or AUMA, creating an adult-use marijuana program for adult-use 21 years of age or older. In June 2017, the California State Legislature passed Senate Bill No. 94, known as Medicinal and Adult-Use Marijuana Regulation and Safety Act, or MAUCRSA, which amalgamated MCRSA and AUMA to provide a set of regulations to govern the medical and adult-use licensing regime for marijuana businesses in the State of California. MAUCRSA went into effect on January 1, 2018. The three primary licensing agencies that regulate marijuana at the state level are the Bureau of Cannabis Control, or BCC, California Department of Food and Agriculture, or CDFA, and the California Department of Public Health, or CDPH.

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, alternatively, can choose to ban marijuana licenses.

Licenses

Once an operator obtains local approval, the operator must obtain State licenses before conducting any commercial marijuana activity. There are multiple license categories that cover all commercial activity. Lowell Farms and its subsidiaries are licensed to operate Medical and Adult-Use Manufacturing, Nursery, Cultivation and Distribution facilities under applicable California and local jurisdictional law. Lowell Farms' licenses permit it to possess, cultivate, process, dispense and wholesale medical and adult-use cannabis in the State of California pursuant to the terms of the various licenses issued by the BCC, California Department of Public Health ("CDPH") and California Department of Food and Agriculture ("CDFA") under the provision of the MAUCRSA and California Assembly Bill No. 133. The licenses are independently issued for each approved activity for use at the Lowell Farms facilities in California.

The following licenses are held by Cypress Manufacturing Company:

Agency	License	City/County	Type of License
CDFA	CCL18-0003496	Monterey County	Nursery
CDFA	CCL18-0003514	Monterey County	Processor
CDFA	CCL18-0003504 – CCL 18-0003513	Monterey County	Cultivation: Small Mixed-Light Tier 1
CDFA	CCL18-0001803 – CCL 18-0001804	Monterey County	Cultivation: Small Mixed-Light Tier 2
CDFA	CCL18-0003497 – CCL 18-0003503	Monterey County	Cultivation: Small Mixed-Light Tier 2
BCC	C11 0000816 LIC	Salinas	Distributor Provisional (Salinas)
BCC	C11 0000685	Los Angeles	Distributor Provisional (Los Angeles)
CDPH	CDPH-10002196	Salinas	Manufacturing Type 7: Volatile Extraction

Under the terms of the Lowell Acquisition, Lowell Farms expects to acquire the following licenses as part of the regulatory assets to be transferred to Lowell Farms upon receipt of regulatory approval of the change in ownership of such assets. There can be no assurance that such regulatory approval will be granted.

Agency	License	City/County	Type of License
CDPH	CDPH-10002557	Los Angeles	Provisional Manufacturing License – Adult and Medicinal Cannabis Products
BCC	C11-0000502-LIC	Los Angeles	Adult-Use and Medicinal – Distributor Provisional License
City of Los Angeles Department of Cannabis Regulation ("DCR")	LA-C-18-000434-APP	Los Angeles	Medical Manufacturer Level 1, J083
DCR	LA-C-18-000434-APP	Los Angeles	Adult-Use Distributor, J090
DCR	LA-C-18-000434-APP	Los Angeles	Adult-Use Manufacturer Level 1, J093

California State and local licenses, including for the City of Los Angeles, are renewed annually. Each year, licensees are required to submit a renewal application per guidelines published by the BCC. While renewals are annual, there is no limit on the number of permitted annual renewals. To renew a DCR license, a renewal application and renewal fee are required to be paid by the licensee no earlier than 120 calendar days before the expiration of the license, and no later than 60 calendar days before the expiration of the license. At the time of a license renewal application, a licensee must include updated annual licensing documents. As part of the renewal process, the DCR may require modification to the licensee's security plan. To renew a license, a licensee must be in good standing as required by the DCR and shall not be delinquent on any City tax or fee.

In respect of the renewal process, provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner, and there are no material violations noted against the applicable license, Lowell Farms would expect to receive the applicable renewed license in the ordinary course of business. While Lowell Farms' compliance controls have been developed to mitigate the risk of any material violations of a license arising, there is no assurance that Lowell Farms' licenses will be renewed in the future in a timely manner. Any unexpected delays or costs associated with the licensing renewal process could impede the ongoing or planned operations of Lowell Farms and have a material adverse effect on Lowell Farms' business, financial condition, results of operations or prospects.

California License and Regulations

The Adult-Use and Medicinal Cultivation licenses that have been granted to Lowell Farms permit cannabis cultivation activity, which means any activity involving the planting, growing, harvesting, drying, curing, grading or trimming of cannabis. Such licenses further permit the production of a limited number of non-manufactured cannabis products and the sales of cannabis to certain licensed entities within the State of California for resale or manufacturing purposes.

Lowell Farms' Adult-Use and Medicinal Manufacturing licenses permit Lowell Farms to extract concentrated cannabis, THC, CBD and other cannabis extracts from cannabis plants, then convert them to cannabis concentrates, edibles, balms, beverages, vapes and a variety of other consumer goods. Lowell Farms also packages and labels these goods, including processed flower (the smokable part of the cannabis plant) for wholesale delivery.

The Adult-Use and Medicinal Distribution licenses permit Lowell Farms to complete cannabis related distribution activity which means the procurement, sale, and transportation of cannabis and cannabis products between licensed entities. Distribution activity is permissible to and from certain Lowell Farms and non-Lowell Farms licensees.

In the State of California, only cannabis that is grown in California can be sold in the state. Although California is not a vertically integrated system, Lowell Farms is vertically integrated and has the capabilities to cultivate, harvest, manufacture and wholesale cannabis and cannabis products to licensed retail dispensaries. Under manufacturing, distribution and cultivation licenses, the State of California also allows Lowell Farms to make a wholesale purchase of cannabis from, or a distribution of cannabis and cannabis product to, another licensed entity within the state.

California – Local Licensure, Zoning and Land Use Requirements

To obtain a State license, cannabis operators must first obtain local authorization, which is a prerequisite to obtaining State licensure. All three State regulatory agencies require confirmation from the applicable locality that an applicant is in compliance with local requirements and has either been granted authorization to, upon State licensure, continue previous cannabis activities or commence cannabis operations. One of the basic aspects of obtaining local authorization is compliance with all local zoning and land use requirements. Local governments are permitted to prohibit or otherwise regulate the types and number of cannabis businesses allowed in their locality. Some localities have limited the number of authorizations an entity may hold in total or for various types of cannabis activity. Others have tiered the authorization process, granting the initial rounds of local authorization to applicants that previously conducted cannabis activity pursuant to the CUA or those that meet the locality's definition of social equity.

California – Record-Keeping and Continuous Reporting Requirements

California's State license application process additionally requires comprehensive criminal history, regulatory history and personal disclosures for all beneficial owners. Any criminal convictions or civil penalties or judgments occurring after licensure must promptly be reported to the regulatory agency from which the licensee holds a license. State licenses must be renewed annually. Disclosure requirements for local authorization may vary, but generally tend to mirror the State's requirements.

Licensees must also keep detailed records pertaining to various aspects of the business for up to seven years. Such records must be easily accessible by the regulatory agency from which the licensee holds a license. Additionally, licensees must record all business transactions, which must be uploaded to the statewide traceability system. Lowell Farms is in compliance in all material respects with these record-keeping and disclosure requirements.

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, Lowell Farms is
required to do the following:

- maintain fully operational security alarm systems;
- contract for state-certified security guard services;
- maintain video surveillance systems that records continuously 24 hours a day and maintains those recordings for at least 90 days;
- ensure that the facility's outdoor premises have sufficient lighting;
- store cannabis and cannabis product only in areas per the premises diagram submitted to the State of California during the licensing process;
- store all cannabis and cannabis products in a secured, locked room or a vault;
- report to local law enforcement within 24 hours after being notified or becoming aware of the theft, diversion, or loss of cannabis; and
- ensure the safe transport of cannabis and cannabis products between licensed facilities, maintain a delivery manifest in any vehicle transporting cannabis and cannabis products. Only vehicles registered with the BCC, that meet BCC distribution requirements, are to be used to transport cannabis and cannabis products.

Marijuana Taxes in California

Several types of taxes are imposed in California for adult use sale. As of January 1, 2020, cultivators have the choice of being taxed at $9.65, per dry-weight ounce of cannabis flowers or $1.35 per ounce of wet-weight plants. Further, cultivators are required to pay $2.87 per ounce for cannabis leaves. California also imposes an excise tax of 15%. Cities and counties apply their sales tax along with the state's excise and many cities and counties have also authorized the imposition of special cannabis business taxes which can range from 2% to 10% of gross receipts of the business.

The Company has retained legal counsel and/or other advisors in connection with California's marijuana regulatory program. The Company has developed standard operating procedures for licenses who are operational.

California – Operating Procedure Requirements

License applicants must submit standard operating procedures describing how the operator will, among other requirements, secure the facility, manage inventory, comply with the State's seed-to-sale tracking requirements, dispense cannabis, and handle waste, as applicable to the license sought. Once the standard operating procedures are determined compliant and approved by the applicable State regulatory agency, the licensee is required to abide by the processes described and seek regulatory agency approval before any changes to such procedures may be made. Licensees are additionally required to train their employees on compliant operations and are only permitted to transact with other legal and licensed businesses.

Lowell Farms complies with these operational and training requirements by systematically training employees in various aspects of regulatory requirements, ensuring that operational and business practices are aligned with regulatory requirements, and by conducting internal audits to ensure compliance and identify areas for further training.

California – Site-Visits & Inspections

As a condition of State licensure, operators must consent to random and unannounced inspections of the commercial cannabis facility as well as the facility's books and records to monitor and enforce compliance with State law. Many localities have also enacted similar standards for inspections, and the State of California has already commenced site-visits and compliance inspections for operators who have received State temporary or annual licensure.

California – Compliance Procedures

Lowell Farms utilizes MAX ERP, an integrated enterprise compliance platform, which integrates Lowell Farms' inventory management program and standard operating procedures with the software's compliance and quality features to facilitate compliance with State and local requirements. MAX ERP features include a compliance software solution that offers lot and batch control, recall management, document control and quality analysis. Additionally, Lowell Farms utilizes standard operating procedure building tools to facilitate the implementation and maintenance of compliant operations and tracks all required licensing maintenance criteria.

City of Los Angeles – Compliance Procedures

Following submission of a pre-application request and once compliance with the business premises location is completed, including all zoning requirements and sensitive use restrictions, the DCR will request and review attestations from primary personnel and owner(s) associated with the application. Following such review, the DCR will issue a determination of eligibility/ineligibility for further processing. A determination of eligibility is based on, among other things, an initial inspection and environmental clearance. Following a determination of eligibility, the DCR reviews the application for completeness, including the status of state licenses and verification of local compliance under way with the state agencies. Following temporary approval, applicants may apply for an annual license.

Continued compliance includes ongoing, unannounced inspections, investigations and audits conducted by the employees or agents of the Los Angeles County Department of Public Health or the following City departments: the DCR, the Department of Building and Safety, the Department of City Planning, the Police Department, the Fire Department and the Office of Finance. Inspections may include an examination of employee practice; cannabis safety; proper storage; equipment/utensils; facility; plumbing fixtures; sign/license requirements; record keeping; compliance and enforcement; and requirements for manufacturing.

Lowell Farms has developed a robust compliance program designed to ensure operational and regulatory requirements continue to be satisfied, and has retained outside counsel to monitor its compliance with U.S. State and local law on an ongoing basis. Lowell Farms will continue to work closely with its legal counsel to develop and improve its internal compliance program and will defer to their legal opinions and risk mitigation guidance regarding California's complex regulatory framework. The internal compliance program requires continued monitoring by managers and executives of Lowell Farms to ensure all operations conform to and comply with required laws, regulations and legally compliant standard operating procedures.

ITEM 1A. RISK FACTORS.

Before making an investment decision, prospective purchasers of the Company's securities should carefully consider the information and risk factors described in this registration statement on Form 10. If any event arising from these risks occurs, the Company's business, prospects, financial condition, results of operations and cash flows, could be materially adversely affected. Additional risks and uncertainties of which the Company is currently unaware or that are unknown or that the Company currently deems to be immaterial could have a material adverse effect on the Company's business, prospects, financial condition, results of operations and cash flows. The Company cannot provide any assurances that it will successfully address any or all of these risks.

Risks Related to Our Business and Industry

Cannabis Continues to be a Controlled Substance under the CSA and is Illegal Under United States federal law.

The Company is engaged directly in the medical and adult-use cannabis industry. The Company derives all of its revenues from the State of California and conducts its activities in accordance with applicable state and local laws. Even though the Company's cannabis-related activities are compliant with applicable state and local law, such activities remain illegal under U.S. federal law.

In the United States, cannabis is extensively regulated at the state level. 36 States, the District of Columbia and four US territories have legalized medical cannabis in some form. Of these States, 15 States, including California, have legalized cannabis for adult use. Notwithstanding the permissive regulatory environment of cannabis at the State level, cannabis continues to be categorized as a Schedule I controlled substance under the CSA and as such, the cultivation, manufacture, distribution, sale and possession of cannabis violates federal law. Although the Company believes its business is compliant with applicable State and local law, strict compliance with state and local laws with respect to cannabis may not absolve the Company of liability under federal law, nor may it provide a defense to any federal proceeding which be brought against the Company. Any such proceedings brought against the Company may result in a material adverse effect on the Company.

Since the cultivation, manufacture, distribution, sale and possession of cannabis is illegal under federal law, the Company may be deemed to be aiding and abetting illegal activities. Under these circumstances, U.S. law enforcement authorities, in their attempt to regulate the illegal use of cannabis, may seek to bring an action or actions against the Company, including, but not limited to, a claim regarding the possession and sale of cannabis, and/or aiding and abetting another's criminal activities. The federal law provides that anyone who "commits an offense or aids, abets, counsels, commands, induces or procures its commission, is punishable as a principal." As a result, the DOJ could allege that Lowell Farms has "aided and abetted" violations of federal law by providing financing and services to its subsidiaries. Under these circumstances, a federal prosecutor could seek to seize the assets of the Company, and to recover any "illicit profits" previously distributed as of such time to shareholders resulting from any of the foregoing. In these circumstances, the Company's operations would cease, shareholders could lose their entire investment and 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. Such potential criminal liability of our shareholders could arise solely by virtue of their activities as shareholders. Such an action would result in a material adverse effect on the Company.

CBP enforces the laws of the United States. Crossing the border while in violation of the CSA and other related federal laws may result in denied admission, seizures, fines and apprehension. CBP officers administer the Immigration and Nationality Act to determine the admissibility of travelers, who are non-U.S. citizens, into the United States. An investment in the Company, if it became known to CBP, could have an impact on a shareholder's admissibility into the United States and could lead to a lifetime ban on admission.

Enforcement of U.S. Federal Law Could Damage the Company's Operations and Financial Position.

Since 2014, the United States Congress has passed appropriations bills that have included the Rohrabacher-Farr Amendment. For now, the Rohrabacher-Farr Amendment, as discussed above, is the only statutory restraint on enforcement of federal cannabis laws. Courts in the U.S. have construed these appropriations bills to prevent the federal government from prosecuting individuals or businesses when those individuals or businesses operate in strict compliance with state and local medical cannabis regulations; however, this legislation only covers medical cannabis, not adult-use cannabis, and has historically been passed as an amendment to omnibus appropriations bills, which by their nature expire at the end of a fiscal year or other defined term.

The Rohrabacher-Farr Amendment may or may not be included in future omnibus appropriations packages or continuing budget resolutions, and its inclusion or non-inclusion, as applicable, is subject to political changes. Because this conduct continues to violate federal law, U.S. courts have observed that should the Congress at any time choose to appropriate funds to fully prosecute the CSA, any individual or business - even those that have fully complied with State law - could be prosecuted for violations of federal law and if the Congress restores such funding, the federal government will have the authority to prosecute individuals and businesses for violations of the law while it lacked funding, to the extent of the CSA's five-year statute of limitations applicable to non-capital CSA violations. The Company may be irreparably harmed by any change in enforcement policies by the federal or applicable state governments, which could have a material adverse effect on the Company's business, revenues, operating results and financial condition as well as the Company's reputation.

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 the Company, including its reputation and ability to conduct business, its holding (directly or indirectly) of cannabis licenses in California, the listing of its securities on any stock exchange, its financial position, operating results, profitability or liquidity or the market price of its shares. In addition, it will be difficult for the Company to estimate the time or resources that would be needed in connection with 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.

As a result of the conflicting views between states and the federal government regarding cannabis, investments in cannabis businesses in the U.S. are subject to inconsistent legislation and regulation. The response to this inconsistency was addressed in Cole Memorandum, acknowledging that notwithstanding the designation of cannabis as a controlled substance at the federal level in the United States, several U.S. states had enacted laws relating to cannabis for medical purposes. The Cole Memorandum outlined certain enforcement 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, manufacturing, 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 did not provide specific guidelines for what regulatory and enforcement systems it deemed 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. States where cannabis had been legalized were not characterized as a high priority. In March 2017, the then newly appointed Attorney General Jeff Sessions again noted limited federal resources and acknowledged that much of the Cole Memorandum had merit; however, he disagreed that it had been implemented effectively. Accordingly, on January 4, 2018, Attorney General Sessions issued the Sessions Memorandum, which rescinded the Cole Memorandum on the basis that the direction provided therein was unnecessary, given the well-established principles governing federal prosecution that are already in place. Those principals are included in chapter 9-27-000 of the United States Attorneys' Manual and require federal prosecutors deciding which cases to prosecute to weigh all relevant considerations, including federal law enforcement priorities set by the Attorney General, the seriousness of the crime, the deterrent effect of criminal prosecution and the cumulative impact of particular crimes on the community. Due to the ambiguity of the Sessions Memorandum and the lack of clarity provided by the DOJ since then, there can be no assurance that the federal government will not seek to prosecute cases involving cannabis businesses that are otherwise compliant with State law.

The effect of the rescission of the Cole Memorandum remains to be seen. Currently, federal prosecutors are free to utilize their prosecutorial discretion to decide whether to prosecute cannabis activities despite the existence of state-level laws that may be inconsistent with federal prohibitions. No direction was given to federal prosecutors in the Sessions Memorandum as to the priority they should ascribe to such cannabis activities, and resultantly it is uncertain how active federal prosecutors will be in relation to such activities. While some U.S. Attorneys expressed support for the rescission of the Cole Memorandum, numerous government officials, legislators and federal prosecutors in states with medical and adult-use cannabis statutes announced their intention to continue the Cole Memorandum-era status quo.

The impact that this lack of uniformity between state and federal authorities could have on individual state cannabis markets and the businesses that operate within them is unclear, and the enforcement of relevant federal laws is a significant risk. Potential federal prosecutions could involve significant restrictions being imposed upon the Company or third parties, while diverting the attention of key executives. Such proceedings could have a material adverse effect on the Company's business, revenues, operating results and financial condition, as well as the Company's reputation and prospects, even if such proceedings were concluded successfully in favor of the Company. Such proceedings could involve the prosecution of key executives of the Company or the seizure of corporate assets.

With a new administration at the U.S. federal level, it is possible that additional changes (whether positive or negative) could occur. There can be no assurance as to the position any new administration may take on marijuana and a new administration could decide to take a stronger approach to the enforcement of federal laws. Any enforcement of current federal laws could cause significant damage to the Company's operations and financial position. Further, future presidential administrations may want to treat marijuana differently and potentially enforce the federal laws more aggressively.

The Rohrabacher-Farr Amendment may not be Renewed Potentially Resulting in DOJ Enforcement Activities Against Entities in the Cannabis Industry.

The Rohrabacher-Farr Amendment, as discussed above, prohibits the DOJ from spending funds appropriated by Congress to enforce the tenets of the CSA against the medical cannabis industry in states which have legalized such activity. On December 27, 2020, the amendment was renewed through the signing of the fiscal year 2021 omnibus spending bill and is effective through September 30, 2021. There can be no assurance that the federal government will not seek to prosecute cases involving medical cannabis businesses that are otherwise compliant with state law. Such potential proceedings could involve significant restrictions being imposed upon the Company or third parties, while diverting the attention of key executives. Such proceedings could have a material adverse effect on the Company, even if such proceedings were concluded successfully in favor of the Company.

Federal and State Forfeiture Laws Could Result in Seizure of our Assets.

As an entity that conducts business in the cannabis industry, the Company is subject to U. S. federal and state forfeiture laws (criminal and civil) that permit the government to seize the proceeds of criminal activity. Civil forfeiture laws could provide an alternative for the federal government or any state (or local police force) that wants to discourage residents from conducting transactions with cannabis related businesses but believes criminal liability is too difficult to prosecute. Also, an individual can be required to forfeit property considered to be the proceeds of a crime even if the individual is not convicted of the crime, and the standard of proof in a civil forfeiture matter is lower than the standard in a criminal matter. Shareholders of the Company located in jurisdictions where cannabis remains illegal may be at risk of prosecution under federal and/or state conspiracy, aiding and abetting, and money laundering statutes, and be at further risk of losing their investments or proceeds under forfeiture statutes. Many states remain fully able to take action to prevent the proceeds of cannabis businesses from entering their state. Because state legalization is relatively new, it remains to be seen whether these states would take such action and whether a court would approve it. Current and prospective securityholders of the Company or any entity related thereto should be aware of these potentially relevant federal and State laws in considering whether to remain invested or invest in the Company or any entity related thereto.

Future Research may Lead to Findings that Vaporizers, Electronic Cigarettes and Related Products are not Safe for Their Intended Use.

Vaporizers, electronic cigarettes and related products were recently developed and therefore the scientific or medical communities have had a limited period of time to study the long-term health effects of their use. Currently, there is limited scientific or medical data on the safety of such products for their intended use and the medical community is still studying the health effects of the use of such products, including the long-term health effects. If the scientific or medical community were to determine conclusively that use of any or all of these products pose long-term health risks, market demand for these products and their use could materially decline. Such a determination could also lead to litigation, reputational harm and significant regulation. Loss of demand for our product, product liability claims and increased regulation stemming from unfavorable scientific studies on cannabis vaporizer products could have a material adverse effect on our business, results of operations and financial condition.

We May Have Limited Access to Capital as a Result of our Business and Operations.

Because the Company cultivates, processes, possesses, and distributes cannabis products in violation of the CSA, a significant proportion of providers of debt and equity capital are unwilling or unable to enter into financing transactions with the Company. As a result, the Company's access to capital is and may continue to be extremely limited, which inhibits the ability of the Company to fund operations and investments in growth initiatives. The Company's financial results, financial condition, business and prospects are and may continue to be materially adversely affected by its inability to access capital.

Anti-Money Laundering Laws and Regulations May Limit Access to Traditional Banking Funds and Services.

The Company is subject to a variety of laws and regulations in the U.S. and Canada that involve money laundering, financial recordkeeping and proceeds of crime, including 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), the U.S. Anti-Money Laundering Laws, 18 U.S.C. §§ 1956, 1957, the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada), as amended and the rules and regulations promulgated thereunder, the Criminal Code (Canada) and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the U.S. and Canada. Further, under federal law, banks or other financial institutions often refuse to provide a checking account, debit or credit card, small business loan, or any banking services that could be found guilty of money-laundering, aiding and abetting or conspiracy to businesses involved in the cannabis industry due to the present state of the laws and regulations governing financial institutions in the U.S. The lack of banking and financial services presents unique and significant challenges to businesses in the U.S. cannabis industry. While Lowell Farms has maintained bank accounts, the loss of such accounts and the potential lack of a secure place in which to deposit and store cash, the inability to pay creditors through the issuance of checks and the inability to secure traditional forms of operational financing, such as lines of credit, are some of the many challenges presented to U.S. cannabis companies, and which could conceivably impact the Company, by the unavailability of traditional banking and financial services.

Despite these laws, FinCEN issued the FinCEN Guidance in 2014, which as described above, outlines the pathways for financial institutions to bank state sanctioned cannabis businesses in compliance with federal enforcement priorities. The FinCEN Guidance echoed the enforcement priorities of the Cole Memorandum. Under these guidelines, financial institutions must submit a Suspicious Activity Report ("SAR") in connection with all cannabis-related banking activities by any client of such financial institution, in accordance with federal money laundering laws. These cannabis-related SARs are divided into three categories - cannabis limited, cannabis priority, and cannabis 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.

The FinCEN Guidance states that in some circumstances, it is permissible for banks to provide services to cannabis-related businesses without risking prosecution for violation of federal money laundering laws. It refers to supplementary guidance included in the Cole Memorandum. The revocation of the Cole Memorandum has not yet affected the status of the FinCEN Guidance, nor has the United States Department of the Treasury given any indication that it intends to rescind the FinCEN Guidance itself. Although the FinCEN Guidance remains intact, it is unclear whether the current administration or future administrations will continue to follow the guidelines of the FinCEN Guidance. The DOJ continues to have the right and power to prosecute crimes committed by banks and financial institutions, such as money laundering and violations of the Bank Secrecy Act, that occur in any state including states that have in some form legalized the sale of cannabis. Further, the conduct of the DOJ's enforcement priorities could change for any number of reasons. A change in the DOJ's priorities could result in the DOJ's prosecuting banks and financial institutions for crimes that were not previously prosecuted.

In the event that any of the Company's operations, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such operations in the United States were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of a crime under one or more of the statutes noted above or any other applicable legislation. Apart from the consequences of any prosecution in connection with such violation, among other things, this could restrict or otherwise jeopardize the Company's ability to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada.

Restricted Access to Banking Services Could Make Operating our Business and Maintaining our Finances Difficult.

The FinCEN Guidance, as further described above, remains effective to this day, in spite of the fact that the Cole Memorandum was rescinded and replaced by the Sessions Memorandum. The FinCEN 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, though. Thus, most banks and other financial institutions in the U.S. 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 current or future federal administrations. 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, the Company may have limited or no access to banking or other financial services in the U.S. The inability or limitation in the Company's 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 the Company to operate and conduct its business as planned or to operate efficiently.

Heightened Scrutiny by Securities Regulatory Authorities in the United States and Canada May Impact Investors' Ability to Transact in the Company's Securities.

The Company's existing operations in the United States, and any future operations or investments, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in the United States and/or Canada. As a result, the Company may be subject to significant direct and indirect interaction with public officials. 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 or otherwise be adopted, and there can be no assurance that heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Company's ability to operate or invest in the United States or any other jurisdiction, in addition to those described herein.

The Company's operations in the United States cannabis market may become the subject of heightened scrutiny by regulators, stock exchanges, clearing agencies and other authorities in Canada. It has been reported by certain publications 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 settlement hub settling trades in the Canadian equity, fixed income and money markets. CDS or its parent company has not issued any public statement with regard to these reports. On February 8, 2018, following discussions with the Canadian Securities Administrators and recognized Canadian securities exchanges, CDS signed the CDS Memorandum of Understanding ("MOU") with The 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 and 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 currently is no CDS ban on the clearing of securities of issuers with cannabis -related activities in the United States. However, if CDS were to proceed in the manner suggested by these publications, and apply such a ban on the clearing of securities of the Company, it would have a material adverse effect on the ability of the Company's shareholders to effect trades of shares through the facilities of a stock exchange in Canada, as a result of which such shares could become highly illiquid.

The Depositary Trust Company ("DTC") is the primary depository for securities in the United States. Several major U.S. securities clearing companies that provide clearance, custody and settlement services in the United States terminated providing clearance services to issuers in the cannabis industry, including those that operate entirely outside the United States, in response to the Sessions Memo. As a result of these decisions, U.S. securityholders may experience difficulties depositing securities of cannabis companies in the DTC system or reselling their securities in open market transactions, including transactions facilitated through the CSE. Many larger U.S. broker-dealers own U.S. securities companies that self-clear transactions. However, some U.S. brokerages have adopted policies precluding their clients from trading securities of cannabis issuers.

Changes in State or Federal Political/or Regulatory Climate Could Impact the Company's Business.

The success of the Company's business strategy depends on the legality of the cannabis industry in the states in which the Company operates, and the lack of federal enforcement of its laws that make cannabis businesses illegal. The political environment surrounding the cannabis industry in general can be volatile and the statutory and regulatory framework remains in flux. Despite widespread state legalization, the risk remains that a shift in the regulatory or political realm could occur and have a drastic impact on the industry as a whole, adversely impacting the Company's business, results of operations, financial condition or prospects.

Delays in enactment of or changes in new state regulations, or changes in federal laws or enforcement priorities, could restrict the Company's ability to reach strategic growth targets and lower return on investor capital. The strategic growth strategy of the Company will be reliant upon state regulations being implemented to facilitate the operation of medical and adult-use cannabis in California. If such regulations are not timely implemented, or are subsequently repealed or amended, or contain prolonged or problematic phase-in or transition periods or provisions, the Company's ability to achieve its growth targets, and thus, the return on investor capital, could be adversely affected. The Company is unable to predict with certainty when and how the outcome of these complex regulatory and legislative proceedings will affect its business and growth.

Further, there is no guarantee 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 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 applicable state laws are repealed or curtailed, the Company's business, results of operations, financial condition and prospects would be materially adversely affected. It is also important to note that local and city ordinances may strictly limit and/or restrict cannabis businesses in a manner that will make it extremely difficult or impossible to transact business that is necessary for the continued operation of the cannabis industry, including the Company. Federal actions against individuals or entities engaged in the cannabis industry or a repeal of applicable cannabis related legislation could adversely affect the Company and its business, results of operations, financial condition and prospects.

The medical and adult-use cannabis industries are in their infancy and the Company anticipates that the current California regulations will be subject to change as California's regulation of the cannabis industry matures. The Company's compliance program emphasizes security and inventory control to ensure strict monitoring of cannabis and other inventory from cultivation to sale or disposal. Additionally, Lowell Farms has created standard operating procedures that include descriptions and instructions for monitoring inventory at all stages of cultivation, processing, manufacturing, distribution, transportation and delivery. The Company will continue to monitor compliance on an ongoing basis in accordance with its compliance program, standard operating procedures, and any changes to applicable regulation.

Overall, the medical and adult-use cannabis industry is subject to significant regulatory change at each of the local, state and federal level. The inability of the Company to respond to the changing regulatory landscape may cause it to be unsuccessful in capturing significant market share and could otherwise harm its business, results of operations, financial condition or prospects.

Investors Could Be Disqualified From Ownership in the Company.

The Company's business is in a highly regulated industry in which many states have enacted extensive rules for ownership of a participant company. Investors in the Company could become disqualified from having an ownership stake in the Company under relevant laws and regulations of applicable state and/or local regulators, if the applicable owner is convicted of a certain type of felony or fails to meet the requirements for owning equity in a company like the Company.

Negative Public Opinion and Perception of the Cannabis Industry Could Adversely Impact Our Ability to Operate and Our Growth Strategy.

Government policy changes or public opinion may result in a significant influence over the regulation of the cannabis industry in Canada, the United States or elsewhere. The Company believes the medical and adult-use cannabis industry is highly dependent on consumer perception regarding the safety and efficacy of such cannabis. Consumer perceptions regarding legality, morality, consumption, safety, efficacy and quality of cannabis are mixed and evolving. Public opinion and support for medical and adult-use cannabis has traditionally been inconsistent and varied 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). A negative shift in the public's perception of cannabis in the United States or any other applicable jurisdiction could affect future legislation or regulation. Among other things, such a shift could cause state jurisdictions to abandon initiatives or proposals to legalize medical and/or adult-use cannabis, or could result in adverse regulatory changes in California, thereby limiting the Company's growth prospects and number of new state jurisdictions into which the Company could expand. Any inability to fully implement the Company's expansion strategy may have a material adverse effect on its business, results of operations or prospects.

Significant Licensure Requirements and Limitations in States Where Cannabis is Legal Could Impact the Company's Ability to Maintain its Operations.

The Company's business is subject to a variety of laws, regulations and guidelines relating to the cultivation, manufacture, management, transportation, extraction, storage and disposal of cannabis, including laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. Achievement of the Company's business objectives are contingent, in part, upon compliance with applicable regulatory requirements and obtaining all requisite regulatory approvals. Changes to such laws, regulations and guidelines due to matters beyond the control of the Company may cause adverse effects to the Company.

The Company will be required to obtain or renew government permits and licenses for its current and contemplated operations. Obtaining, amending or renewing the necessary governmental permits and licenses can be a time-consuming process involving numerous regulatory agencies, involving public hearings and costly undertakings on the Company's part. The duration and success of the Company's efforts to obtain, amend and renew permits and licenses will be contingent upon many variables not within its control, including the interpretation of applicable requirements implemented by the relevant permitting or licensing authority. The Company may not be able to obtain, amend or renew permits or licenses that are necessary to its operations. Any unexpected delays or costs associated with the permitting and licensing process could impede the ongoing or proposed operations of the Company. To the extent permits or licenses are not obtained, amended or renewed, or are subsequently suspended or revoked, the Company may be curtailed or prohibited from proceeding with its ongoing operations or planned renovation, development and commercialization activities. Such curtailment or prohibition may result in a material adverse effect on the Company's business, financial condition, results of operations or prospects. California state licenses, and some local licenses, are renewed annually. Each year, licensees are required to submit a renewal application per guidelines published by the BCC (for state licenses) or the applicable local regulatory body (for local licenses), including the DCR. While renewals are annual, there is no ultimate expiry after which no renewals are permitted. Additionally, with respect to the renewal process, provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner and there are no material violations noted against the applicable license, the Company would expect to receive the applicable renewed license in the ordinary course of business.

Under MAUCRSA, after January 1, 2018, only license holders are permitted to engage in commercial cannabis activities. A prerequisite to obtaining a California state license is obtaining a valid license, permit or authorization from a local municipality. The process associated with acquiring a permanent state license is onerous and there are no assurances that the Company, or any subsidiary or entity to which the Company will provide or intends to provide services, will be granted any licenses or any renewals thereof. Because there are different licenses for different types of commercial cannabis activities, even if the Company, any subsidiary and/or any such entity to which the Company will provide services or intends to provide services is granted one or more licenses, there are no assurances that they will be granted all of the licenses they will need to effectuate the Company's business plan. Further, as part of the permitting and licensing process in California, state and local officials may conduct both random and scheduled inspections of cannabis operations. The Company is required to comply with both state laws and regulations and applicable local ordinances and codes. Compliance with both state and local laws may be burdensome and failure to do so could result in the loss of licenses, civil penalties and possibly criminal prosecution. While the compliance controls of Lowell Farms have been developed to mitigate the risk of any material violations of any license it holds arising, there is no assurance that the Company's licenses will be renewed by each applicable regulatory authority in the future in a timely manner. Any unexpected delays or costs associated with the licensing renewal process for any of the licenses held or to be held by the Company could impede the ongoing or planned operations of the Company and have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

The Company may become involved in a number of government or agency proceedings, investigations and audits. The outcome of any regulatory or agency proceedings, investigations, audits, and other contingencies could harm the Company's reputation, require the Company to take, or refrain from taking, actions that could harm its operations or require the Company to pay substantial amounts of money, harming its financial condition. There can be no assurance that any pending or future regulatory or agency proceedings, investigations and audits will not result in substantial costs or a diversion of management's attention and resources or have a material adverse impact on the Company's business, financial condition, results of operations or prospects.

Reclassification of Cannabis in the United States Could Adversely Impact the Company's Business and Growth Strategy.

If marijuana is re-categorized as a Schedule II or lower controlled substance, the ability to conduct research on the medical benefits of cannabis would most likely be improved; however, if cannabis is re-categorized as a Schedule II or other controlled substance, and the resulting re-classification would result in the requirement for U.S. FDA approval if medical claims are made for the Company's products such as medical cannabis, then as a result, such products may be subject to a significant degree of regulation by the U.S. FDA and DEA. In that case, the Company may be required to be registered (licensed) 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 cultivation, manufacturing or distribution of the Company's anticipated products. The DEA conducts periodic inspections of certain registered establishments that handle controlled substances. Failure to maintain compliance could have a material adverse effect on the Company's 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. Furthermore, if the U.S. FDA, DEA, or any other regulatory authority determines that the Company's products may have potential for abuse, it may require the Company to generate more clinical or other data than the Company currently anticipates in order to establish whether or to what extent the substance has an abuse potential, which could increase the cost and/or delay the launch of that product.

Service Providers May Suspend or Withdraw Services if an Adverse Change in Cannabis Regulation Occurs.

As a result of any adverse change to the approach in enforcement of United States cannabis laws, adverse regulatory or political change, additional scrutiny by regulatory authorities, adverse change in public perception in respect of the consumption of marijuana or otherwise, third party service providers to the Company could suspend or withdraw their services, which may have a material adverse effect on the Company's business, revenues, operating results, financial condition or prospects.

Increasing Legalization of Cannabis and Rapid Growth and Consolidation in the Cannabis Industry may Further Intensify Competition.

The cannabis industry is undergoing rapid growth and substantial change, and the legal landscape for medical and recreational cannabis is rapidly changing internationally. An increasing number of jurisdictions globally are passing legislation allowing for the production and distribution of medical and/or recreational cannabis in some form or another. Entry into the cannabis market by international competitors might lower the demand for our products.

The foregoing legalization and growth trends in the cannabis industry has resulted in an increase in competitors, consolidation and formation of strategic relationships. Such acquisitions or other consolidating transactions could harm us in a number of ways, including by losing strategic partners if they are acquired by or enter into relationships with a competitor, 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 the cannabis industry may intensify and place downward pressure on retail prices for products and services, which could negatively impact profitability.

The Company May Encounter Difficulties Entering its Contracts in Federal and Some State Courts.

Due to the nature of the Company's business and the fact that its contracts involve cannabis and other activities that are not legal under federal law, the Company may face difficulties in enforcing its contracts in federal and certain state courts. The inability to enforce any of the Company's contracts could have a material adverse effect on the Company's business, operating results, financial condition or prospects. California enacted a law that provides that notwithstanding any other law, commercial activity relating to medicinal cannabis or adult-use cannabis conducted in compliance with California law and any applicable local standards, requirements, and regulations shall be deemed to be all of the following: (1) a lawful object of a contract, (2) not contrary to, an express provision of law, any policy of express law, or good morals, and (3) not against public policy.

The Company's articles of incorporation provides that the Supreme Court of the Province of British Columbia, Canada and the appellate Courts therefrom are the sole and exclusive forum for any derivative action brought on behalf of the company, which may limit our investors' flexibility in selecting a forum for any future disputes.

Our articles of incorporation provides that the Supreme Court of the Province of British Columbia, Canada and the appellate Courts therefrom are the sole and exclusive forum for any derivative action brought on behalf of the company. Our articles of incorporation do not limit the ability of investors to bring direct actions outside of British Columbia, Canada, including those arising under the Exchange Act and the Securities Act. Section 27 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), creates exclusive federal jurisdiction over actions brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder, and Section 22 of the Securities Act of 1933, as amended (the "Securities Act"), creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. Neither investors nor the Company and may waive compliance with the federal securities laws and the rules and regulations thereunder, and it is therefore uncertain whether the exclusive forum provision of our charter would be enforced by a court as to derivative claims brought under the Exchange Act or the Securities Act. Furthermore, the exclusive forum provision of our charter may increase the costs to investors in bringing claims, may discourage investors from bringing claims and may limit investors' ability to bring claims in a judicial forum that they find favorable.

The COVID-19 Pandemic May Adversely Affect Our Business and Financial Condition.

The COVID-19 pandemic has adversely impacted commercial and economic activity and contributed to significant volatility in the equity and debt markets in the U.S. and Canada. The impact of the outbreak continues to develop and many jurisdictions, including the State of California and local municipalities, have instituted quarantines, prohibitions on travel and the closure of offices, businesses, schools, retail stores and other public venues. Individual businesses and industries are also implementing similar precautionary measures. Those measures, as well as the general uncertainty surrounding the dangers and effects of COVID-19, have created significant disruption in supply chains and economic activity. New strains of the virus have been identified originating in the U.S. and elsewhere. These new strains may have different transmission, morbidity and mortality rates than the original virus, and the COVID-19 vaccines developed to date may not be effective to provide immunization against new strains of the virus. While the Company has continuously sought to assess the potential impact of the pandemic on its financial condition and operating results, any assessment is subject to extreme uncertainty as to probability, severity and duration. The continued spread of the virus globally could result in a protracted world-wide economic downturn, the effects of which could last for some period after the pandemic is controlled and/or abated and our business, financial condition, results of operations and cash flows could be materially adversely affected. The impact of COVID-19 could have the effect of heightening many of the other risk factors described herein.

The Company has attempted to assess the impact of the pandemic by identifying risks in the following principle areas.

- Price Volatility. Since the COVID-19 outbreak commenced, the securities markets in the U.S. and Canada have experienced a high level of price and volume volatility and wide fluctuations in the market prices of securities of many companies, which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Future developments may adversely impact the price of the Subordinate Voting Shares.

- Mandatory Closure . In California, the Company's business has been deemed an "essential service", permitting the Company to stay open despite the mandatory closure of non-essential businesses. The Company continues to work closely with state and local regulators to remain operational, but there is no guarantee further measures may nevertheless require it to shut operations.

- Customer Impact . While the Company has not experienced an overall downturn in demand for its products in connection with the pandemic, fluctuating rates of illness, as well as quarantining, self-quarantining, "social distancing" and other responsive measures, may have a material negative impact on demand for its products while the pandemic continues. Certain of the Company's customers have altered operating procedures as a result of the outbreak and the impact of such changes is being monitored by the Company.

- Supply Chain Disruption . The Company relies on third party suppliers for equipment and services to produce its products and keep its operations going. If its suppliers are unable to continue operating due to mandatory closures or other effects of the pandemic, it may negatively impact its own ability to continue operating. At this time, the Company has not experienced any failure to secure critical supplies or services. However, disruptions in our supply chain may affect our ability to continue certain aspects of the Company's operations or may significantly increase the cost of operating its business and significantly reduce its margins.

- Staffing Disruption . The Company is, for the time being, implementing among its staff where feasible "social distancing" measures recommended by such bodies as the Center of Disease Control, the Presidential Administration, as well as state and local governments. The Company has cancelled non-essential travel by employees, implemented remote meetings where possible, and permitted all staff who can work remotely to do so. For those whose duties require them to work on-site, measures have been implemented to reduce infection risk, mandating additional cleaning of workspaces and hand disinfection, providing masks and gloves to certain personnel. Nevertheless, despite such measures, the Company may find it difficult to ensure that its operations remain staffed due to employees falling ill with COVID-19, becoming subject to quarantine, or deciding not to come to come to work on their own volition to avoid infection. At certain locations, the Company has experienced increased absenteeism due to the pandemic. If such absenteeism increases, the Company may not be able, including through replacement and temporary staff, to continue to operate in some or all locations. In addition, the Company may incur increased medical costs/insurance premiums as a result of these health risks to its personnel.

- Regulatory Backlog . Regulatory authorities, including those that oversee the cannabis industry on the state level, are heavily occupied with their response to the pandemic. These regulators as well as other executive and legislative bodies in California may not be able to provide the level of support and attention to day-to-day regulatory functions as well as to needed regulatory development and reform that they would otherwise have provided. Such regulatory backlog may materially hinder the development of the Company's business by delaying such activities as product launches, facility openings and approval of any future business acquisitions, thus materially impeding development of its business.

The Company is actively addressing the risk to business continuity represented by each of the above factors through the implementation of a broad range of measures throughout its structure and is re-assessing its response to the COVID-19 pandemic on an ongoing basis. The above risks individually or collectively may have a material impact on the Company's ability to generate revenue. Implementing measures to remediate the risks identified above may materially increase our costs of doing business, reduce our margins and potentially result in or increase losses. While the Company is not currently in financial distress, if the Company's financial situation materially deteriorates as a result of the impact of the pandemic, the Company could eventually be unable to meet its obligations to third parties, which in turn could lead to insolvency and bankruptcy of the Company.

The regional stay home order, announced by the California Department of Public Health on December 3, 2020, as supplemented by an additional order executed on December 6, 2020, was issued to apply across California on a regional basis in respect of certain designated regions. It is required to go into effect in respect of a particular region at 11:59 p.m. the day after such region has been announced to have less than 15% ICU availability. Among other implications in the event this order becomes effective in respect of a region:

- private gatherings of any size are prohibited in such region,

- all individuals living in such region are required to stay home except as necessary to conduct activities associated with the operation, maintenance, or usage of critical infrastructure, as required by law, or as specifically permitted by this order,

- indoor and outdoor restaurant dining, personal care services and indoor recreational facilities are required to close in such region,

- critical infrastructure sectors may operate in such region and must continue to modify operations pursuant to the applicable sector guidance, and

- all retailers in such region may operate indoors at no more than 20% capacity and must follow the public health guidance for retailers.

Apart from the conditions under which this stay home order is required to be followed, California state counties may exercise discretion to apply this order voluntarily.

The Company facilities are not currently subject to any stay home orders. The Company's cultivation, manufacturing and distribution operations and the Company's various suppliers of raw materials or inputs are considered to be a part of the essential infrastructure sectors and as such do not require a reduction in their scope or amount of activity. The end purchasers of products distributed by the Company, being cannabis retail dispensaries located across California, may be or become subject to this stay home order. They would nonetheless be able to continue to operate curbside pick-up and delivery services and potentially limited capacity indoor operations in order to effect the sale of their products, as they too are considered essential businesses. Nonetheless, the impact of this stay home order may be to lessen the demand for the Company's products. The extent to which this stay home order may impact the Company's business, financial position, results of operations and cash flows is highly uncertain and cannot be quantified at this time. The Company will continue to monitor the impact of this stay home order and take measures that alter its business operations as may be required by federal, state or local authorities and/or that the Company deems are in the best interests of its employees, customers, suppliers, shareholders and other stakeholders.

Wildfire Risks in Certain Areas of California Could Adversely Impact the Company's Operations.

Certain areas of California, including certain areas nearby the Company's cultivation facility in Monterey County, can be negatively impacted by wildfires. Wildfires can cause smoke and ash to pass through greenhouse vents and cause cannabis plants to fail testing. As a result, the Company will close the greenhouse vents when needed to prohibit smoke and ash from entering the greenhouses at its cultivation facility. However, closing the greenhouse vents may cause elevated temperatures within the greenhouses and as a result induced plant stress, thereby negatively affecting plant yields. Wildfires can also cause essential sunlight to be blocked out, thereby negatively affecting plant yields in another manner. Overall, such wildfires can materially disrupt the Company's ability to harvest cannabis crops, significantly diminishing both the size and quality of the crops harvested, the Company's supply chain, and other operations and as a result can negatively impact the Company's business, financial position, results of operations and cash flows. Wildfires that occurred in late summer, early fall 2020 negatively impacted the Company's business, financial position, results of operations and cash flows during the third quarter of 2020 and are expected to continue to have a negative impact for the fourth quarter of 2020 and potentially beyond as the Company completes its production from cannabis crops that were impacted by such wildfires that occurred earlier this year. In the fourth quarter of 2020, the Company installed automated environmental control systems within individual grow rooms at its cultivation facility. While the Company believes that the addition of such systems should mitigate future negative effects of wildfires that may occur nearby the Company's cultivation facility, there is no guarantee that such negative effects would in fact be mitigated. The extent to which any such future wildfires or any other natural disaster impacts the Company's results will depend on future developments, which are highly uncertain and cannot be predicted.

Risks Related to our Acquisitions

The anticipated benefits of the Lowell Acquisition may not be realized or may take longer than expected to realize.

Historically, the Company and the Lowell brands businesses have operated independently. The future success of the Lowell Acquisition, including anticipated benefits, depends, in part, on our ability to optimize our combined operations. The optimization of our operations following the Lowell Acquisition will be a complex and time-consuming process and if we experience difficulties in this process, the anticipated benefits may not be realized fully or at all, or may take longer to realize than expected, which could have an adverse effect on us for an undetermined period. There can be no assurances that we will realize the potential operating efficiencies, synergies and other benefits currently anticipated from the Lowell Acquisition.

The integration of the Lowell brands businesses and the Company's historical operations may present material challenges, including, without limitation:

- combining the leadership teams and corporate cultures of the Company and Hacienda;
- the diversion of management's attention from other ongoing business concerns and performance shortfalls as a result of the devotion of management's attention to the integration of the businesses;

- managing a larger combined business;
- maintaining employee morale and retaining key management and other employees at the combined company;
- retaining existing business and operational relationships, and attracting new business and operational relationships;
- the possibility of faulty assumptions underlying expectations regarding the integration process;
- consolidating corporate and administrative infrastructures and eliminating duplicative operations;
- managing expense loads and maintaining currently anticipated operating margins; and
- unanticipated issues in integrating information technology, communications and other systems.

Some of these factors are outside of our control, and any one of them could result in delays, increased costs, decreases in the amount of potential revenues or synergies, potential cost savings, and diversion of management's time and energy, which could materially affect our financial position, results of operations, and cash flows.

We may complete additional acquisitions, enter into new lines of business and expand into new geographic markets and businesses, each of which may result in upfront costs and additional risks and uncertainties in our businesses.

We intend, if market conditions warrant, to grow our businesses by acquiring additional businesses, expanding existing products lines, entering into new product lines and entering new geographic markets. Attempts to expand our businesses involve a number of special risks, including some or all of the following:

- the required investment of capital and other resources;
- the diversion of management's attention from our existing businesses;
- the assumption of liabilities in any acquired business;
- the disruption of our ongoing businesses;
- entry into markets or lines of business in which we may have limited or no experience;
- compliance with or applicability to our businesses of regulations and laws, including, in particular, regulations and laws in new states and localities, and a lack of experience in interacting with the regulatory authorities responsible for enforcing these regulations and laws; and
- increasing demands on our operational and management systems and controls.

In addition, the acquisition of additional businesses would involve some or all of the integration risks identified above with respect to the Lowell Acquisition. Not all of our historical acquisitions have been successful. Because we have not yet identified these potential new acquisitions, product line expansions, and expansions into new geographic markets or lines of business, we cannot identify all of the specific risks we may face and the potential adverse consequences on us and their investment that may result from any attempted acquisition or expansion.

Risks Related to the Securities of the Company

Unpredictability Caused by the Company's Capital Structure Could Adversely Impact the Market for the Company's Securities.

Although other Canadian-listed companies have dual class or multiple voting and exchangeable share structures, given the other unique features of the capital structure of the Company, including the existence of a significant amount of redeemable equity securities that have been issued by, and are issuable pursuant to the exercise, conversion or exchange of the applicable convertible and exchangeable securities of, Indus Holding Company, which equity securities are redeemable from time to time for Subordinate Voting Shares in accordance with their terms, the Company is not able to predict whether this structure will result in a lower trading price for or greater fluctuations in the trading price of the Subordinate Voting Shares or will result in adverse publicity to the Company or other adverse consequences.

Investors Could be Diluted by Future Financings.

The Company may need to raise additional financing in the future through the issuance of additional equity securities or convertible debt securities. If the Company raises additional funding by issuing additional equity securities or convertible debt securities, such financings may substantially dilute the interests of shareholders of the Company and reduce the value of their investment and the value of the Company's securities.

The Market for Subordinate Voting Shares May be Illiquid.

There may not be an active, liquid market for the Subordinate Voting Shares. There is no guarantee that an active trading market for the Subordinate Voting Shares will be maintained on the CSE. Investors may not be able to sell their Subordinate Voting Shares quickly or at the latest market price if trading in the Subordinate Voting Shares is not active.

The Market Price of the Subordinate Voting Shares is Volatile.

The market price of the Subordinate Voting Shares cannot be predicted and has been and may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control. This volatility may affect the ability of holders of Subordinate Voting Shares to sell their securities at an advantageous price. Market price fluctuations in the Subordinate Voting Shares may be due to the Company's operating results failing to meet expectations of securities analysts or investors in any period, downward revision in securities analysts' estimates, adverse changes in general market conditions or competitive, regulatory or economic trends, adverse changes in the economic performance or market valuations of companies in the industry in which the Company operates, acquisitions, dispositions, strategic partnerships, joint ventures, capital commitments or other material public announcements by the Company or its competitors or government and regulatory authorities, operating and share price performance of the companies that investors deem comparable to the Company, addition or departure of the Company's executive officers and other key personnel, along with a variety of additional factors. These broad market fluctuations may adversely affect the market price of the Subordinate Voting Shares.

Financial markets have at times historically experienced significant price and volume fluctuations that have particularly affected the market prices of equity and convertible 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 Subordinate Voting Shares and any other listed securities of the Company, from time to time, may decline even if the Company's 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 may 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 arise or continue, the Company's operations may be adversely impacted and the trading price of the Subordinate Voting Shares and such other securities may be materially adversely affected.

Future sales of Subordinate Voting Shares in the public market, or the perception that such sales may occur, could adversely affect the prevailing market price of the Subordinate Voting Shares.

As of March 1, 2021, there are 67,493,463 Subordinate Voting Shares outstanding and the following Subordinate Voting Shares are issuable upon the conversion, redemption or exercise of derivate securities of Lowell Farms and Indus Holding Company:

- 14,638,228 Subordinate Voting Shares are issuable upon the redemption of all of the Class B Common Shares of Indus Holding Company;

- 79,508,272 Subordinate Voting Shares are issuable upon the redemption of all of the Class C Common Shares of Indus Holding Company issuable upon conversion of convertible debentures of Indus Holding Company (excluding accrued and unpaid interest) and 78,628,692 Subordinate Voting Shares are issuable upon the exercise of warrants issued in the Convertible Debenture Offering;

- 11,500,000 Subordinate Voting Shares are issuable upon the exercise of the December 2020 Warrants;

- 2,411,516 Subordinate Voting Shares are issuable upon the exercise of warrants issued by Indus Holding Company prior to the RTO to investors in debentures of Indus Holding Company;

- 2,015,041 Subordinate Voting Shares are issuable upon the exercise of compensation options held by financial advisors to the Company and/or Indus Holding Company; and

- 7,728,750 Subordinate Voting Shares are issuable upon the exercise of options issued pursuant to the Company's equity incentive plans, of which 924,375 of such shares were vested as of March 1, 2021.

22,643,678 of the outstanding Subordinate Voting Shares were issued in the Lowell Acquisition and are subject to a restriction on resale under Canadian law until June 26, 2021. Furthermore, 5,000,000 of the 22,643,678 Subordinate Voting Shares issued in the Lowell Acquisition are held in escrow and, absent offsetting claims for indemnification, will be released on November 25, 2021 (with 287,356 of such shares continuing to be held until the transfer of certainly regulatory assets is completed, if such transfer is not completed prior to November 25, 2021). The Company has agreed to use its commercially reasonable best efforts to file a resale registration statement covering the shares issued in the Lowell Acquisition by the later of May 26, 2021 or 45 days after the provision by Hacienda of certain financial statements and other financial information regarding the assets and operations acquired in the Lowell Acquisition.

The 158,136,965 Subordinate Voting Shares underlying the outstanding convertible debentures and warrants issued in the Convertible Debenture Offering and the Subordinate Voting Shares issuable in respect of accrued and unpaid interest on such debentures are subject to a contractual lock-up until April 13, 2021 that may be waived at the option of the holders of a majority in principal amount of such debentures.

The remainder of the outstanding Subordinate Voting Shares, as well as any securities issued upon conversion or exercise thereof, may be resold pursuant to Rule 905 under the Securities Act of 1933 or any other applicable exemption from registration, and no such shares are subject to a contractual lock-up restriction.

Future sales of Subordinate Voting Shares in the public market, or the perception that such sales may occur, could adversely affect the prevailing market price of the Subordinate Voting Shares.

The Company has Experienced Negative Operating Cash Flows Throughout its History.

The Company had negative operating cash flows for the years ended December 31, 2020 and 2019. Operating cash flows may decline in certain circumstances, many of which are beyond the Company's control. As a result, the Company may need to allocate a portion of its existing working capital or a portion of the net proceeds of the Offering or any future securities issuance to fund any such negative operating cash flow in future periods.

Risks Related to the Support Agreement

The Company and Indus Holding Company are parties to an amended and restated support agreement dated as of April 10, 2020. The purpose of the support agreement is to ensure that pro rata ownership of the Company's operating subsidiaries by holders of Subordinate Voting Shares relative to holders of Sub Convertible Shares is not diluted as Indus Sub Class B Shares and Indus Sub Class C Shares are redeemed for Subordinate Voting Shares or as other securities are issued by the Company. In order to avoid such dilution, the support agreement provides that upon any redemption of Indus Sub Class B Shares or Indus Sub Class C Shares for Subordinate Voting Shares, or upon any issuance of additional Subordinate Voting Share by the Company, an equivalent number of Indus Sub Class A Shares will be issued to the Company by Indus Holding Company. If the support agreement does not operate as intended, and in particular if the Indus Sub Class A Shares issued to the Company in the future are not sufficient to maintain an equivalent per share interest of the Subordinate Voting Shares and the Sub Convertible Shares in the Company's operating subsidiaries, the participation of holders of Subordinate Voting Shares in any dividends and liquidating distributions by such operating subsidiaries could be adversely impacted.

The Company is subject to both U.S. and Canadian Taxation, which will Adversely Affect our Results of Operations.

The Company is treated as a United States company for U.S. Federal income tax purposes under section 7874 of the Code and is subject to United States Federal income tax on its worldwide income. However, for Canadian income tax purposes, the Company is, regardless of any application of section 7874 of the Code, treated as a resident of Canada for purposes of the Tax Act. As a result, the Company is subject to taxation both in Canada and the United States, which could have a material adverse effect on its financial condition and results of operations.

ITEM 2. FINANCIAL INFORMATION.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Certain statements in this Form 10 constitute "forward-looking statements." Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The words "believe," "expect," "anticipate," "intend" and "plan" and similar expressions identify forward-looking statements. Factors that might cause such differences include the legislative framework regarding the licensing of cannabis and related activities; proposed and anticipated changes to applicable laws and regulations regarding the cannabis market, associated fees and taxes and the business impact on the Company; the potential size of the adult and medical-use cannabis markets in the jurisdictions in which the Company currently operates in and may in the future operate; the availability and renewal of requisite licenses and permits on terms acceptable to the Company, including those related to any expansion contemplated by the Company of its operations; the implementation of the Company's remaining construction plans in respect of its cultivation facility, including the timing thereof; anticipated future cultivation, manufacturing and extraction capacity and output, and the resulting anticipated operational and financial benefits to the Company; expectations as to the development and distribution of the Company's brands and products and the distribution of third-party products; expectations as to changes to future strategies regarding the Company's own branded products; estimated future sales and revenue, estimated future operating costs and expenses, estimated future capital expenditures, estimated future cash flows and other prospective financial performance and the resulting effects on the Company's financial position; prospective operational performance; business prospects and objectives and near and long term strategies, including growth strategies; competitive strengths; anticipated trends and challenges in the Company's business and the markets in which it operates; the ability of the Company to satisfy the requirements of its debt obligations, and to repay, renew or refinance such indebtedness upon such indebtedness becoming payable in the event such indebtedness is not converted into equity in accordance with its terms; anticipated cash needs; the Company's ability to raise funds in the capital markets and the resulting effects on the Company's financial position; expectations regarding the schedule for the release of outstanding shares or other securities of the Company or its subsidiaries, which are currently subject to lock-up arrangements, from such arrangements; expectations for other economic, business, regulatory and/or competitive factors related to the Company or the cannabis industry generally, and other events or conditions that may occur in the future. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statement was made. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

This management's discussion and analysis ("MD&A") of the financial condition and results of operations of the Company is for the years ended December 31, 2020 and 2019. It is supplemental to, and should be read in conjunction with, the Company's consolidated financial statements and the accompanying notes for the years ended December 31, 2020 and 2019. All amounts in this MD&A are expressed in thousands of United States dollars ("$" or "US$"), unless otherwise indicated.

This MD&A contains certain "forward-looking statements" as defined under applicable United States securities laws. Please refer to the discussion of forward-looking statements and information set out under the heading "Cautionary Note Regarding Forward-Looking Information", in this Form 10. As a result of many factors, the Company's actual results may differ materially from those anticipated in these forward-looking statements and information.

OVERVIEW OF THE COMPANY

We are is a California-based cannabis company with vertically integrated operations including large scale cultivation, extraction, processing, manufacturing, branding, packaging and wholesale distribution to licensed retail dispensaries statewide. Indus offers services supporting every step of the supply chain from seed to sale and an extensive portfolio of award-winning brands, including owned brands, such as Cypress Cannabis, House Weed, Kaizen Medicinals, Altai, Acme, and Moon, and agency brands, such as Dixie, Dr. Raw, and Kin Slips.

The vision for the Company was introduced to the industry in 2014 with the development of Altai as its first brand of edibles. The Company leverages technology, innovation, product quality and superior service levels to continuously develop its customer and partner networks of top-tier industry retailers and innovators. Our strategy focuses on four core pillars: the quality of our products, national awareness for our brands, distribution capabilities, and expansion of our footprint. The Company is backed by an experienced team that is deeply in tune and integrated with industry partners and the Company's customers. Together, we are building a new American industry, creating products that emphasize consumer safety while advancing changing perceptions of cannabis use.

The Company operates a 225,000 square foot cultivation facility in Monterey County and a manufacturing and laboratory facility in Salinas, California for production of extracts, distillates and branded and packaged cannabis flower, concentrates and edible products. The Company also distributes proprietary and third-party brands throughout the State of California and maintains warehouses and distribution vehicles in Central and Southern California.

In addition to owning cultivation, manufacturing and distribution cannabis licenses and operations, the Company also provides manufacturing, extraction and distribution services to third-party cannabis manufacturers and cannabis branding companies.

Our operations are conducted by the following companies:

- Indus Holding Company, wholly owned by Lowell Farms Inc.
- Cypress Holding Company, wholly owned by Indus Holding Company
- Cypress Manufacturing Company, wholly owned by Indus Holding Company
- Indus Nevada LLC, wholly owned by Indus Holding Company
- Wellness Innovation Group LLC, wholly owned by Indus Holding Company

The Company's corporate office and principal place of business is located at 19 Quail Run Circle, Salinas, California. As of December 31, 2020, the Company had 196 fulltime-equivalent employees.

Reverse Takeover

On November 13, 2018, Indus Holding Company (a wholly owned subsidiary of the Company) and Mezzotin entered into a business combination agreement whereby the parties agreed to combine their respective businesses, which would result in the reverse takeover of Mezzotin by the security holders of the Company. Mezzotin was originally incorporated under the Business Corporations Act (Ontario) on October 27, 2005 as Zoolander Corporation. On September 10, 2013, Zoolander changed its name to Mezzotin Minerals Inc. On April 26, 2019 the reverse takeover transaction concluded. In connection with the agreement, Mezzotin changed its name from Mezzotin Minerals Inc. to Indus Holdings, Inc. Effective at the close of markets on April 29, 2019, the common shares of the Company ("Existing Mezzotin Shares") were delisted from the NEX board of the TSX Venture Exchange, and the subordinate voting shares of the Company commenced trading on the Canadian Stock Exchange effective at market open on April 30, 2019, under the new symbol "INDS".

Indus Holding Company was formed in 2014. The Company became the parent of Indus Holding Company in connection with the reverse takeover transaction.

Recent Developments

Terminated Pending Acquisition

On May 14, 2019, the Company entered into a definitive agreement to acquire the assets of W The Brand (“W Vapes”), a manufacturer and distributor in Nevada and Oregon of cannabis concentrates, cartridges and disposable pens, in a cash and stock transaction. Under the terms of the agreement, the purchase consideration to W Vapes shareholders consisted of $10 million in cash and $10 million in Subordinate Voting Shares (based on a deemed value of CDN$15.65 per share). In November 2019, the definitive agreement was amended whereby the Company advanced $2 million in non-recourse funds to the seller in exchange for release of $10 million of cash held in escrow related to the acquisition and in December 2019, the Company purchased the Las Vegas, Nevada facility for $4.1 million.

On July 17, 2020, the Company announced the termination of the definitive agreement with W Vapes and is no longer obligated to acquire the assets of W Vapes. The termination of the agreement coincided with an asset acquisition announcement between W Vapes and Planet 13 Holdings Inc., a vertically integrated provider of cannabis and cannabis-infused products in the State of Nevada ("Planet 13"). Additionally, the Company sold the Las Vegas facility to certain affiliates of Planet 13 for a cash payment of approximately $500, and an additional cash payment of approximately $2.8 million upon regulatory approval of the W Vapes and Planet 13 transaction, which was received in January 2021, and in the third quarter the Company finalized a note payable of $843, to the owners of W Vapes, payable coinciding with the receipt of the $2.8 million payment from the facility sale, which was paid in January 2021. As a result, the Company has reflected a $4.4 million loss in its consolidated financial statements.

Acquisition

On February 25, 2021, the Company announced the acquisition of substantially all of the assets of the Lowell Herb Co. and Lowell Smokes trademark brands, product portfolio, and production assets from The Hacienda Group. Lowell Herb Co. is a leading California cannabis brand that manufactures and distributes distinctive and highly regarded premium packaged flower, pre-roll, concentrates, and vape products. The acquisition was valued at approximately $39 million, comprised of $4.1 million in cash and the issuance of 22,643,678 Subordinate Voting Shares. The Hacienda Group has agreed to continue to produce Lowell products for an interim period for the account of the Company pending completion of the transfer of certain regulatory assets. In connection with this acquisition, the Company intends to complete a change in its corporate name to Lowell Farms Inc.

Management Changes

Effective April 13, 2020, Mark Ainsworth, Co-Founder, has been appointed to the role of Interim Chief Executive Officer following Robert Weakley's resignation from the Company. Mark has been instrumental to the Company's vision and growth strategy since inception and will focus on successfully executing the Company's strategic plans to get the Company to profitability. Robert Weakley remained on the Board of Directors, but did not stand for re-election at the Company's annual general meeting of shareholders held on October 22, 2020. Brian Shure was appointed Chief Financial Officer in November 2020 replacing Steve Neil who was appointed Chief Financial Officer following Tina Maloney's retirement in December 2019. Steve remains with the Company. In June 2020, Jenny Montenegro was appointed Chief Operating Officer and in January 2021, Kevin Lawrence was appointed Chief Revenue Officer.

Operations and Regulatory Overview

We believe the Company's operations are in full compliance with all applicable State and local laws, regulations and licensing requirements in the State of California. Substantially all our revenue is derived from the U.S. cannabis industry, which is illegal under U.S. federal law. For a regulatory overview of the states in which we operate and information about risks related to U.S. cannabis operations, please refer to the Items 1 and 1A of this Form 10.

Reconciliations of Non-GAAP Financial and Performance Measures

The Company has provided certain supplemental non-GAAP financial measures in this MD&A. Where the Company has provided such non-GAAP financial measures, we have also provided a reconciliation below to the most comparable GAAP financial measure, see "Reconciliations of Non-IFRS Financial and Performance Measures" in this MD&A. These supplemental non-GAAP financial measures should not be considered superior to, as a substitute for or as an alternative to, and should only be considered in conjunction with, the GAAP financial measures presented herein.

In this MD&A, reference is made to adjusted EBITDA and working capital which are not measures of financial performance under GAAP. The Company calculates each as follows:

- *Adjusted EBITDA is net income (loss), excluding the effects of income taxes (recovery); net interest expense; depreciation and amortization; non-cash fair value adjustments on investments; unrealized foreign currency gains/losses; share-based compensation expense; and other transactional and special expenses, such as acquisition costs and expenses related to our reverse takeover, which are inconsistent in amount and frequency and are not what we consider as typical of our continuing operations. Management believes this measure provides useful information as it is a commonly used measure in the capital markets and as it is a close proxy for repeatable cash generated by operations. We use adjusted EBITDA internally to understand, manage, make operating decisions related to cash flow generated from operations and evaluate our business. In addition, we use adjusted EBITDA to help plan and forecast future periods.*

- *Working capital is current assets less current liabilities. Management believes the calculation of working capital provides additional information to investors about the Company's liquidity. We use working capital internally to understand, manage, make operating decisions related to cash flow required to fund operational activity and evaluate our business cash flow needs. In addition, we use working capital to help plan and forecast future periods.*

These measures are not necessarily comparable to similarly titled measures used by other companies.

The table below reconciles Net Loss to Adjusted EBITDA for the periods indicated.

Year Ended December 31, (in thousands)	**2020**	**2019**
Net loss attributable to the Company (GAAP)	$ (21,910)	$ (49,934)
Interest expense	3,331	2,152
Provision (benefit) for income taxes	224	205
Depreciation in cost of goods sold	2,830	2,921
Depreciation and amortization in operating expenses	1,082	993
Investment and currency losses	(168)	2,091
Share-based compensation	2,200	3,385
Transaction and other special charges	4,201	2,341
Adjusted EBITDA (non-GAAP)(1)	**$ (8,210)**	**$ (35,846)**

(1) Non-GAAP measure

RESULTS OF OPERATIONS

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

Revenue

We derive our revenue from sales of extracts, distillates, branded and packaged cannabis flower, concentrates and edible products to retail dispensaries in the state of California. In addition, we distribute proprietary and third-party brands throughout the state of California. The Company recognizes revenue upon delivery of goods to customers since at this time performance obligations are satisfied.

The Company classifies its revenues into three major categories: Owned, Agency and Distributed brands.

- Owned are the proprietary brands of the Company.

- Agency brands are third-party brands that the Company manufactures and/or sells utilizing our in-house sales team and distributes on behalf of the third-party.

- Distributed brands are brands in which the Company provides distribution services to retail dispensaries. Distributed brands also include third-party sourced bulk product sales.

Revenue by Category

Year Ended December 31, (in thousands)	**2020**	**2019**	**2020 v 2019 % Change**
Owned	$ 31,955	$ 15,366	108%
Agency	7,778	13,470	-42%
Distributed	2,885	8,209	-65%
Net revenue	$ 42,618	$ 37,045	15%

In the year ended December 31, 2020:

- Revenue increases compared to the prior year were driven by expanded cultivation capacity, resulting in flower brand sales increasing 167% over 2019 and expansion of owned brand product offerings resulting in concentrates brand sales increasing 154% over 2019 and edible brand sales increasing 103% over 2019. Customer onboarding and targeted marketing initiatives also favorably impacted owned brand sales.

- Revenues in 2020 were adversely impacted by a strategic decision to focus on agency and distributed brands that realize a higher per order sales level. As a result, the number of agency brands carried by the Company in 2020 declined by approximately 60% and no new agency brands were onboarded, and, the number of distributed brands carried by the Company declined by approximately 85%, and only two new distributed brands were onboarded in 2020.

Lowell Farms expects to continue its focus on profitable sales growth in 2021 primarily through increased cultivation yields as a result of completing greenhouse renovations in 2020, including installation of environmental monitoring equipment designed to significantly reduce plant stress should the Company encounter severe temperature and atmospheric conditions as occurred at the end of the summer in 2020. Flower capacity in 2021 is expected to increase to over 40,000 pounds harvested, more than twice the harvest in 2020. The increased output will also increase internally sourced materials for distillation and concentrate products. Revenues are also expected to increase, although at a lesser pace, through improved penetration of edible products and selective new product introductions including pre-rolls, vapes and gummies. Our focus on agency and distributed brand sales will continue to be on those brands that realize a higher per order sales level that will enable profitable growth. As a result, we expect agency and distributed brand sales to decline from 2020 levels.

Cost of Sales, Gross Profit and Gross Margin

Cost of goods sold consist of direct and indirect costs of production and distribution, and includes amounts paid for direct labor, raw materials, packaging, operating supplies, and allocated overhead, which includes allocations of rent, insurance, managerial salaries, utilities, and other expenses, such as employee training and product testing. The Company manufactures products for certain brands that do not have the capability, licensing or capacity to manufacture their own products. The fees earned for these activities absorbs fixed overhead in manufacturing. Our focus in 2021 is on flower, pre-rolls and concentrates from our expanded cultivation operations, and on increased vertical integration utilizing greater internally sourced biomass for edible and vape products. We are focusing on executing smaller, more frequent production runs to lower inventory working capital, optimize efficiencies and expedite product getting to the market faster, while continuing to decrease third party manufacturing activities.

Year Ended December 31, (in thousands)	**2020**	**2019**
Net revenue	$ 42,618	$ 37,045
Cost of goods sold	$ 40,413	$ 47,790
Gross profit (loss)	$ 2,205	$ (10,745)
Gross margin	5.2%	-29.0%

Gross margin was 5.2% and (29.0)% in the year ended December 31, 2020 and 2019, respectively. The improvement between periods in gross profit and gross margin is primarily due efficiencies from the $16.6 million, 108% increase in owned brand revenue, reflecting increased cultivation output of flower and biomass which more than doubled in 2020 over 2019 on a similar cost base. Additionally, the $11.0 million, or 51% reduction in revenue from lower margin agency and distributed brands had an unfavorable impact on gross profit of approximately $0.7 million while having a favorable year-to-year impact on gross margin.

In 2020, as a result of the change in brand product mix and cost efficiencies related to the increased yields in cultivation, the Company incurred approximately $2.9 million in additional cost of goods sold related to the $16.6 million increase in owned brand product sales when compared to 2019. Additionally, cost of goods sold in 2020 declined approximately $10.3 million from 2019 as a result of the $11.0 million reduction in agency and distributed brand product sales.

Total Operating Expenses

Total operating expenses consist primarily of costs incurred at our corporate offices; personnel costs; selling, marketing, and other professional service costs including legal and accounting; and licensing costs. Sales and marketing expenses consist of selling costs to support our customer relationships, including investments in marketing and brand activities and corporate infrastructure required to support our ongoing business. We expect selling costs as a percentage of revenue to decrease as our business continues to grow, due to efficiencies associated with scaling the business, and reduced focus on non-core brands. We expect to incur periodic acquisition and transaction costs related to expansion efforts and to continue to invest where appropriate in the general and administrative function to support the increasing complexity of the cannabis business.

Year Ended December 31, (in thousands)	**2020**	**2019**
Total operating expenses	$ 18.013	$ 34,836

Total operating expenses decreased $16,823 for the year ended December 31, 2020 compared to the prior year. The decrease is primarily attributable to the reduction in general and administrative salaries and expenses through cost cutting initiatives and fully burdening distribution operations in cost of goods sold. Stock based compensation expense in 2020 decreased $1,185 as restricted stock unit grants associated with the reverse takeover fully vested at the end of the first quarter in 2020. In addition, operating expenses in 2019 include $2,251 of transaction costs related to the reverse takeover and acquisition-related costs. Operating expenses declined as a percentage of sales from 100% in 2019 to 48% in 2020. While operating expenses are expected to increase as owned brand marketing and infrastructure expenditures are incurred in support of revenue increases, operating expenses as a percentage of sales are expected to continue to decline.

Total other income (expense), net

Year Ended December 31, (in thousands)	**2020**	**2019**
Total other income/(expense)	$ (5,878)	$ (4,148)

Other expense in 2020 included a loss of $4,367 on the termination of the agreement to purchase the Nevada and Oregon operations of W Vapes and the sale of the Las Vegas facility while 2019 included $2,250 in unrealized losses from investments. Interest expense increased $1,179 in 2020 due to bridge financing and convertible debentures entered into in the current year.

Net Loss

Year Ended December 31, (in thousands, except per share amounts)	**2020**	**2019**
Net loss	$ (21,910)	$ (49,934)
Net loss per share:		
Basic and Diluted	$ (0.65)	$ (1.59)
Shares used in per share calculation:		
Basic and Diluted	33,940	31,379

Net loss reduced $37,920, or 75%, in 2020 as a result of the factors noted above.

Summary of Quarterly Results

The table below presents selected financial information for each of the eight most recently completed quarters

(in thousands, except per share amounts)	**First Quarter**	**Second Quarter**	**Third Quarter**	**Fourth Quarter**
2020				
Revenue	$ 9,442	$ 9,894	$ 14,131	$ 9,151
Gross profit (loss)	$ (1,729)	$ (1,263)	$ 4,979	$ 218
Operating income (loss)	$ (7,109)	$ (4,788)	$ 772	$ (4,683)
Income(loss) before income taxes	$ (7,849)	$ (8,732)	$ (1,052)	$ (4,053)
Net income (loss)	$ (7,874)	$ (8,757)	$ (1,171)	$ (4,108)
Loss per share – basic and diluted	$ (0.24)	$ (0.26)	$ (0.04)	$ (0.11)
2019				
Revenue	$ 6,434	$ 9,689	$ 10,119	$ 10,803
Gross profit (loss)	$ 2,487	$ (1,021)	$ (7,524)	$ (4,687)
Operating loss	$ (1,500)	$ (8,923)	$ (19,139)	$ (16,019)
Income before income taxes	$ (2,676)	$ (8,176)	$ (21,343)	$ (17,534)
Net loss	$ (2,676)	$ (8,679)	$ (20,884)	$ (17,965)
Loss per share - basic and diluted		$ (0.2 7)	$ (0.65)	$ (0.55)

LIQUIDITY AND CAPITAL RESOURCES

Our primary need for liquidity is to fund the working capital requirements of our business, capital expenditures, general corporate purposes, and to a lesser extent debt service. Our primary source of liquidity is funds generated by financing activities. Our ability to fund our operations, to make planned capital expenditures, to make scheduled debt payments and to repay or refinance indebtedness depends on our future operating performance and cash flows, and ability to obtain equity or debt financing, which are subject to prevailing economic conditions, as well as financial, business and other factors, some of which are beyond our control. Cash generated from ongoing operations in 2020 were not sufficient to fund operations and, in particular, to fund the Company's cultivation capital expenditures in the short-term, and growth initiatives in the long-term. The Company raised additional funds from a $16.1 million convertible debt financing which was initially funded in April 2020 and finalized in May 2020 and a $25.0 million equity financing in December 2020.

As of December 31, 2020, the Company had $25.8 million of cash and cash equivalents, and $30.9 million of working capital, compared to $1.3 million of cash and cash equivalents and $9.3 million of working capital as of December 31, 2019.

The Company is focused on improving its balance sheet by improving accounts receivable collections, right-sizing inventories and increasing gross profits. We have taken a number of steps to improve our cash position and to continue to fund operations and capital expenditures including:

- Entered into a $16.1 million senior secured convertible debenture and warrant purchase agreement in April 2020. The debentures bear interest at 5.5% per annum and will mature in October 2023. See Note 14 in the consolidated financial statements.
- Accelerated cultivation facility renovations which are expected to result in an increase in flower and trim output by over two times in 2021, and over 4 times compared to 2019.
- Completed a 23 million subordinate voting share offering in December 2020 which generated $25.0 million in net proceeds.
- Terminated the technology agreement with our e-commerce partner to reduce distribution expenses.
- Scaled back our investment in and support for non-core brands.
- Reduced accounts receivable in excess of $2.3million in 2020.
- Restructured our organization and identified operating, selling and administrative expense cost reductions, which includes component cost reductions, reorganization of our sales and commission structure and realignment or our discount programs.

The Company realized considerable margin improvement in 2020 as greenhouse renovations were substantially completed, low profit agency and distributed brands were eliminated and operational efficiencies improved.

Private Placement

In connection with the RTO, on April 2, 2019 , we completed a private placement offering (the "Private Placement"), in which 3,436 subscription receipts ("Subscription Receipts") of a special purpose finance vehicle ("Finance Co") were issued at a price of CDN$15.65 per Subscription Receipt for gross proceeds of approximately US$40 million. The gross proceeds of the Private Placement, less certain associated expenses, were deposited into escrow (the "Escrowed Proceeds") pending satisfaction of certain specified release conditions (the "Escrow Release Conditions"), all of which were satisfied immediately prior to the completion of the RTO. As a result, the Escrowed Proceeds were released to FinanceCo prior to the closing of the RTO, and each Subscription Receipt was automatically converted, for no additional consideration, into one common share of FinanceCo. Following satisfaction of the Escrow Release Conditions, in connection with the RTO, the Company acquired all of the issued and outstanding FinanceCo shares pursuant to a three-cornered amalgamation, and the former holders thereof (including the former holders of FinanceCo Shares acquired upon conversion of the Subscription Receipts) each received one Subordinate Voting Share in exchange for each FinanceCo share held.

Cash Flows

The following table presents the Company's net cash inflows and outflows from the condensed interim consolidated financial statements of the Company for the years ended December 31, 2020 and 2019.

Year Ended December 31,			Change	
(in thousands)	**2020**	**2019**	**$**	**%**
Net cash used in operating activities	$ (7,752)	$ (39,323)	$ 31,571	80%
Net cash used in investing activities	(5,607)	(10,061)	4,454	44%
Net cash provided by financing activities	37,765	40,418	(2,653)	-7%
Change in cash and cash equivalents and restricted cash	$ 24,406	$ (8,966)	$ 33,372	372%

Cash used in operating activities

Net cash used in operating activities was $7,752 for the year ended December 31, 2020, a decrease of $31.6 million or 80%, compared to the year ended December 31, 2019. The reduction was primarily driven by the $28.0 million reduction in net loss. Inventory decreased $0.5 million in the current year compared to a reduction of $1.6 million in 2019, reflecting a continuing focus on reducing inventory days on hand for manufactured product. Accounts receivable decreased by $1.0 million in 2020 compared to an increase of $6.2 million in 2019 reflecting significant collections focus in the current year.

Cash used in investing activities

Net cash used in investing activities was $5,607 for the year ended December 31, 2020, a decrease of $4.5 million, compared to the prior year. Capital expenditures of $6.9 million, principally associated with greenhouse renovations, were comparable to $10.0 million in capital expenditures in the same period last year. Capital expenditures in 2019 included a $4.1 million purchase of a building in Nevada which was sold in 2020, and the Company received $0.5 million of proceeds in the current year and an additional $2.8 million in January 2021. Greenhouse renovations were substantially completed at the end of the third quarter in 2020. Remaining construction at the cultivation facility consists primarily of the construction of a head house for drying and processing of flower and biomass, which is expected to be completed around the end of the first quarter in 2021.

Cash provided by financing activities

Net cash provided by financing activities was $37,765 for the year ended December 31, 2020, compared to $40,418 in the prior year. The inflow consisted primarily of $15.2 million in net proceeds from the convertible debenture financing in the second quarter and $25.0 million in net proceeds from the subordinate voting share offering in the fourth quarter. The inflow in 2019 was the result of the $40 million Private Placement financing.

We expect that our cash on hand and cash flows from operations, will be adequate to meet our capital requirements and operational needs for the next 12 months.

Working Capital and Cash on Hand

The following table presents the Company's cash on hand and working capital position as of December 31, 2020 and 2019.

	December 31,		Change	
(in thousands)	2020	2019	$	%
Working capital(1)	$ 30,883	$ 9,330	$ 21,553	231%
Cash on hand	$ 25,751	$ 1,344	$ 24,407	1816%

(1) Non-GAAP measure - see Non-GAAP Financial Measures in this MD&A.

At December 31, 2020, we had $25,751 of cash and $30,883 of working capital, compared with $1,344 of cash and $9,330 of working capital at December 31, 2019. The increase in cash was primarily due to the convertible debenture financing and subordinate voting share offering, offset by capital expenditures and increases in inventories and biological assets.

The Company’s working capital is expected to be significantly impacted by the growth in operations, increased cultivation output, and continuing margin improvement.

CHANGES IN OR ADOPTION OF ACCOUNTING PRONOUNCEMENTS

This MD&A should be read in conjunction with the audited financial statements of the Company for the years ended December 31, 2020 and 2019. The Company implemented the following additional policies beginning January 1, 2019:

In May 2020, the SEC adopted the final rule under SEC release No. 33-10786, *Amendments to Financial Disclosures about Acquired and Disposed Businesses*, amending Rule 1-02(w)(2) which includes amendments to certain of its rules and forms related to the disclosure of financial information regarding acquired or disposed businesses. Among other changes, the amendments impact SEC rules relating to (1) the definition of "significant" subsidiaries, (2) requirements to provide financial statements for "significant" acquisitions, and (3) revisions to the formulation and usage of pro forma financial information. The final rule becomes effective on January 1, 2021; however, voluntary early adoption is permitted. The Company early adopted the provisions of the final rule in 2020. The guidance did not have a material impact on the Company's consolidated financial statements and disclosures.

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires that a lessee recognize the assets and liabilities that arise from operating leases. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use (ROU) asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. In July 2018, the FASB issued ASU 2018-10, *Codification Improvements to Topic 842, Leases and ASU 2018-11, Leases Topic 842 Target improvements,* which provides an additional (and optional) transition method whereby the new lease standard is applied at the adoption date and recognized as an adjustment to retained earnings. In March 2019, the FASB issued ASU 2019-01, *Leases (Topic 842) Codification Improvements*, which further clarifies the determination of fair value of the underlying asset by lessors that are not manufacturers or dealers and modifies transition disclosure requirements for changes in accounting principles and other technical updates. The Company adopted the standard effective January 1, 2019 using the modified retrospective adoption method which allowed it to initially apply the new standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of accumulated deficit. In connection with the adoption of the new lease pronouncement, the Company recorded a charge to accumulated deficit of $847.

Effects of Adoption

The Company has elected to use the practical expedient package that allows us to not reassess: (1) whether any expired or existing contracts are or contain leases, (2) lease classification for any expired or existing leases and (3) initial direct costs for any expired or existing leases. The Company additionally elected to use the practical expedients that allow lessees to: (1) treat the lease and non-lease components of leases as a single lease component for all of its leases and (2) not recognize on its balance sheet leases with terms less than twelve months.

The Company determines if an arrangement is a lease at inception. The Company leases certain manufacturing facilities, warehouses, offices, machinery and equipment, vehicles and office equipment under operating leases. Under the new standard, operating leases result in the recognition of ROU assets and lease liabilities on the consolidated balance sheet. ROU assets represent our right to use the leased asset for the lease term and lease liabilities represent our obligation to make lease payments. Under the new standard, operating lease 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, upon adoption of the new standard, we used our estimated incremental borrowing rate based on the information available, including lease term, as of January 1, 2019 to determine the present value of lease payments. Operating lease ROU assets are adjusted for any lease payments made prior to January 1, 2019 and any lease incentives. Certain of our leases may include options to extend or terminate the original lease term. The Company generally concluded that it is not reasonably certain to exercise these options due primarily to the length of the original lease term and its assessment that economic incentives are not reasonably certain to be realized. Operating lease expense under the new standard is recognized on a straight-line basis over them lease term. Current finance lease obligations consist primarily of cultivation, manufacturing and distribution facility leases.

Refer to the *Summary of Effects of Lease Accounting Standard Update Adopted in First Quarter of 2019* below for further details.

Leases accounted for under the new standard have initial remaining lease terms of one to seven years. Certain of our lease agreements include rental payments adjusted periodically for inflation. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Summary of Effects of Lease Accounting Standard Update Adopted in First Quarter of 2019

The cumulative effects of the changes made to our consolidated balance sheet as of the beginning of the first quarter of 2019 as a result of the adoption of the accounting standard update on leases were as follows:

(in thousands, $US)	As filed December 31, 2018	Effects of adoption of lease accounting standard update related to: Recognition of Operating Leases	Total Effects of Adoption	With effect of least accounting standard update January 1, 2019
Assets				
Property and equipment, net	$ 4,063	$ 23,594	$ 23,594	$ 27,656
Liabilities				
Current portion of long-term debt	147	1,492	1,492	1,639
Long-term debt, net	389	22,948	22,948	23,337
Equity				
Accumulated Deficit	(20,201)	(847)	(847)	(21,047)
Total	**$ 23,728**	**$ -**	**$ -**	**$ 23,728**

In June 2016, the FASB issued ASU No. 2016-13, *"Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*" and subsequent amendments to the initial guidance: ASU 2018-19 *"Codification Improvements to Topic 326, Financial Instruments-Credit Losses*", ASU 2019-04 "*Codification Improvements to Topic 326, Financial Instruments-Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments"*, ASU 2019-05 "*Financial Instruments-Credit Losses*", ASU 2019-11 "*Codification Improvements to Topic 326, Financial Instruments - Credit Losses" (collectively, Topic 326),*ASU 2020-02 *Financial Instruments—Credit Losses (Topic 326) and Leases (Topic 842)* and ASU 2020-03 *Codification Improvements to Financial Instruments*. Topic 326 requires measurement and recognition of expected credit losses for financial assets held. This guidance is effective for the year ended December 31, 2020. The Company believes that the most notable impact of this ASU will relate to its processes around the assessment of the adequacy of its allowance for doubtful accounts on trade accounts receivable and the recognition of credit losses. We continue to monitor the economic implications of the COVID-19 pandemic, however based on current market conditions, the adoption of the ASU did not have a material impact on the consolidated financial statements.

In November 2018, the FASB issued ASU 2018-18, *Collaborative Arrangements (Topic 808), Clarifying the Interaction between Topic 808 and Topic 606*. This guidance amended Topic 808 and Topic 606 to clarify that transactions in a collaborative arrangement should be accounted for under Topic 606 when the counterparty is a customer for a distinct good or service (i.e., unit of account). The amendments preclude an entity from presenting consideration from a transaction in a collaborative arrangement as revenue from contracts with customers if the counterparty is not a customer for that transaction. This guidance is effective for the year ended December 31, 2020. The adoption of this guidance did not have a material impact on our Consolidated Financial Statements.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements are described below.

- Estimated Useful Lives and Depreciation of Property and Equipment– Depreciation of property and equipment is 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 take into account factors such as economic and market conditions and the useful lives of assets.

- Estimated Useful Lives and Amortization of Intangible Assets– Amortization of intangible assets is recorded on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any.

- Fair Value of Investments in Private Entities – The Company uses discounted cash flow model to determine fair value of its investment in private entities. In estimating fair value, management is required to make certain assumptions and estimates such as discount rate, long term growth rate, estimated free cash flows.

- Share-Based Compensation– The Company uses the Black-Scholes option-pricing model to determine the fair value of stock options and warrants granted. In estimating fair value, management is required to make certain assumptions and estimates such as the expected life of units, volatility of the Company's future share price, risk free rates, future dividend yields and estimated forfeitures at the initial grant date. Changes in assumptions used to estimate fair value could result in materially different results.

- Deferred Tax Asset and Valuation Allowance– Deferred tax assets, including those arising from tax loss carry-forwards, requires management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

FINANCIAL INSTRUMENTS AND FINANCIAL RISK

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities; current portion of long-term debt; and long-term debt. The carrying values of these financial instruments approximate their fair values.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs used to make the measurements. The hierarchy is summarized as follows:

- Level 1 — Quoted prices (unadjusted) that are in active markets for identical assets or liabilities

- Level 2 — Inputs that are observable for the asset or liability, either directly (prices) for similar assets or liabilities in active markets or indirectly (derived from prices) for identical assets or liabilities in markets with insufficient volume or infrequent transactions

- Level 3 — Inputs for assets or liabilities that are not based upon observable market data

The Company has exposure to the following risks from its use of financial instruments and other risks to which it is exposed and assess the impact and likelihood of those risks. These risks include: market, credit, liquidity, asset forfeiture, banking and interest rate risk.

Credit Risk

- Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit exposure at December 31, 2020 and 2019 is the carrying amount of cash and cash equivalents and accounts receivable. All cash and cash equivalents are placed with U.S. and Canadian financial institutions.

- The Company provides credit to its customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit risk but has limited risk as a significant portion of its sales are transacted with cash.

Liquidity Risk

- Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

- In addition to the commitments outlined in Note 19, the Company has the following contractual obligations:

	Maturity: < 1 Year		Maturity: > 1 Year	
	December 31,		December 31,	
(in thousands)	2020	2019	2020	2019
Accounts payable and Other accrued liabilities	$ 10,996	$ 9,060	$ -	$ -

Market Risk

- Strategic and operational risks arise if the Company fails to carry out business operations and/or to raise sufficient equity and/or debt financing. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Interest Rate Risk

- Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company's interest-bearing loans and borrowings are all at fixed interest rates; therefore, the Company is not exposed to interest rate risk on these financial liabilities. The Company considers interest rate risk to be immaterial.

Price Risk

- Price risk is the risk of variability in fair value due to movements in equity or market prices. Cannabis is a developing market and likely subject to volatile and possibly declining prices year over year as a result of increased competition. Because adult-use cannabis is a newly commercialized and regulated industry in the State of California, historical price data is either not available or not predictive of future price levels. There may be downward pressure on the average price for cannabis. There can be no assurance that price volatility will be favorable to Indus or in line with expectations. Pricing will depend on general factors including, but not limited to, the number of licenses granted by the local and state governments, the supply such licensees are able to generate and consumer demand for cannabis. An adverse change in cannabis prices, or in investors' beliefs about trends in those prices, could have a material adverse outcome on the Company and its valuation.

Asset Forfeiture Risk

- 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 were 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.

Banking Risk

- Notwithstanding that a majority of states have legalized medical marijuana, there has been no change in U.S. federal banking laws related to the deposit and holding of funds derived from activities related to the marijuana industry. Given that U.S. 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 U.S. banking system and traditional financing sources. The inability to open bank accounts with certain institutions may make it difficult to operate the businesses of the Company, its subsidiaries and investee companies, and leaves their cash holdings vulnerable.

SELECTED FINANCIAL DATA

Years Ended December 31, (in thousands, except per share amounts)	2020	2019	2018	2017	2016
Consolidated Operations					
Net revenue	$ 42,618	$ 37,045	$ 17,199	$ 15,468	$ 4,676
Gross profit/(loss)	$ 2,205	$ (10,745)	$ 4,063	$ 1,763	$ 692
Operating loss	$ (15,808)	$ (45,581)	$ (7,330)	$ (5,976)	$ (3,358)
Loss before income taxes	$ (21,686)	$ (49,729)	$ (8,614)	$ (7,258)	$ (3,439)
Net loss	$ (21,910)	$ (49,934)	$ (8,711)	$ (7,280)	$ (3,439)
Net loss per share - basic and diluted	$ (0.65)	$ (1.59)			
Weighted average shares outstanding - basic and diluted	$ 33,940	$ 31,379			
Consolidated Financial Position					
Cash	$ 25,751	$ 1,344	$ 10,310	$ 2,229	$ 2,807
Current assets	$ 46,605	$ 21,381	$ 31,253	$ 8,809	$ 4,949
Property, plant and equipment, net	$ 49,243	$ 42,972	$ 4,063	$ 1,649	$ 960
Total assets	$ 97,416	$ 68,534	$ 37,465	$ 12,171	$ 6,133
Current liabilities	$ 15,723	$ 12,051	$ 4,436	$ 7,753	$ 1,126
Working capital	$ 30,883	$ 9,330	$ 26,817	$ 1,056	$ 3,823
Long-term notes payable including current portion	$ 15,217	$ 506	$ 536	$ 12,276	$ 4,524
Capital lease obligations including current portion	$ 45,393	$ 35,836	$ -	$ -	$ -
Total stockholders' equity	$ 31,156	$ 23,686	$ 32,640	$ (5,211)	$ 541

Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

ITEM 3. PROPERTIES.

Lowell Farms presently leases its facilities through its subsidiaries. The following table sets forth information about our properties. We believe that these facilities are generally suitable to meet our needs.

Location	Square Feet	Purpose	Lease Expiration Dates
Salinas	15,000	Manufacturing	June 30, 2029 7
Salinas	8,000	Administrative	December 31, 2021 8
Salinas	20,000	Distribution and flower packaging	December 31, 2021 9
Monterey County	225,000	Cultivation	December 31, 2034 10
Los Angeles	10,000	Distribution	November 30, 2024
Sun Valley	11,000	Manufacturing	May 31, 2023 11
Total square footage	288,000		

ITEM 4. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The following table sets forth information with respect to the beneficial ownership of our Subordinate Voting Shares as of March 1, 2021 by:

- each person or entity known by us to own beneficially more than 5% of our outstanding Subordinate Voting Shares;
- each of our directors and executive officers individually; and
- all of our executive officers and directors as a group.

The Super Voting Shares carry 1,000 votes per share and the Subordinate Voting Shares carry 1 vote per share. As of March 1, 2021, the Super Voting Shares represent approximately 75.0% of the voting power of our outstanding voting securities and approximately 44.1% of the voting power of our voting securities on a fully diluted basis. The Super Voting Shares are held by Robert Weakley, who served as Chairman and Chief Executive Officer of the Company from the date of the RTO until April 2020 and thereafter as a member of our board of directors until October 2020. Mr. Weakley has entered into an agreement with the Company to vote the Super Voting Shares in accordance with the voting agreement described below (the "Voting Agreement") and otherwise as directed by our board of directors.

In connection with the closing of the Convertible Debenture Offering, the Company and Mr. Weakley entered into the Voting Agreement with the investors in the Convertible Debenture Offering. Pursuant to the Voting Agreement, Mr. Weakley and such investors have agreed to maintain the size of our board of directors at seven directors and to vote all of their voting securities (including the Super Voting Shares) to elect three persons (currently George Allen, Brian Shure and Kevin McGrath) designated by a majority in interest of the debenture holders ("Investor Directors"), three persons (currently Mark Ainsworth, William Anton and Stephanie Harkness) designated by a majority of the incumbent directors or their successors or, in the event no such director is then serving, Mr. Weakley ("Indus Directors") and one person designated by mutual agreement of a majority of the Investor Directors and a majority of the Indus Directors (currently Bruce Gates). In addition, the parties to the Voting Agreement agreed to take such actions as are within their control to maintain audit, compensation and corporate governance committees consisting of an equal number of non-employee Investor Directors and Indus Directors.

Mr. Weakley is also party to an investment agreement with the Company pursuant to which the Super Voting Shares may be transferred only with the Company's consent. The Company has agreed to grant its consent to a transfer by Mr. Weakley to certain family members, trusts for their benefit and entities controlled by Mr. Weakley and/or such family members, in each case subject to the entry by the transferee into an accession agreement with the Company providing for the same restrictions on transfer and pursuant to which the transferee agrees to comply with Mr. Weakley's obligations under the Voting Agreement. The investment agreement prohibits the Company from consenting to a transfer that would result in the Super Voting Shares being acquired pursuant to a change of control transaction, as defined in the investment agreement. Pursuant to the investment agreement, in the event of a non-permitted transfer by Mr. Weakley, or upon a change of control transaction, the Super Voting Shares shall be redeemed by the Company for their original purchase price of $40,000.

7 Lowell Farms has two 4-year extension options.
8 Lowell Farms has one 4-year extension option.
9 Lowell Farms has four 2-year extension options.
10 Lowell Farms has five 5-year extension options.
11 Managed by Lowell Farms pursuant to the management services agreement with Hacienda entered into in connection with the Lowell Acquisition.

To our knowledge, except as discussed above, none of the shares listed below are held under a voting trust or similar agreement, except as noted. To our knowledge, there is no arrangement, including any pledge by any person of our securities or any of our parents, the operation of which may at a subsequent date result in a change in control of our company. Unless otherwise noted below, the address of each other person listed on the table is c/o Lowell Farms Inc., 19 Quail Run Circle – Suite B, Salinas, California 93907**.**

Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. In accordance with the SEC rules, shares of our shares that may be acquired upon conversion of convertible securities, redemption of redeemable securities, exercise of warrants or exercise or vesting of equity awards within 60 days of the date of the table below are deemed beneficially owned by the holders of such options and are deemed outstanding for the purpose of computing the percentage of ownership of such person, but are not treated as outstanding for the purpose of computing the percentage of ownership of any other person. As of March 1, 2021, 202,590 Super Voting Shares and 67,493,463 Subordinate Voting Shares were issued and outstanding.

Super Voting Shares

Beneficial Owner Executive Officers and Directors	Super Voting Shares Beneficially Owned	Percentage of Super Voting Shares Beneficially Owned (%)
5% or Greater Stockholders:		
Robert Weakley	202,590	100.00%
George Allen (1)	202,590	100.00%
Geronimo Fund (2)	202,590	100.00%

(1) Mr. Allen is the sole manager of Geronimo CVOF Manager, LLC, which is the sole manager of Geronimo Central Valley Opportunity Fund, LLC (Geronimo CVOF Manager, LLC and Geronimo Central Valley Opportunity Fund, LLC, collectively, the "Geronimo Fund"). Pursuant to the terms of the Voting Agreement, the Geronimo Fund, as the holder of a majority in interest of the debentures, has the right to require that the Super Voting Shares be voted for three director nominees designated by the Geronimo Fund. Mr. Allen disclaims beneficial ownership of the Super Voting Shares.

(2) Pursuant to the terms of the Voting Agreement, the Geronimo Fund, as the holder of a majority in interest of the debentures, has the right to require that the Super Voting Shares be voted for three director nominees designated by the Geronimo Fund. The Geronimo Fund disclaims beneficial ownership of the Super Voting Shares.

Subordinate Voting Shares

Beneficial Owner Executive Officers and Directors	Subordinate Voting Shares Beneficially Owned	Percentage of Subordinate Voting Shares Beneficially Owned (%)
Directors and Named Executive Officers:		
George Allen (1)	114,684,108	63.04%
Mark Ainsworth (2)	1,607,265	2.33%
Stephanie Harkness (3)	1,494,559	2.17%
William Anton (4)	3,360,831	4.75%
Kevin McGrath (5)	10,470,301	13.48%
Brian Shure (6)	307,776	*
Bruce Gates	8,200	*
Kelly McMillin (7)	91,058	*
Jenny Montenegro (8)	92,326	*
All executive officers and directors as a group (9 persons)	132,110,540	66.50%
5% or Greater Stockholders:		
Geronimo Fund (9)	106,675,002	61.25%

* Represents beneficial ownership of less than 1%.

(1) Includes 52,537,438 Subordinate Voting Shares issuable upon the conversion of convertible debentures and 52,537,438 Subordinate Voting Shares issuable upon the exercise of warrants held by Geronimo Central Valley Opportunity Fund, LLC; 800,063 Subordinate Voting Shares issuable upon the conversion of convertible debentures and 800,063 Subordinate Voting Shares issuable upon the exercise of warrants held by Geronimo CVOF Manager, LLC; 3,804,303 Subordinate Voting Shares issuable upon the conversion of convertible debentures and 3,804,303 Subordinate Voting Shares issuable upon the exercise of warrants held by Geronimo Capital, LLC; and 133,500 Subordinate Voting Shares issuable upon the exercise of warrants held by Mr. Allen. Mr. Allen is the sole member of Geronimo Capital, LLC and the sole manager of Geronimo CVOF Manager, LLC. Geronimo CVOF Manager, LLC is the sole manager of Geronimo Central Valley Opportunity Fund, LLC.

(2) Includes 1,432,567 Subordinate Voting Shares issuable upon redemption of Sub Convertible Shares and 137,500 Subordinate Voting Shares issuable upon the exercise of options held by Mr. Ainsworth.

(3) Includes 811,104 Subordinate Voting Shares issuable upon redemption of Sub Convertible Shares, 177,500 Subordinate Voting Shares issuable upon the exercise of warrants and 10,000 Subordinate Voting Shares issuable upon the exercise of options held by Ms. Harkness; and 190,231 Subordinate Voting Shares issuable upon redemption of Sub Convertible Shares and 245,724 Subordinate Voting Shares issuable upon the exercise of warrants held by Opes Holdings, LLC, which is controlled by Ms. Harkness. Excludes 482,667 Subordinate Voting Shares issuable upon redemption of Sub Convertible Shares and 22,500 Subordinate Voting Shares issuable upon the exercise of warrants held by Ms. Harkness' spouse, as to which Ms. Harkness disclaims beneficial ownership.

(4) Includes 1,026,095 Subordinate Voting Shares issuable upon the conversion of convertible debentures, 1,271,819 Subordinate Voting Shares issuable upon the exercise of warrants and 532,917 Subordinate Voting Shares issuable upon redemption of Sub Convertible Shares held by Anton Enterprises, Inc., which is controlled by Mr. Anton. Also includes 460,000 Subordinate Voting Shares issuable upon redemption of Sub Convertible Shares and 10,000 Subordinate Voting Shares issuable upon the exercise of options held by Mr. Anton.

(5) Includes 5,015,984 Subordinate Voting Shares issuable upon the conversion of convertible debentures and 5,150,984 Subordinate Voting Shares issuable

upon the exercise of warrants held by Mr. McGrath.

(6) Includes 108,388 Subordinate Voting Shares issuable upon the exercise of warrants held by Mr. Shure.

(7) Includes 25,000 Subordinate Voting Shares issuable upon redemption of Sub Convertible Shares and 63,750 Subordinate Voting Shares issuable upon the exercise of options held by Mr. McMillin.

(8) Includes 88,750 Subordinate Voting Shares issuable upon the exercise of options held by Ms. Montenegro.

(9) Consists of 53,337,501 Subordinate Voting Shares issuable upon the conversion of convertible debentures and 53,337,501 Subordinate Voting Shares issuable upon the exercise of warrants held by Geronimo Fund.

ITEM 5. DIRECTORS AND EXECUTIVE OFFICERS.

Directors and Executive Officers

Below are the names of and certain information regarding our executive officers and directors:

Name	Age	Position
George Allen	45	Chairman
Mark Ainsworth	46	Chief Executive Officer and Director
Stephanie Harkness	77	Director
William Anton	79	Director
Kevin McGrath	47	Director
Brian Shure	44	Chief Financial Officer and Director
Bruce Gates	60	Director
Jenny Montenegro	37	Chief Operating Officer
Kelly McMillin	57	Chief Compliance Officer

George Allen has served as the non-executive Chairman and a director of the Company since April 2020. Mr. Allen is the Founder of Geronimo Capital LLC, a cannabis-industry investment firm, and has been its Managing Member since April 2019. Mr. Allen was the President of Acreage Holdings, a cannabis multi-state operator, from August 2017 to April 2019. At the time of his departure from Acreage Holdings, it was the largest multi-state operator with the broadest footprint in the United States. Mr. Allen was the Chief Investment Officer of Cambridge Information Group, family investment office, from July 2015 to August 2017. Mr. Allen holds a Bachelor of Science degree in Mechanical Engineering from Yale University. From 2011 to 2014 Mr. Allen led an acquisition-driven restructuring of Blucora (NASDAQ: BCOR) into a leading provider of wealth management and tax software and prior to Blucora, Mr. Allen spent nine years at Warburg Pincus, managing investments in the communication, media and technology sectors, and Goldman Sachs in New York and Hong Kong, where he invested capital in distressed securities The Company believes that Mr. Allen's extensive public company and executive-level experience and his expertise in strategy, mergers and acquisitions and corporate finance qualify him to serve as our Chairman.

Mark Ainsworth has served as Chief Executive Officer and as a director of the Company since April 2019. Mr. Ainsworth previously served as the Company's Chief Operating Officer (November 2019 to April 2020) and Executive Vice President (April 2019 to April 2020) and as Executive Vice President of Indus Holding Company (inception to April 2019). In 2006, Mr. Ainsworth founded Pastry Smart, an American Humane Certified and Organic bakery and confectionery manufacturer. He has been a member of the American Culinary Federation since 2013. The Company believes that Mr. Ainsworth's long history as an entrepreneur and as a co-founder of the Company as well as his executive-level experience qualify him to serve as a member of our Board.

Bruce Gates has served as an independent director of the Company since October 2020. Mr. Gates founded and since November 2017 has served as the President of Three Oaks Strategies, LLC, a multi-disciplined consultancy firm, and of Three Oaks Asset Management, LLC, a family office and venture capital firm. Mr. Gates was the Senior Vice President, External Affairs for Altria Group, Inc. from 2008 until October 2017. Mr.Gates served as a directors of Cronos Group Inc. (Nasdaq: CRON) and as the Chair of its compensation committee from March 2019 to March 2020. Mr. Gates received his B.A. from the University of Georgia. The Company believes that Mr. Gates' extensive experience as a senior executive and director qualifies him to serve as a member of our Board.

William Anton has served as an independent director of the Company since April 2019. Mr. Anton has served as Chairman and CEO of Anton Enterprises, Inc. since 2005 and Managing Partner of Anton Venture Capital Fund LLC since 2004. Prior to Anton Enterprises he was Chairman of Anton Airfood, Inc. from 1989 to 2005, the airport foodservice company he founded. Mr. Anton is Chairman Emeritus of the Board of Trustees of the Culinary Institute of America. He also serves on the Board of Trustees of Media Research Corporation, the Board of Directors of QSpex Technologies Inc., and is a member of the Board of Governors of the Thalians Foundation for Mental Health at Cedars-Sinai. Mr. Anton formerly served on the Board of Directors of Air Chef Corporation, a leading private aviation catering firm in North America, the Board of Directors for Morton's Restaurant Group, the Board of the British Restaurant Association, the Board of Trustees of the William F. Harrah College - University of Nevada in Las Vegas, and the National Restaurant Association Education Foundation. The Company believes that Ms. Anton's extensive experience as a senior executive and director and his lengthy history of value-creation as a founder and entrepreneur qualify him to serve as a member of our Board.

Kevin McGrath has served as an independent director of the Company since April 2020. Mr. McGrath holds stakes in privately held medical cannabis companies such as Theraplant LLC and Leafline Labs LLC as well as being an early investor and former special advisor to GrowGeneration. Mr. McGrath is a member of the board of directors of NextGen Pharma/Bwell Group. Prior to joining Indus' board Mr. McGrath was a founding partner of Merus Capital Partners, a New York City-based Hedge Fund. Mr. McGrath has held portfolio manager titles at Millennium Capital Management, Quad Capital Advisors and First New York securities. Mr. McGrath is a graduate of the University of Notre Dame. The Company believes that Ms. McGrath's experience as a director, his expertise in corporate finance and his deep knowledge of the cannabis industry qualify him to serve as a member of our Board.

Brian Shure has served as a director of the Company since April 2020 and was appointed as Chief Financial Officer in November 2020. Mr. Shure leads Ambrose Capital Partners, an investment management firm, directing public and private investments where he has served as President since 2008. Mr. Shure served as Chief Financial Officer of MedData, a revenue cycle management company in the healthcare industry, where he oversaw significant organic and M&A growth. Mr. Shure joined MedData following the company's acquisition of Cardon Outreach, where he led finance and M&A strategy as Chief Financial Officer. The Company believes that Mr. Shure's extensive experience as a financial executive and his expertise in mergers and acquisitions and corporate finance qualify him to serve as a member of our Board.

Bruce Gates has served as an independent director of the Company since October 2020. Mr. Gates founded and since November 2017 has served as the President of Three Oaks Strategies, LLC, a multi-disciplined consultancy firm, and of Three Oaks Asset Management, LLC, a family office and venture capital firm. Mr. Gates was the Senior Vice President, External Affairs for Altria Group, Inc. from 2008 until October 2017. Mr.Gates served as a directors of Cronos Group Inc. (Nasdaq: CRON) and as the Chair of its compensation committee from March 2019 to March 2020. Mr. Gates received his B.A. from the University of Georgia. The Company believes that Mr. Gates' extensive experience as a senior executive and director qualifies him to serve as a member of our Board.

Jenny Montenegro joined the Company leadership team in June 2020. Previously Ms. Montenegro served as Vice President of Commercialization from August 2019 to June 2020, where she was responsible for planning and managing the timeline of launch of brand products into the market. Prior to joining Lowell Farms, Ms. Montenegro served as the Founding Vice President of Consumer Packaged Goods and Operations. Ms. Montenegro served as Vice President – Operations and Marketing of The Organic Coop from April 2016 to August 2019. Prior to that, Ms. Montenegro served as a regional buyer at Costco Wholesale, where she worked from October 2001 to April 2016.

Kelly McMillin has served as Chief Compliance Officer of the Company since October 2017. As Chief of the Salinas Police Department beginning June 2012, Mr. McMillin served as a board member of the California Cities Violence Prevention Network and a representative to the U.S. Department of Justice's National Forum on Youth Violence Prevention. Mr. McMillin holds a Bachelor of Arts from Saint Mary's College of California and a Master of Public Policy from the Panetta Institute at Cal State University, Monterey Bay. He is a 2003 graduate of the 213th session of the FBI National Academy at Quantico.

Family Relationships

There are no family relationships among any of our executive officers or directors.

Arrangements between Officers and Directors

Except as set forth in this Form 10, to our knowledge, there is no arrangement or understanding between any of our officers or directors and any other person pursuant to which such officer or director was selected to serve as an officer or director of the Company.

Involvement in Certain Legal Proceedings

To the best of the Company's knowledge, no director or executive officer of the Company has been involved in any legal proceedings in the past ten years relating to any matters in bankruptcy, insolvency, criminal proceedings (other than traffic and other minor offenses), or being subject to any of the items set forth under Item 401(f) of Regulation S-K.

ITEM 6. EXECUTIVE COMPENSATION.

Executive and Director Compensation

Summary Compensation Table

The following table provides the compensation paid to our principal executive officer and other executive officers whose total compensation exceeded $100,000 for the years ended December 31, 2020 and December 31, 2019.

Name and Principal Position	Fiscal Year	Salary	Bonus (1)	Stock Awards	Option Awards	Nonequity incentive plan compensation	Nonqualified deferred compensation earnings	All other compensation	Total
Mark Ainsworth (2) Chief Executive Officer	2020	$ 250,000	$ -	$ 38,205	$ 85,427	$ -	$ -	$ -	$ 373,632
	2019	$ 250,000	$ -	$ 758,626	$ -	$ -	$ -	$ -	$ 1,008,626
Brian Shure (3) Chief Financial Officer	2020	$ 36,059	$ -	$ 37,266	$ 158,114	$ -	$ -	$ -	$ 231,439
	2019	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Jenny Montenegro (4) Chief Operating Officer	2020	$ 121,875	$ -	$ -	$ -	$ -	$ -	$ -	$ 121,875
	2019	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Kelly McMillin Chief Compliance Officer	2020	$ 131,794	$ -	$ -	$ 10,438	$ -	$ -	$ -	$ 142,232
	2019	$ 128,291	$ -	$ 151,725	$ -	$ -	$ -	$ -	$ 280,016
Robert Weakley (5) Former Chief Executive Officer	2020	$ 109,375	$ -	$ -	$ -	$ -	$ -	$ 200,000	$ 284,375
	2019	$ 375,000	$ -	$ 758,626	$ -	$ -	$ -	$ -	$ 1,133,626
Steve Neil (6) Chief Financial Officer	2020	$ 220,833	$ -	$ 63,675	$ 94,519	$ -	$ -	$ -	$ 379,027
	2019	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Tina Maloney (7) Former Chief Financial Officer	2020	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	2019	$ 238,942	$ -	$ 606,900	$ -	$ -	$ -	$ -	$ 845,842
Joe Bayern (8) President	2020	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	2019	$ 293,365	$ -	$ 151,725	$ 577, 001	$ -	$ -	$ 30,782	$ 1,052,873

(1) Bonuses for 2020 will be reviewed following the completion of the audit of the Company's 2020 financial statements.

(2) Appointed as Chief Executive Officer in April 2020.

(3) Appointed as Chief Financial Officer in November 2020.

(4) Appointed as Chief Operating Officer in June 2020.

(5) Resigned as Chief Executive Officer in April 2020. Mr. Weakley received $200,000 in severance payments during 2020 pursuant to a separation agreement that became effective at the time of his resignation as Chief Executive Officer.

(6) Appointed as Chief Financial Officer in January 2020 and served until November 2020.

(7) Retired December 31, 2019.

(8) Appointed as President in January 2019 and resigned in December 2019.

Executive Employment Agreements

Mark Ainsworth – The Company is party to an employment agreement with Mark Ainsworth dated as of July 1, 2020. Mr. Ainsworth is entitled to an annual base salary of $250,000. He is also eligible to receive annual bonuses in such amounts and subject to such performance metrics or other criteria determined by our board of directors (the "Board") or its Compensation Committee from time to time, including performance-based bonuses or programs as determined at the discretion of the Board. Mr. Ainsworth is also eligible to receive discretionary grants of options. In the event of Mr. Ainsworth's termination without cause, for a period of nine months from the date of such termination, he is entitled to receive continued payment of his base salary and continuation of health insurance benefits. In addition, in the event that, within six months following a "change of control" of the Company, Mr. Ainsworth's title and/or responsibilities are materially diminished or Mr. Ainsworth is terminated without cause, he is entitled, upon notice to the Company given not later than thirty (30) days following such material diminishment or termination, to acceleration of vesting of half of the remaining unvested portion of any stock options or restricted stock awards previously granted to him and any unvested portion shall continue to vest ratably, or be forfeited, in accordance with the terms of such grants.

Brian Shure – The Company is party to an employment agreement with Brian Shure dated as of November 10, 2020. Mr. Shure is entitled to an annual base salary of $ 250,000. He is also eligible to receive annual bonuses in such amounts and subject to such performance metrics or other criteria determined by the Board or its Compensation Committee from time to time, including performance-based bonuses or programs as determined at the discretion of the Board. Mr. Shure was granted options to purchase 300,000 shares of Subordinate Voting Stock of the Company under its 2019 Stock Incentive Plan. 50,000 of the options were vested immediately upon grant and the remaining 250,000 options will vest in four equal annual installments on each anniversary of the date of grant. In the event of Mr. Shure's termination without cause, for a period of six months from the date of such termination, he is entitled to receive continued payment of his base salary and continuation of health insurance benefits. In addition, in the event that, within twelve months following a "change of control" of the Company, Mr. Shure's title and/or responsibilities are materially diminished or Mr. Shure is terminated without cause, he is entitled, upon notice to the Company given not later than thirty (30) days following such material diminishment or termination, to acceleration of vesting of the remaining unvested portion of the options granted.

Non-Employee Director Compensation

The following table summarizes the compensation paid to our non-employee directors for the year ended December 31, 2020.

Name	Stock Awards	Total
George Allen	$ -	$ -
William Anton	$ 42,450	$ 42,450
Bruce Gates	$ 9,340	$ 9,340
Stephanie Harkness	$ 42,450	$ 42,450
Kevin McGrath	$ 37,266	$ 37,266

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

The following table sets forth certain information regarding equity-based awards held by our named executive officers as of December 31, 2020.

	Option Awards				Stock Awards	
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)
Mark Ainsworth	12,500	37,500	0.85	1/2/26		
		500,000	0.346	4/15/26		
					100,000	110,500
Brian Shure		300,000	1.35	11/9/26		
					75,000	82,875
Jenny Montenegro	10,000	30,000	0.68	12/10/25		
	3,750	11,250	0.85	1/2/26		
		300,000	0.346	4/15/26		
					85,000	93,925
Kelly McMillin	37,500	37,500	2.0348	10/16/23		
	7,500	22,500	0.85	1/2/26		
					25,000	27,625

ITEM 7. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE.

Certain Relationships and Related Transactions

The following includes a summary of transactions during our years ended December 31, 2020, 2019 and 2018 to which we have been a party, including transactions in which the amount involved in the transaction exceeds the lesser of $120,000 or 1% of the average of our total assets at year-end for the last two completed fiscal years and in which any of our directors, executive officers or, to our knowledge, beneficial owners of more than 5% of our capital stock or any member of the immediate family of any of the foregoing persons had or will have a direct or indirect material interest, other than equity and other compensation, termination, change in control and other arrangements, which are described elsewhere in this Form 10. We are not otherwise a party to a current related party transaction and no transaction is currently proposed, in which the amount of the transaction exceeds the lesser of $120,000 or 1% of the average of our total assets at year-end for the last two completed fiscal years and in which a related person had or will have a direct or indirect material interest.

Prior to January 1, 2021, we contracted with Edible Management, LLC, a California limited liability company controlled by Robert Weakley and Mark Ainsworth for various management services, including the development and marketing of our brands, the development of standard operating procedures for the sale of our products in California, industry specific strategic marketing advice, quarterly reporting, sales, legal and human resources support services and coordination efforts with our licensees. In exchange for such services, we reimbursed Edible Management for payroll and all other out-of-pocket expenses on a dollar-for-dollar basis and provide rent free office space to Edible Management. Prior to January 1, 2020, Cypress Manufacturing Company, one of our subsidiaries, also contracted with Edible Management for management services. In addition to the reimbursement of expenses and the provision of free office space, Cypress Manufacturing Company paid Edible Management a monthly incentive commission of 2% of gross sales through June 30, 2018, which amounted to a payment of $650,000 in the aggregate. Effective as of January 1, 2021, the services of Edible Management were discontinued and Wellness Innovation Group Incorporated, a subsidiary of Indus Holding Company, assumed all functions previously conducted by Edible Management. Amounts paid to Edible Management pursuant to the foregoing arrangements were $11.4 million, $15.9 million and $6.1 million for the years ended December 31, 2020, 2019 and 2018. respectively.

Director Independence

Our Board of Directors is comprised of George Allen, Mark Ainsworth, Stephanie Harkness, William Anton, Kevin McGrath, Brian Shure and Bruce Gates, of which all members except George Allen, Mark Ainsworth and Brian Shure are deemed to be independent. Although our securities are not listed on any U.S. national securities exchange, for purposes of independence we use the definition of independence applied by The New York Stock Exchange to determine which directors are “independent” in accordance with such definition.

ITEM 8. LEGAL PROCEEDINGS.

There are no legal proceedings material to the Company to which the Company or a subsidiary thereof is a party or of which any of their respective property is the subject matter, nor or any such proceedings known to the Company to be contemplated, and there have been no such legal proceedings during the Company’s most recently completed financial year.

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

Market Information. The Subordinate Voting Shares are listed for trading on the CSE under the symbol "LOWL" and the Warrants are listed on the CSE under the symbol "LOWL.WT." The Subordinate Voting Shares commenced trading on the CSE effective April 30, 2019. Our shares are also traded over-the-counter in the United States on the OTCQX under the symbol "LOWLF." 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. The following table sets forth trading information for the Subordinate Voting Shares for the periods indicated, as quoted on the CSE.

Period	High Trading Price C ($)	Low Trading Price C($)
Q2 2021 thru 5/3/21	$ 2.00	$ 1.40
Q1 2021	2.73	1.31
Q4 2020	$ 2.33	$ 1.17
Q3 2020	$ 1.99	$ 0.64
Q2 2020	$ 1.06	$ 0.295
Q1 2020	$ 1.15	$ 0.24
Q4 2019	$ 3.84	$ 0.51
Q3 2019	$ 9.15	$ 2.80
4/30/19 - 6/30/19	$ 15.95	$ 5.80

The following table sets forth trading information for the Subordinate Voting Shares for the periods indicated, as quoted on the OTCQX.

Period	High Trading Price US ($)	Low Trading Price US($)
Q2 2021 thru 5/3/21	$ 1.56	$ 1.11
Q1 2021	$ 2.15	$ 1.01
Q4 2020	$ 1.78	$ 0.95
Q3 2020	$ 1.53	$ 0.50
Q2 2020 starting 5/7/20	$ 0.79	$ 0.29

Shareholders. We had approximately 170 shareholders of record as of March 5, 2021. This does not include shares held in the name of a broker, bank or other nominees (typically referred to as being held in "street name").

Dividends. The Company has not paid dividends and current intends to reinvest any future earnings to finance the development and growth of its business. As a result, the Company does not intend to pay dividends on the Subordinate 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. Apart from the requirement to comply with applicable corporate law in connection with the declaration of any dividend, Lowell Farms is restricted from declaring any dividends or other distributions pursuant to the terms and conditions of the Convertible Debenture Purchase Agreement.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table provides information as of December 31, 2020, with respect to all of our compensation plans under which equity securities are authorized for issuance.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (1)	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance
Equity compensation plans approved by stockholders	6,260,750(2)	$ 0.97	1,851,066
Equity compensation plans not approved by stockholders	-	-	-

(1) In connection with the RTO, the Company assumed the 2016 stock incentive plan of Indus Holding Company and outstanding option awards thereunder became exercisable for Subordinate Voting Shares. Of the Company's 6,260,750 outstanding awards at December 31, 2020, 922,000 were issued under the legacy 2016 stock incentive plan and the remainder were issued under the Company's 2019 stock incentive plan. No further awards will be made pursuant to the 2016 stock incentive plan.
(2) Excludes 450,000 restricted stock units granted at $0.33.

ITEM 10. RECENT SALES OF UNREGISTERED SECURITIES.

The following sets forth information regarding all unregistered securities sold by the Company in connection with the RTO and subsequently:

- On April 2, 2019, 2670995 Ontario Inc. ("Finco"), a special purpose finance entity organized in connection with the RTO, issued $40,000,000 in subscription receipts to investors, the net proceeds of which were placed in escrow and released to the Company upon the exchange of the Finco subscription receipts for Subordinate Voting Shares, in connection with the closing of the RTO. The Finco subscription receipts and such Subordinate Voting Shares, and the issuance of options for the purchase of 197,533 Subordinate Voting Shares to the financial advisers in the offering, were deemed to be exempt from registration under the Securities Act in reliance on Rule 903 of Regulation S with respect to investors who were not U.S. Persons (within the meaning of Rule 902 of Regulation S). The Finco subscription receipts and such Subordinate Voting Shares were deemed to be exempt from registration under the Securities Act in reliance on Section 4(a)(2) of the Securities Act and Rule 506 under Regulation D promulgated thereunder as transactions by an issuer not involving a public offering with respect to investors who were U.S. Persons.

- On January 8, 2020, the Company raised $1,500,000 through the issuance of a secured promissory note (the "January Bridge Note"). The issuance of the January Bridge Note was deemed to be exempt from registration under the Securities Act in reliance on Section 4(a)(2) of the Securities Act and Rule 506 under Regulation D promulgated thereunder as a transaction by an issuer not involving a public offering.

- On March 13, 2020, the Company raised $2,300,000 through the issuance of a convertible debt instrument and simultaneously amended and restated the January Bridge Note in the principal amount of $1,620,550 including capitalized interest. The issuance of the convertible debt instrument and the amended and restated January Bridge Note were deemed to be exempt from registration under the Securities Act in reliance on Section 4(a)(2) of the Securities Act and Rule 506 under Regulation D promulgated thereunder as transactions by an issuer not involving a public offering.

- From April 13 through May 22, 2020, the Company raised $16,075,738 through the Convertible Debenture Offering. The debentures issued in the Convertible Debenture Offering are convertible into Subordinate Voting Shares at a conversion price of $0.20 per share and were accompanied by warrants exercisable for a number of Subordinate Voting Shares equal to the number of Subordinate Voting Shares issuable upon conversion of the corresponding debenture at $0.28 per share. The Convertible Debenture Offering was deemed to be exempt from registration under the Securities Act in reliance on Section 4(a)(2) of the Securities Act and Rule 506 under Regulation D promulgated thereunder as a transaction by an issuer not involving a public offering.

- On December 21, 2020, the Company announced the closing of an offering of 23,000,000 Units at an offering price of CDN$1.50 per Unit, for aggregate gross proceeds of CDN$34,500,000. Each Unit consisted of one Subordinate Share and one-half of one warrant (with each whole warrant exercisable to purchase one Subordinate Voting Share for CDN$2.20 per share). The Unit offering, and the issuance of options for the purchase of 1,105,140 Units to the underwriters in the Unit offering, were deemed to be exempt from registration under the Securities Act in reliance on Rule 903 of Regulation S with respect to investors who were not U.S. Persons (within the meaning of Rule 902 of Regulation S). The Unit offering was deemed to be exempt from registration under the Securities Act in reliance on Section 4(a)(2) of the Securities Act and Rule 506 under Regulation D promulgated thereunder as a transaction by an issuer not involving a public offering with respect to investors who were U.S. Persons.

- On February 25, 2021, the Company completed the Lowell Acquisition and issued an aggregate of 22,643,678 Subordinate Voting Shares as partial consideration for the acquired assets and business. The issuance of such shares was deemed to be exempt from registration under the Securities Act in reliance on Section 4(a)(2) of the Securities Act and Rule 506 under Regulation D promulgated thereunder as a transaction by an issuer not involving a public offering.

- From and after the date of the RTO, the Company has granted stock options to purchase an aggregate of 5,730,750 Subordinate Voting Shares at exercise prices ranging from $0.35 to $ 6.07 per share to employees, consultants and directors under the Company's 2019 Stock Incentive Plan. From and after the date of the RTO, options to purchase 93,750 shares have been exercised for cash consideration in the aggregate amount of $95,381, options to purchase 901,500 shares have been cancelled without being exercised, and options to purchase 7,728,750 shares (including 922,000 options granted pursuant to the 2016 plan and assumed in the RTO) remain outstanding. In addition, the Company has during such period granted an aggregate of 3,051,366 restricted stock units under the 2019 Stock Incentive Plan, of which 1,292,616 units have vested, 143,750 units have been cancelled prior to vesting, and 1,615,000 units are unvested and remain outstanding. Offers, sales and issuances of the foregoing securities were deemed to be exempt from registration under the Securities Act in reliance on Rule 701 in that the transactions were under compensatory benefit plans and contracts relating to compensation as provided under Rule 701. The recipients of such securities were employees, directors, or bona fide consultants of the Company and received the securities under the Company's equity incentive plans. Each of the recipients of securities in these transactions had adequate access, through employment, business, or other relationships, to information about the Company.

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

The authorized capital of the Company is comprised of an unlimited number of Subordinate Voting Shares and an unlimited number of Super Voting Shares. As of March 1, 2021, there are 67,493,463 Subordinate Voting Shares and 202,590 Super Voting Shares outstanding. The following is a summary of the rights, privileges, restrictions and conditions attached to the Subordinate Voting Shares.

Holders of Subordinate Voting Shares are entitled to notice of and to attend at any meeting of the shareholders of the Company, except a meeting solely of the Super Voting Shares (or any meeting of another particular class or series of shares of the Company as may be created in the future). Holders of Subordinate Voting Shares are entitled to one vote in respect of each Subordinate Voting Share held and holders of Super Voting Shares are entitled to 1,000 votes in respect of each Super Voting Share held. As of March 1, 2021, our outstanding Subordinate Voting Shares represent approximately 25% of the voting power of our outstanding voting securities and our outstanding Super Voting Shares represent approximately 75% of the voting power of our outstanding voting securities.

Holders of Subordinate Voting Shares are entitled to notice of and to attend at any meeting of the shareholders of the Company, except a meeting solely of the Super Voting Shares (or any meeting of another particular class or series of shares of the Company as may be created in the future). At each meeting which holders of Subordinate Voting Shares are entitled to attend, holders of Subordinate Voting Shares will be entitled to one vote in respect of each Subordinate Voting Share held and holders of Subordinate Voting Shares will be entitled to 1,000 votes in respect of each Super Voting Share held. As of March 1, 2021, our outstanding Subordinate Voting Shares represent approximately 25% of the voting power of our outstanding voting securities and our outstanding Super Voting Shares represent approximately 75% of the voting power of our outstanding voting securities.

As long as any Subordinate Voting Shares remain outstanding, we may not, without the consent of the holders of the Subordinate Voting Shares by separate special resolution, prejudice or interfere with any right or special right of the Subordinate Voting Shares. A special resolution means either (a) a resolution approved by two-thirds of the votes cast on the resolution at a properly called meeting of the shareholders or (b) a resolution approved in writing by all of the shareholders holding shares that carry the right to vote on the matter at a shareholders meeting. Special rights and restrictions of the Subordinate Voting Shares consist of the following special rights and restrictions included in Article 27 of our articles of incorporation and summarized herein: (i) voting, (ii) alteration to rights of Subordinate Voting Shares, (iii) dividends, (iv) liquidation, dissolution or winding-up and (v) subdivision or consolidation.

The Subordinate Voting Shares are not convertible into any other class or series of capital stock of the Company and are not subject to redemption. The Company and certain of its subsidiaries have outstanding securities that are convertible into or redeemable for Subordinate Voting Shares. See "Risk Factors – Risks Related to the Securities of the Company - Future sales of Subordinate Voting Shares in the public market, or the perception that such sales may occur, could adversely affect the prevailing market price of the Subordinate Voting Shares."

Holders of Subordinate Voting Shares are not entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Subordinate Voting Shares, or bonds, debentures or other securities now or in the future.

No subdivision or consolidation of the Subordinate Voting Shares or Super Voting Shares shall occur unless, simultaneously, the Subordinate Voting Shares and Super Voting Shares are subdivided or consolidated in the same manner or such other adjustment is made so as to maintain and preserve the relative rights (including voting rights) of the holders of the shares of each of the said classes.

In connection with the RTO, the Company and Indus Holding Company entered into a Support Agreement dated as of April 26, 2019, which was amended and restated as of April 10, 2020 in connection with the closing of the Convertible Debenture Offering (the "Support Agreement"). The purpose of the Support Agreement is to ensure that pro rata ownership of the Company's operating subsidiaries by holders of Subordinate Voting Shares relative to holders of Sub Convertible Shares is not diluted as Indus Sub Class B Shares and Indus Sub Class C Shares are redeemed for Subordinate Voting Shares or as other securities are issued by the Company. In order to avoid such dilution, the Support Agreement provides that upon any redemption of Indus Sub Class B Shares or Indus Sub Class C Shares for Subordinate Voting Shares, or upon any issuance of additional Subordinate Voting Share by the Company, an equivalent number of Indus Sub Class A Shares will be issued to the Company by Indus Holding Company.

Pursuant to the Support Agreement, the Company has agreed that, so long as any Sub Convertible Shares not owned by or its affiliates are outstanding or any Sub Convertible Shares are issuable pursuant to the exercise, conversion or exchange of any outstanding securities of Indus Holding Company, the Company shall:

- take all actions reasonably necessary or desirable to permit Indus Holding Company to pay and perform its redemption obligations with respect to Sub Convertible Shares, including by take all actions reasonably necessary or desirable to permit Indus Holding Company to deliver the Subordinate Voting Shares and/or cash due to holders of Sub Convertible Shares upon such redemption in accordance with the provisions of the articles of incorporation of Indus Holding Company; and

- in the event any Subordinate Voting Shares are issued upon such redemption, subscribe for a number of Indus Sub Class A Shares equal to the number of Subordinate Voting Shares so issued (with the consideration therefor payable by the Company in Subordinate Voting Shares delivered to the holder of such Sub Convertible Shares, or, in the case of Sub Class B Common Shares, cash in amount equal to the cash value of such Sub Convertible Shares as provided in the articles of incorporation of Indus Holding Company).

The Support Agreement also provides, in connection with a primary issuance of Subordinate Voting Shares by the Company, that the Company will subscribe for an equivalent number of Indus Sub Class A Shares in cash using the net proceeds, if any, received by the Company from the issuance of Subordinate Voting Shares.

Pursuant to the Support Agreement, the Company has agreed in good faith take all reasonable actions and do all things as are reasonably necessary or desirable to cause Subordinate Voting Shares delivered pursuant to the Support Agreement to be listed, quoted or posted for trading on the CSE and any other stock exchanges and quotation systems on which outstanding Subordinate Voting Shares are listed, quoted or posted for trading.

The Support Agreement provides that in the event that a tender offer, share exchange offer, issuer bid, take-over bid, arrangement, business combination, or similar transaction with respect to Subordinate Voting Shares is proposed by the Company or is proposed to the Company or its shareholders and is recommended by the Board, or is otherwise effected or to be effected with the consent or approval of the Board, the Company will use reasonable efforts to take such actions as are necessary or desirable to permit holders of Indus Sub Convertible Shares (other than the Company and its affiliates) to participate in the offer to the same extent and on an economically equivalent basis as the holders of Subordinate Voting Shares.

Our articles of incorporation provides that the Supreme Court of the Province of British Columbia, Canada and the appellate Courts therefrom are the sole and exclusive forum for any derivative action brought on behalf of the company. Our articles of incorporation do not limit the ability of investors to bring direct actions outside of British Columbia, Canada, including those arising under the Exchange Act and the Securities Act. Section 27 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), creates exclusive federal jurisdiction over actions brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder, and Section 22 of the Securities Act of 1933, as amended (the "Securities Act"), creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. Neither investor nor the Company and may waive compliance with the federal securities laws and the rules and regulations thereunder, and it is therefore uncertain whether the exclusive forum provision of our charter would be enforced by a court as to derivative claims brought under the Exchange Act or the Securities Act. Furthermore, the exclusive forum provision of our charter may increase the costs to investors in bringing claims, may discourage investors from bringing claims and may limit investors' ability to bring claims in a judicial forum that they find favorable.

ITEM 12. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Section 160 of the *Business Corporations Act* (British Columbia) ("**BCBCA**") provides that a company may do one or both of the following:

(a) indemnify an eligible party (as defined below) against all eligible penalties (as defined below) to which the eligible party is or may be liable; and

(b) after the final disposition of an eligible proceeding (as defined below), pay the expenses (which includes costs, charges and expenses (including legal and other fees) but excludes judgments, penalties, fines or amounts paid in settlement of a proceeding) actually and reasonably incurred by an eligible party in respect of that proceeding.

However, after the final disposition of an eligible proceeding, a company must pay the expenses actually and reasonably incurred by an eligible party in respect of that proceeding if the eligible party: (i) has not been reimbursed for those expenses; and (ii) is wholly successful, on the merits or otherwise, or is substantially successful on the merits, in the outcome of the proceeding. The BCBCA also provides that a company may pay the expenses, actually and reasonably incurred by an eligible party, as they are incurred in advance of the final disposition of an eligible proceeding if the company first receives from the eligible party a written undertaking that, if it is ultimately determined that the payment of expenses is prohibited under the BCBCA, the eligible party will repay the amounts advanced.

For the purposes of the applicable division of the BCBCA, an "eligible party", in relation to a company, means an individual who:

(a) is or was a director or officer of the company;

(b) is or was a director or officer of another corporation at a time when the corporation is or was an affiliate of the company, or at the request of the company; or

(c) at the request of the company, 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,

and includes, with some exceptions, the heirs and personal or other legal representatives of that individual.

An "eligible penalty" under the BCBCA means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding.

An "eligible proceeding" under the BCBCA is 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, the company or an associated corporation, is or may be joined as a party, or is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding.

A "proceeding" includes any legal proceeding or investigative action, whether current, threatened, pending or completed.

"Expenses" include costs, charges and expenses, including legal and other fees, but does not include judgments, penalties, fines or amounts paid in settlement of a proceeding.

An "associated corporation" means a corporation or entity referred to in paragraph (b) or (c) of the definition of "eligible party" above.

Notwithstanding the foregoing, the BCBCA prohibits a company from indemnifying an eligible party or paying the expenses of an eligible party 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 such agreement was made, the company was prohibited from giving the indemnity or paying the expenses by its 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, the company is prohibited from giving the indemnity or paying the expenses by its 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 interest of the 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.

Additionally, if an eligible proceeding is brought against an eligible party by or on behalf of the company or an associated corporation, the company must not indemnify the eligible party or pay or advance the expenses of the eligible party in respect of the proceeding.

Whether or not payment of expenses or indemnification has been sought, authorized or declined under the BCBCA, section 164 of the BCBCA provides that, on the application of a company or an eligible party, the Supreme Court of British Columbia may do one or more of the following:

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

(b) order a company 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 a company;

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

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

The BCBCA provides that a company 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 or officer of, or holding or having held a position equivalent to that of a director or officer of, the company or an associated corporation.

The Company's articles provide that the Company must, subject to the BCBCA, indemnify an eligible party 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 to the fullest extent permitted by the BCBCA. The Company's articles provides that each director and officer is deemed to have contracted with the Company on the terms of this indemnity provision.

The Company's articles define "eligible penalty" to mean a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding.

"Eligible proceeding" under the Company's articles means a legal proceeding or investigative action, whether current, threatened, pending or completed, in which a director, former director or an officer or former officer 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 officer 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.

"Expenses" under the Company's articles has the meaning set out in the BCBCA.

The Company's articles further provide that the Company may, subject to any restrictions in the BCBCA, indemnify any person, including directors, officers, employees, agents and representatives of the Company, and that the failure of a director or officer of the Company to comply with the BCBCA or the Company's articles does not invalidate any indemnity to which he or she is entitled under the Company's articles.

The Company is authorized by its articles to purchase and maintain insurance for the benefit of any person (or his or her heirs or legal personal representatives) who: (a) is or was a director, officer, employee or agent of the Company; (b) is or was a director, officer, employee or agent of a corporation at a time when the corporation is or was an affiliate of the Company; (c) at the request of the Company, is or was a director, officer, employee or agent of a corporation or of a partnership, trust, joint venture or other unincorporated entity; or (d) at the request of the Company, holds or held a position equivalent to that of a director or officer of a partnership, trust, joint venture or other unincorporated entity, against any liability incurred by him or her as such director, officer, employee or agent or person who holds or held such equivalent position.

ITEM 13. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The financial statements of Lowell Farms Inc. appear at the end of this report beginning with the Index to Financial Statements on page F-1.

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

There have been no changes in our independent registered public accounting firm and there are no disagreements with our independent registered public accounting on accounting and financial disclosures.

ITEM 15. FINANCIAL STATEMENTS AND EXHIBITS.

(a) List of all financial statements filed as part of the registration statement.

1. Financial Statements.

The financial statements filed herewith are set forth on the Index to Consolidated Financial Statements on page F-1 of the separate financial section which accompanies this registration statement, which is incorporated herein by reference.

2. Financial Statement Schedules of the Company.

Schedule Number	Description
Schedule II	Valuation and Qualifying Accounts

(b) Exhibits

The following documents are included as exhibits to this report.

Exhibit No.	Exhibit Description
2.1	Business Combination Agreement, dated March 29, 2019 between Mezzotin Minerals Inc., Indus Holding Company, 2670995 Ontario Inc. and 2670764 Ontario Inc.
3.1	Articles of Incorporation of Indus Holdings, Inc.
3.2	Certificate of Name Change of Indus Holdings, Inc. to Lowell Farms Inc., dated March 1, 2021.
3.3	Notice of Articles of Lowell Farms Inc.
4.1	Form of Convertible Debenture.
9.1	Voting Agreement, dated as of April 10, 2020, by and among Indus Holdings, Inc., holders of senior secured convertible debentures and Robert Weakley.
9.2	Letter Agreement, dated April 10, 2020, among Indus Holdings, Inc., Edible Management, LLC and Robert Weakley.
10.1	Lease Agreement, dated April 1, 2017, between Tinhouse, LLC and Cypress Holding Company, LLC.
10.2	Amended and Restated Support Agreement, dated as of April 10, 2020, between Indus Holdings, Inc. and Indus Holding Company.
10.3	Investment Agreement, dated as of April 26, 2019, among Indus Holdings, Inc., and Robert Weakley.
10.4	Debenture and Warrant Purchase Agreement, dated as of April 10, 2020, by and among Indus Holding Company, Indus Holdings, Inc. and certain purchasers listed on Schedule I thereto.
10.5	Form of April 2020 Warrant.
10.6	Warrant Indenture, dated December 21, 2020, between Indus Holdings, Inc. and Odyssey Trust Company.
10.7	Employment Agreement, entered into as of July 1, 2020, by and between Edible Management, LLC and Mark Ainsworth.
10.8	Employment Agreement, entered into as of November 10, 2020, by and between Edible Management, LLC and Brian Shure.
10.9	Asset Purchase Agreement, dated as of February 25, 2021, by and among The Hacienda Company, LLC, Brand New Concepts, LLC, LFCO, LLC, Lowell Farms LLC, LFHMP, LLC, LFLC, LLC, Indus LF LLC and Indus Holdings, Inc.
10.10	Indus Holding Company 2016 Stock Incentive Plan
10.11	Indus Holdings, Inc. 2019 Stock and Incentive Plan
21.1	Subsidiaries of Lowell Farms Inc.

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.

LOWELL FARMS INC.
(Registrant)

Date: May 7, 2021

By: /s/ Brian Shure
Name: Brian Shure
Title: Chief Financial Officer

Consolidated Financial Statements

As of December 31, 2020 and 2019 and for the
Years Ended December 31, 2020, 2019 and 2018

(Expressed in United States Dollars)

INDEX TO CONSOLIDATED FINANCIAL STATEMENETS

CPA | GREEN GROWTH

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders
of Lowell Farms Inc., formerly known as Indus Holdings, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Lowell Farms Inc., formerly known as Indus Holdings, Inc. as of December 31, 2020 and 2019, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2020, and the related notes collectively referred to as the financial statements. In our opinion, the 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 each of the years in the three-year period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's 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 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 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 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 financial statements. We believe that our audits provide a reasonable basis for our opinion.

Emphasis of Matter Regarding Restatement

As discussed in Note 2 to the consolidated financial statements, the 2020, 2019 and 2018 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Critical Audit Matters

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Description of the Matter	***Allowance for Doubtful Accounts*** As described in the Balance Sheet and Note 2 to the consolidated financial statements, the Company has established an allowance for doubtful accounts of $1.389 million as of December 31, 2020. Auditing management's evaluation of allowance was challenging due to the level of subjectivity and significant judgment associated with collectability of accounts receivable.
How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design, and tested the implementation of controls over the Company's accounting process for allowance of doubtful accounts. Our procedures consisted of performing retrospective review of the allowance by comparing historical reserve to historical write-offs, analyzing accounts receivable aging buckets, and sending confirmations. Based on the audit procedures performed, we found the reserve levels to be reasonable.

GreenGrowthCPAs

We have served as the Company's auditor since 2018.

Los Angeles, California

April 12, 2021

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in thousands)	Note	December 31, 2020	2019
ASSETS		(restated)	(restated)
Current assets:			
Cash and cash equivalents		$ 25,751	$ 1,344
Accounts Receivable—net of allowance for doubtful accounts of $1,389 and $2,595 at December 31, 2020 and 2019, respectively		4,529	6,890
Inventory	*7*	9,933	10,418
Prepaid expenses and other current assets	*6*	6,391	2,729
Total current assets		**46,605**	**21,381**
Long-term investments	*11*	202	397
Property and equipment, net	*9*	49,243	42,972
Goodwill	*10*	357	357
Other intangibles, net	*10*	736	1,153
Other assets		274	2,274
Total assets		**$ 97,416**	**$ 68,534**
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable		$ 2,137	$ 4,704
Accrued payroll and benefits		1,212	531
Notes payable, current portion	*13*	1,213	135
Lease obligation, current portion	*14*	2,301	2,325
Other current liabilities	8	8,860	4,356
Total current liabilities		**15,723**	**12,051**
Notes payable	*13*	303	371
Lease obligation	*14*	36,533	31,480
Convertible debentures	*13*	13,701	-
Other long-term liabilities		-	946
Total liabilities		**66,260**	**44,848**
STOCKHOLDERS' EQUITY			
Share capital		125,540	96,160
Accumulated deficit		(94,384)	(72,474)
Total stockholders' equity		**31,156**	**23,686**
Total liabilities and stockholders' equity		**$ 97,416**	**$ 68,534**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share amounts)	Note	Years Ended December 31, 2020 (restated)	2019 (restated)	2018 (restated)
Net revenue		$ 42,618	$ 37,045	$ 17,199
Cost of goods sold		40,413	47,790	13,136
Gross profit/(loss)		2,205	(10.745)	4,063
Operating expenses				
General and administrative	*19*	11,762	25,814	8,779
Sales and marketing		5,169	8,029	2,513
Depreciation and amortization	*9,10*	1,082	993	101
Total operating expenses		18,013	34,836	11,393
Loss from operations		(15,808)	(45,581)	(7,330)
Other income/(expense)				
Other income/(expense)		1,486	95	(106)
Loss on termination of investment, net		(4,201)	-	-
Unrealized gain/(loss) on change in fair value of investment		168	(2,250)	-
Gain/(Loss) on foreign currency		-	159	-
Interest expense	*13*	(3,331)	(2,152)	(1,178)
Total other income/(expense)		(5,878	(4,148)	(1,284)
Loss before provision for income taxes		(21,686)	(49,729)	(8,614)
Provision for income taxes	*16*	224	205	97
Net loss		**$ (21,910)**	**$ (49,934)**	**$ (8,711)**
Net loss per share - basic and diluted	*17*	**$ (0.65)**	**$ (1.59)**	
Weighted average shares outstanding - basic and diluted	*17*	33,940	31,379	

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(in thousands)	Class A/B Shares	Subordinate Voting Shares	Super Voting Shares	Attributable to Shareholders of the Parent		
				Share Capital	Accumulated Deficit	Stockholders' Equity
					(restated)	(restated)
Balance—December 31, 2017	**16,631**	**-**	**-**	**$ 7,772**	**$ (12,982)**	**$ (5,211)**
Net loss	-	-	-	-	(8,711)	(8,711)
Shares issued in connection with conversion of convertible debentures	1,947	-	-	3,961	-	3,961
Issuance of shares associated with acquisitions	88	-	-	370	-	370
Issuance of Series B preferred stock, net of issuance costs	9,831	-	-	41,873	-	41,873
Issuance of warrants in exchange for services				87		87
Share-based compensation expense				270		270
Balance—December 31, 2018	**28,497**	**-**	**-**	**$ 54,333**	**$ (21,693)**	**$ 32,640**
Net loss	-	-	-	-	(49,934)	(49,934)
Adoption of lease accounting standard	-	-	-	-	(847)	(847)
Issuance of subordinate voting shares in exchange for Class A/B shares, net	(28,497)	28,497	-	-	-	-
Private placement in connection with reverse takeover, net	-	3,433	-	36,762	-	36,762
Shares issued to acquiree in connection with reverse takeover	-	130	-	1,513	-	1,513
Issuance of supervoting shares	-	-	203	40	-	40
Exercise of options	-	125	-	127	-	127
Share-based compensation expense	-	659	-	3,385	-	3,385
Balance—December 31, 2019	**-**	**32,844**	**203**	**$ 96,160**	**$ (72,474)**	**$ 23,686**
Net loss	-	-	-	-	(21,910)	(21,910)
Issuance of stock warrants	-	-	-	1,556	-	1,556
Shares issued in connection with convertible debenture offering	-	250	-	62	-	62
Shares issued in connection with subordinate voting share offering	-	23,000	-	25,021	-	25,021
Shares issued in connection with conversion of convertible debentures	-	375	-	75	-	75
Issuance of stock options associated with acquisitions	-	-	-	116	-	116
Issuance of shares associated with acquisitions	-	150	-	179		179
Reduction in supervoting share purchase price	-	-	-	(39)	-	(39)
Exercise of warrants	-	750	-	210	-	210
Share-based compensation expense	-	248	-	2,200	-	2,200
Balance—December 31, 2020	**-**	**57,617**	**203**	**$ 125,540**	**$ (94,384)**	**$ 31,156**

See accompanying notes to consolidated financial statements.

STATEMENTS OF CASH FLOWS

(in thousands)	Year Ended December 31, 2020	2019	2018
CASH FLOW FROM OPERATING ACTIVITIES	(restated)	(restated)	(restated)
Net loss	$ (21,910)	$ (49,934)	$ (8,711)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	3,912	3,914	455
Amortization of debt issuance costs	481	-	321
Share-based compensation expense	2,200	3,385	270
Provision for doubtful accounts	1,195	2,346	175
Allowance for inventory obsolescence	-	700	-
Loss on termination of investment	4,359	-	-
Loss on sale of assets	-	446	-
Warrants issued in exchange for services	-	-	87
Unrealized (gain) loss on change in fair value of investments	(548)	1,713	-
Changes in operating assets and liabilities:			
Accounts receivable	966	(6,230)	(1,693)
Inventory	485	1,580	(8,127)
Prepaid expenses and other current assets	(1,043)	(463)	(1,568)
Other assets	18	(2,000)	(7)
Accounts payable and accrued expenses	2,222	5,207	(651)
Other long-term liabilities	(90)	13	1,217
Net cash used in operating activities	**(7,752)**	**(39,323)**	**(18,232)**
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from asset sales	743	1,455	-
Net cash received from disposition of business interest	500	-	-
Purchases of property and equipment	(6,850)	(9,991)	(2,628)
Investment in corporate interests	-	(1,525)	(148)
Net cash used in investing activities	**(5,607)**	**(10,061)**	**(2,776)**
CASH FLOW FROM FINANCING ACTIVITIES			
Principal payments on lease obligations	(2,951)	(1,155)	(40)
Payments on notes payable	(4,267)	(106)	(850)
Proceeds from notes payable	3,800	76	500
Proceeds from lease financing	671	-	-
Proceeds from convertible debentures, net of financing costs	15,281	-	-
Proceeds from subordinate voting share offering	26,930	-	-
Fees on subordinate voting share offering	(1,909)	-	-
Proceeds from share offering	-	-	29,479
Proceeds from brokered private placement	-	40,195	-
Fees on public brokered private placement	-	(1,919)	-
Proceeds from exercise of options	-	127	-
Proceeds from exercise of warrants	210	-	-
Issuance of subordinate voting shares	-	3,200	-
Net cash provided by financing activities	**37,765**	**40,418**	**29,089**
Change in cash and cash equivalents and restricted cash	24,407	(8,966)	8,081
Cash and cash equivalents—beginning of year	1,344	10,310	2,229
Cash, cash equivalents and restricted cash—end of period	**$ 25,751**	**$ 1,344**	**$ 10,310**
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
Cash paid during the period for interest	$ 3,332	$ 2,147	$ 114
Cash paid during the period for income taxes	$ 262	$ 105	$ 33
OTHER NONCASH INVESTING AND FINANCING ACTIVITIES			
Purchase of property and equipment not yet paid for	$ 362	$ -	$ -
Property and equipment acquired via capital lease	$ 7,416	$ -	$ 207
Shares Issued in exchange for asset investment	$ 179	$ -	$ 350
Issuance of warrants	$ 1,620	$ 2,291	$ -
Shares issued to acquiree in connection with reverse takeover	$ -	$ 1,513	$ -
Issuance of supervoting shares	$ (39)	$ 40	$ -
Acquisition of private entities	$ -	$ 1,028	$ 571
Shares issued in connection with convertible debenture conversion	$ 75	$ -	$ -
Shares issued in connection with debt and accured interest conversion	$ -	$ -	$ 13,006
Stock options issued associated with an acquisition	$ 116	$ -	$ -

See accompanying notes to consolidated financial statements.

All amounts in these Notes are expressed in thousands of United States dollars ("$" or "US$"), unless otherwise indicated.

1. NATURE OF OPERATIONS

On November 13, 2018, Indus Holding Company (a wholly owned subsidiary of Indus Holdings, Inc.) and Mezzotin Minerals Inc. ("Mezzotin") entered into a combination agreement whereby the parties agreed to combine their respective businesses, which would result in the reverse takeover of Mezzotin by the security holders of Indus. Mezzotin Minerals was originally incorporated under the Business Corporations Act (Ontario) on October 27, 2005 as Zoolander Corporation. On September 10, 2013, Zoolander changed its name to Mezzotin Minerals Inc. On April 26, 2019, the reverse takeover transaction concluded. In connection with the agreement, Mezzotin changed its name from Mezzotin Minerals Inc. to Indus Holdings, Inc. (the "Company", "Pubco", or "Indus"). Effective at the close of markets on April 29, 2019, the common shares of the Company ("Existing Mezzotin Shares") were delisted from the NEX board of the TSX Venture Exchange, and the subordinate voting shares of the Company commenced trading on the Canadian Stock Exchange effective at market open on April 30, 2019, under the new symbol "INDS".

Indus Holding Company ("IHC"), a Delaware corporation, was formed in 2014. Indus Holdings, Inc. became the indirect parent of IHC in connection with the reverse takeover transaction.

Indus Holdings, Inc., through its licensed subsidiaries, is a vertically integrated cannabis company that owns, manages and operates cultivation, extraction, distribution and manufacturing facilities in California. Effective March 1, 2021, Indus Holdings, Inc. changed its name to Lowell Farms Inc. See Note 23.

The Company's corporate office and principal place of business is located at 19 Quail Run Circle, Salinas, California.

2. SIGNIFICANT ACCOUNTING POLICIES

Estimates

The World Health Organization categorized the Coronavirus disease 2019 (COVID-19) as a pandemic. The COVID-19 pandemic has caused a severe global health crisis, along with economic and societal disruptions and uncertainties, which have negatively impacted business and healthcare activity globally. As a result of healthcare systems responding to the demands of managing the pandemic, governments around the world imposing measures designed to reduce the transmission of the COVID-19 virus, and individuals responding to the concerns of contracting the COVID-19 virus, many optical practitioners & retailers, hospitals, medical offices and fertility clinics closed their facilities, restricted access, or delayed or canceled patient visits, exams and elective medical procedures, and many customers that have reopened are experiencing reduced patient visits. This has had, and we believe will continue to have, an adverse effect on our sales, operating results and cash flows.

The preparation of Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of net sales and expenses during the reporting period. Actual results could differ from those estimates particularly as it relates to estimates reliant on forecasts and other assumptions reasonably available to the Company and the uncertain future impacts of the COVID-19 pandemic and related economic disruptions. The extent to which the COVID-19 pandemic and related economic disruptions impact our business and financial results will depend on future developments including, but not limited to, the continued spread, duration and severity of the COVID-19 pandemic; the occurrence, spread, duration and severity of any subsequent wave or waves of outbreaks; the actions taken by the U.S. and foreign governments to contain the COVID-19 pandemic, address its impact or respond to the reduction in global and local economic activity; the occurrence, duration and severity of a global, regional or national recession, depression or other sustained adverse market event; the impact of the developments described above on our customers and suppliers; and how quickly and to what extent normal economic and operating conditions can resume. The accounting matters assessed included, but were not limited to:

- allowance for doubtful accounts and credit losses
- carrying value of inventory
- the carrying value of goodwill and other long-lived assets.

There was not a material impact to the above estimates in the Company's Consolidated Financial Statements for fiscal 2020. The Company continually monitors and evaluates the estimates used as additional information becomes available. Adjustments will be made to these provisions periodically to reflect new facts and circumstances that may indicate that historical experience may not be indicative of current and/or future results. The Company's future assessment of the magnitude and duration of COVID-19, as well as other factors, could result in material changes to the estimates and material impacts to the Company's Consolidated Financial Statements in future reporting periods.

Basis of Preparation

Management's significant accounting policies include estimates and judgments which are an integral part of financial statements prepared in accordance with accounting principles generally accepted in the United States (GAAP). We believe that the accounting policies described in this section address the more significant policies utilized by management when preparing our consolidated financial statements in accordance with GAAP. We believe that the accounting policies and estimates employed are appropriate and resulting balances are reasonable; however, actual results could differ from the original estimates, requiring adjustment to these balances in future periods. The accounting policies that reflect our more significant estimates, judgments and assumptions and which we believe are the most important to aid in fully understanding and evaluating our reported financial results are:

Basis of Measurement

These consolidated financial statements have been prepared on the going concern basis, under the historical cost convention, except for certain financial instruments, which are measured at fair value. Historical cost is generally based upon the fair value of the consideration given in exchange for assets.

Functional Currency

The Company and its subsidiaries' functional currency, as determined by management, is the United States ("U.S.") dollar. These consolidated financial statements are presented in U.S. dollars.

Financial and other metrics, such as shares outstanding, are presented in thousands unless otherwise noted.

Basis of Consolidation

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly and indirectly, to govern the financial and operating policies of an entity and be exposed to the variable returns from its activities. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

These consolidated financial statements include the accounts of the Company and its subsidiaries:

- Indus Holding Company, a Delaware corporation, wholly owned by Indus Holdings, Inc.
- Cypress Holding Company, a Delaware limited liability company, wholly owned by Indus Holding Company
- Cypress Manufacturing Company, a California corporation, wholly owned by Indus Holding Company
- Indus Nevada LLC, a Nevada limited liability corporation, wholly owned by Indus Holding Company
- Wellness Innovation Group Incorporated, a California corporation, wholly owned by Indus Holding Company

Intercompany balances, and any unrealized gains and losses or income and expenses arising from transactions with subsidiaries, are eliminated.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash deposits in financial institutions, and other deposits that are readily convertible into cash. The Company considers all short-term, highly liquid investments purchased with maturities of three months or less to be cash equivalents. These investments are carried at cost, which approximates fair value.

Accounts Receivable

Accounts receivables are classified as loans and receivable financial assets. Accounts receivables are recognized initially at fair value and subsequently measured at amortized cost, less any provisions for impairment. When an accounts receivable is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the consolidated statements of operations.

Inventories

Inventories are valued at the lower of cost and net realizable value. Costs related to raw materials and finished goods are determined on the first-in, first-out basis. Specific identification and average cost methods are also used primarily for certain packing materials and operating supplies. The Company reviews inventory for obsolete, redundant and slow-moving goods and any such inventory is written-down to net realizable value.

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation and impairment losses, if any. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset using the following terms and methods:

Category	Useful Life
Leasehold improvements	The lesser of the estimated useful life or length of the lease
Office equipment	3–5 years
Furniture and fixtures	3–7 years
Vehicles	4–5 years
Machinery and equipment	3–6 years
Buildings	35 years
Construction in progress	Not depreciated

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively if appropriate. An item of equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the consolidated statements of operations in the year the asset is derecognized.

Goodwill

Goodwill represents the excess of the purchase price paid for the acquisition of an entity over the fair value of the net tangible and intangible assets acquired. Goodwill that has an indefinite useful life is not subject to amortization and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that goodwill might be impaired. Any goodwill impairment loss is recognized in the consolidated statements of operations in the period in which the impairment is identified. Impairment losses on goodwill are not subsequently reversed.

Intangible Assets

Intangible assets are recorded at cost, less accumulated amortization and impairment losses, if any. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Amortization is recorded on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any. The estimated useful lives, residual values, and amortization methods are reviewed at each year-end, and any changes in estimates are accounted for prospectively.

Branding rights are measured at fair value at the time of acquisition and are amortized on a straight-line basis over a period of 15 years. In addition, the Company has certain brand and tradenames with indefinite lives, which are evaluated for impairment on an annual basis.

Impairment of Long-lived Assets

Long-lived assets, including property, plant and equipment and intangible assets are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or "CGU"). The recoverable amount of an asset or a CGU is the higher of its fair value, less costs to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss equal to the amount by which the carrying amount exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of the recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

Leased Assets

A lease of property and equipment is classified as a capital lease if it transfers substantially all the risks and rewards incidental to ownership to the Company. Lease right-of-use assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make payments arising from the lease agreement. These assets and liabilities are recognized at the commencement of the lease based upon the present value of the future minimum lease payments over the lease term. The lease term reflects the noncancelable period of the lease together with periods covered by an option to extend or terminate the lease when management is reasonably certain that it will exercise such option. Changes in the lease term assumption could impact the right-of-use assets and lease liabilities recognized on the balance sheet. As our leases typically do not contain a readily determinable implicit rate, we determine the present value of the lease liability using our incremental borrowing rate at the lease commencement date based on the lease term on a collateralized basis.

Income Taxes

The Company is a United States C corporation for income tax purposes. Income tax expense consisting of current and deferred tax expense is recognized in the consolidated statements of operations. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs. A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Revenue Recognition

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. The Company enters contracts that can include various combinations of products and services, which are generally capable of being distinct and accounted for as separate performance obligations. Revenue is recognized net of allowances for returns and any taxes collected from customers, which are subsequently remitted to governmental authorities.

Branded Products

For the Company's branded products, revenue is recognized when it satisfies a performance obligation by transferring a promised cannabis good to a customer. A contract, whether a verbal or written sales order, is established with customers prior to order fulfillment with agreement upon unit prices, delivery dates, and payment terms. The transaction price is based on market pricing while considering the value of the Company's brand and quality. Transaction price is allocated to each product sold based upon the negotiated unit sales price associated with each product line scheduled for delivery within the order. Performance obligation satisfaction occurs upon delivery to customer premises. These types of revenues accounted for under ASC Topic 606, generally, do not require significant estimates or judgments based on the nature of the Company's revenue stream. The sales prices, including discounts, are fixed at the point of sale and all consideration from contracts is included in the transaction price. The Company's contracts do not include multiple performance obligations or material variable consideration.

Third Party Manufactured Products

The Company has certain licenses to manufacture and distribute third party products to retail dispensaries and deliveries in return for paying royalty payments to the third parties. The Company is a principal in the arrangement, it assumes primary responsibility for fulfilling the customer promise to retail dispensaries and deliveries, and it holds the inventory risk. Revenue is recognized when it satisfies a performance obligation by transferring a promised cannabis good to a retail dispensary or retail delivery. A contract, whether a verbal or written sales order, is established with customers prior to order fulfillment with agreement upon unit prices, delivery dates, and payment terms. The transaction price is based on market pricing while considering the value of the Company's brand and quality. Transaction price is allocated to each product sold based upon the negotiated unit sales price associated with each product line scheduled for delivery within the order. Performance obligation satisfaction occurs upon delivery to customer premises. These types of revenues accounted for under ASC Topic 606, generally, do not require significant estimates or judgments based on the nature of the Company's revenue stream. The sales prices, including discounts, are fixed at the point of sale and all consideration from contracts is included in the transaction price. The Company's contracts do not include multiple performance obligations or material variable consideration.

Distribution

The Company distributes certain third party brands and bulk flower. The Company is a principal in the arrangement, it assumes primary responsibility for fulfilling the customer promise to retail dispensaries and deliveries and other wholesale customers, and it holds the inventory risk. Revenue is recognized when it satisfies a performance obligation by transferring a promised cannabis good to a customer. A contract, whether a verbal or written sales order, is established with customers prior to order fulfillment with agreement upon unit prices, delivery dates, and payment terms. The transaction price is based on market pricing while considering the value of the Company's brand and quality. Transaction price is allocated to each product sold based upon the negotiated unit sales price associated with each product line scheduled for delivery within the order. Performance obligation satisfaction occurs upon delivery to customer premises. These types of revenues accounted for under ASC Topic 606, generally, do not require significant estimates or judgments based on the nature of the Company's revenue stream. The sales prices, including discounts, are fixed at the point of sale and all consideration from contracts is included in the transaction price. The Company's contracts do not include multiple performance obligations or material variable consideration.

Research and Development

Research costs are expensed as incurred. For the years ended December 31, 2020 and December 31, 2019, research costs are immaterial.

Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete the development to use or sell the asset. To date, no development costs have been capitalized.

Share-Based Compensation

The Company has a share-based compensation plan. The Company measures equity settled share-based payments based on their fair value at the grant date and recognizes compensation expense over the vesting period based on the Company's estimate of equity instruments that will eventually vest.

For shares granted to non-employees, the compensation expense is measured at the fair value of the goods and services received, except where the fair value cannot be estimated, in which case, it is measured at the fair value of the equity instruments granted. 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.

Business Combinations

A business combination is defined as an acquisition of assets and liabilities that constitute a business. A business consists of inputs, including non-current assets and processes, including operational processes, that when applied to those inputs have the ability to create outputs that provide a return to the Company. Business combinations are accounted for using the acquisition method of accounting. The consideration of each acquisition is measured at the aggregate of the fair values of tangible and intangible assets obtained, liabilities and contingent liabilities incurred or assumed, and equity instruments issued by the Company at the date of acquisition. Key assumptions routinely utilized in allocation of purchase price to intangible assets include projected financial information such as revenue projections for companies acquired. As of the acquisition date, goodwill is measured as the excess of consideration given, generally measured at fair value, and the net of the acquisition date fair values of the identifiable assets acquired and the liabilities assumed.

Significant Accounting, Estimates and Assumptions

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements are described below.

- Estimated Useful Lives and Depreciation of Property and Equipment– Depreciation of property and equipment is 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 take into account factors such as economic and market conditions and the useful lives of assets.

- Estimated Useful Lives and Amortization of Intangible Assets– Amortization of intangible assets is recorded on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any.

- Fair Value of Investments in Private Entities – The Company uses discounted cash flow model to determine fair value of its investment in private entities. In estimating fair value, management is required to make certain assumptions and estimates such as discount rate, long term growth rate, estimated free cash flows.

- Share-Based Compensation– The Company uses the Black-Scholes option-pricing model to determine the fair value of stock options and warrants granted. In estimating fair value, management is required to make certain assumptions and estimates such as the expected life of units, volatility of the Company's future share price, risk free rates, future dividend yields and estimated forfeitures at the initial grant date. Changes in assumptions used to estimate fair value could result in materially different results.

- Deferred Tax Asset and Valuation Allowance– Deferred tax assets, including those arising from tax loss carry-forwards, requires management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

Restatement

The Company previously filed its consolidated financial statements for the periods ended December 31, 2020 and 2019, and for each of the years in the three-year period ended December 31, 2020 with incorrect calculations within the consolidated statements of financial position and consolidated statement of operations related to the conversion from international financial reporting standards to GAAP. The financial statements have been restated to properly reflect inventory and cost of goods sold in accordance with GAAP. The effect of the restatement was to decrease inventory and increase accumulated deficit $4,765 at December 31, 2020, increase inventory and reduce accumulated deficit by $6,183 at December 31, 2019 and change cost of goods sold by $10,498, $(316) and $(5,867) for the years ended December 31, 2020, 2019 and 2018, respectively and earnings per share by $(0.32) and $0.01 for the years ended December 31, 2020 and 2019, respectively.

Additionally, the Company reclassified certain depreciation expense from operating expense to cost of goods sold to reflect depreciation expense associated with right of use operating assets in cost of goods sold. The effect of the reclassification was to increase cost of goods sold and decrease operating expenses by $2,589 and $2,329 for the years ended December 31, 2020 and 2019, respectively.

The consolidated statements of cash flows were impacted by the resulting offsetting changes in net loss and inventory, resulting in no change in net cash used in operating activities for the periods presented. The consolidated statements of change in stockholders' equity were impacted by the change in net loss for the periods presented.

3. CHANGES IN OR ADOPTION OF ACCOUNTING POLICIES

The following accounting pronouncements were recently adopted:

In May 2020, the SEC adopted the final rule under SEC release No. 33-10786, *Amendments to Financial Disclosures about Acquired and Disposed Businesses*, amending Rule 1-02(w)(2) which includes amendments to certain of its rules and forms related to the disclosure of financial information regarding acquired or disposed businesses. Among other changes, the amendments impact SEC rules relating to (1) the definition of "significant" subsidiaries, (2) requirements to provide financial statements for "significant" acquisitions, and (3) revisions to the formulation and usage of pro forma financial information. The final rule becomes effective on January 1, 2021; however, voluntary early adoption is permitted. The Company early adopted the provisions of the final rule in 2020. The guidance did not have a material impact on the Company's consolidated financial statements and disclosures.

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires that a lessee recognize the assets and liabilities that arise from operating leases. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use (ROU) asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. In July 2018, the FASB issued ASU 2018-10, *Codification Improvements to Topic 842, Leases and ASU 2018-11, Leases Topic 842 Target improvements,* which provides an additional (and optional) transition method whereby the new lease standard is applied at the adoption date and recognized as an adjustment to retained earnings. In March 2019, the FASB issued ASU 2019-01, *Leases (Topic 842) Codification Improvements*, which further clarifies the determination of fair value of the underlying asset by lessors that are not manufacturers or dealers and modifies transition disclosure requirements for changes in accounting principles and other technical updates. The Company adopted the standard effective January 1, 2019 using the modified retrospective adoption method which allowed it to initially apply the new standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of accumulated deficit. In connection with the adoption of the new lease pronouncement, the Company recorded a charge to accumulated deficit of $847.

Effects of Adoption

The Company has elected to use the practical expedient package that allows us to not reassess: (1) whether any expired or existing contracts are or contain leases, (2) lease classification for any expired or existing leases and (3) initial direct costs for any expired or existing leases. The Company additionally elected to use the practical expedients that allow lessees to: (1) treat the lease and non-lease components of leases as a single lease component for all of its leases and (2) not recognize on its balance sheet leases with terms less than twelve months.

The Company determines if an arrangement is a lease at inception. The Company leases certain manufacturing facilities, warehouses, offices, machinery and equipment, vehicles and office equipment under operating leases. Under the new standard, operating leases result in the recognition of ROU assets and lease liabilities on the consolidated balance sheet. ROU assets represent our right to use the leased asset for the lease term and lease liabilities represent our obligation to make lease payments. Under the new standard, operating lease 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, upon adoption of the new standard, we used our estimated incremental borrowing rate based on the information available, including lease term, as of January 1, 2019 to determine the present value of lease payments. Operating lease ROU assets are adjusted for any lease payments made prior to January 1, 2019 and any lease incentives. Certain of our leases may include options to extend or terminate the original lease term. The Company generally concluded that it is not reasonably certain to exercise these options due primarily to the length of the original lease term and its assessment that economic incentives are not reasonably certain to be realized. Operating lease expense under the new standard is recognized on a straight-line basis over them lease term. Current finance lease obligations consist primarily of cultivation, manufacturing and distribution facility leases.

Refer to the *Summary of Effects of Lease Accounting Standard Update Adopted in First Quarter of 2019* below for further details.

Leases accounted for under the new standard have initial remaining lease terms of one to seven years. Certain of our lease agreements include rental payments adjusted periodically for inflation. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Summary of Effects of Lease Accounting Standard Update Adopted in First Quarter of 2019

The cumulative effects of the changes made to our consolidated balance sheet as of the beginning of the first quarter of 2019 as a result of the adoption of the accounting standard update on leases were as follows:

		Effects of adoption of lease accounting standard update related to:		
(in thousands, $US)	**As filed December 31, 2018**	**Operating Leases**	**Total Effects of Adoption**	**With effect of least accounting standard update January 1, 2019**
Assets				
Property and equipment, net	$ 4,063	$ 23,594	$ 23,594	$ 27,656
Liabilities				
Current portion of long-term debt	147	1,492	1,492	1,639
Long-term debt, net	389	22,948	22,948	23,337
Equity				
Accumulated Deficit	(20,201)	(847)	(847)	(21,047)
Total	**$ 23,728**	**$ -**	**$ -**	**$ 23,728**

In June 2016, the FASB issued ASU No. 2016-13, *"Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*" and subsequent amendments to the initial guidance: ASU 2018-19 *"Codification Improvements to Topic 326, Financial Instruments-Credit Losses*", ASU 2019-04 "*Codification Improvements to Topic 326, Financial Instruments-Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments"*, ASU 2019-05 "*Financial Instruments-Credit Losses*", ASU 2019-11 "*Codification Improvements to Topic 326, Financial Instruments - Credit Losses" (collectively, Topic 326),*ASU 2020-02 *Financial Instruments—Credit Losses (Topic 326) and Leases (Topic 842)* and ASU 2020-03 *Codification Improvements to Financial Instruments*. Topic 326 requires measurement and recognition of expected credit losses for financial assets held. This guidance is effective for the year ended December 31, 2020. The Company believes that the most notable impact of this ASU will relate to its processes around the assessment of the adequacy of its allowance for doubtful accounts on trade accounts receivable and the recognition of credit losses. We continue to monitor the economic implications of the COVID-19 pandemic, however based on current market conditions, the adoption of the ASU did not have a material impact on the consolidated financial statements.

In November 2018, the FASB issued ASU 2018-18, *Collaborative Arrangements (Topic 808), Clarifying the Interaction between Topic 808 and Topic 606.* This guidance amended Topic 808 and Topic 606 to clarify that transactions in a collaborative arrangement should be accounted for under Topic 606 when the counterparty is a customer for a distinct good or service (i.e., unit of account). The amendments preclude an entity from presenting consideration from a transaction in a collaborative arrangement as revenue from contracts with customers if the counterparty is not a customer for that transaction. This guidance is effective for the year ended December 31, 2020. The adoption of this guidance did not have a material impact on our Consolidated Financial Statements.

The following accounting pronouncements issued have not yet been adopted:

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes.* This guidance removes certain exceptions to the general principles in Topic 740 and enhances and simplifies various aspects of the income tax accounting guidance, including requirements such as tax basis step-up in goodwill obtained in a transaction that is not a business combination, ownership changes in investments, and interim-period accounting for enacted changes in tax law. This standard is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2020. We are currently evaluating the impact of ASU 2019-12 on our Consolidated Financial Statements, which is effective for the Company in our fiscal year and interim periods beginning on January 1, 2021.

In January 2020, the FASB issued ASU 2020-01 *Investments-Equity Securities (Topic 321), Investments-Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815) - Clarifying the Interactions between Topic 321, Topic 323, and Topic 815.* This guidance addresses accounting for the transition into and out of the equity method and provides clarification of the interaction of rules for equity securities, the equity method of accounting, and forward contracts and purchase options on certain types of securities. This standard is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2020. We are currently evaluating the impact of ASU 2020-01 on our Consolidated Financial Statements, which is effective for the Company in our fiscal year and interim periods beginning on January 1, 2021.

In August 2020, the FASB issued ASU 2020-06, Debt—*Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40)*. This update amends the guidance on convertible instruments and the derivatives scope exception for contracts in an entity's own equity and improves and amends the related EPS guidance for both Subtopics. This standard is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2021, which means it will be effective for our fiscal year beginning January 1, 2022. Early adoption is permitted. We are currently evaluating the impact of ASU 2020-06 on our Consolidated Financial Statements.

No other recently issued accounting pronouncements had or are expected to have a material impact on our Consolidated Financial Statements.

4. REVERSE TAKEOVER AND PRIVATE PLACEMENT

Reverse Takeover

As discussed in Note 1, on November 13, 2018, Indus Holding Company ("IHC"), a wholly owned subsidiary of Indus Holdings, Inc., and Mezzotin Minerals Inc. ("Mezzotin") entered into a combination agreement whereby the parties agreed to combine their respective businesses, which would result in the reverse takeover of Mezzotin by the security holders of Indus. On March 29, 2019, IHC and Mezzotin signed the Definitive Agreement subject to regulatory approval and on April 26, 2019 concluded the transaction. In connection with the agreement, Mezzotin changed its name from Mezzotin Minerals Inc. to Indus Holdings, Inc. Effective at the close of markets on April 29, 2019, the common shares of the Company ("Existing Mezzotin Shares") were delisted from the NEX board of the TSX Venture Exchange, and the subordinate voting shares of the Company ("Subordinate Voting Shares") commenced trading on the Canadian Securities Exchange effective at market open on April 30, 2019, under the new symbol "INDS".

Pursuant to the Transaction, the Existing Mezzotin Shares were redesignated as a new class of Subordinate Voting Shares on the basis of one Subordinate Voting Shares for every 485.3 Existing Mezzotin Shares. In addition, Indus created a new class of voting common shares and a new class of non-voting redeemable common shares ("Convertible Shares") and the outstanding shares of Indus ("Indus Shares") were reclassified as Convertible Shares at a rate of one (1) Convertible Share for every one (1) Indus Share held. The Company also amended its articles in connection with the Transaction to (i) continue from the Province of Ontario to the Province of British Columbia; and (ii) change its name from Mezzotin Minerals Inc. to Indus Holdings, Inc.

The transaction has been accounted for in accordance with ASC 805 as an asset acquisition. In consideration for the acquisition of Mezzotin, Indus is deemed to have issued 130 shares of Indus subordinate voting shares representing $1,513 total value based on the concurrent financing subscription price of CAD$15.65 (US$11.60). The excess of the purchase price over net assets acquired was charged to the consolidated statements of operations as RTO expense. Mezzotin equity was eliminated.

There were no identifiable assets of Mezzotin on the date of acquisition. The acquisition costs have been allocated as follows:

(in thousands)

CONSIDERATION		
Fair value of subordinate voting shares issued	$	1,513
Transaction costs		191
Total consideration	**$**	**1,704**
ASSETS ACQUIRED		
Total identifiable net assets acquired		-
Listing expenses		1,704
Total purchase price	**$**	**1,704**

Under the Transaction: (i) non-U.S. shareholders of Indus (and such U.S. shareholders of Indus as elected to participate) then contributed their Convertible Shares to the Company in exchange for Subordinate Voting Shares at a rate of one (1) Subordinate Voting Share for every one (1) Convertible Share contributed, and on a going-forward basis, U.S. shareholders of Indus may from time to time elect to redeem their Convertible Shares in exchange for Subordinate Voting Shares at the same rate (or under certain circumstances for the cash value of such shares as provided in the share terms for the Convertible Shares); (ii) a designated founder of Indus subscribed for non-participating, super-voting shares of the Company carrying voting rights that, in the aggregate, represent approximately 85% of the voting rights of the Company upon completion of the Transaction on a fully diluted basis; (iii) all warrants of Indus (including compensation options issued to financial advisors) remained outstanding and will now entitle the holders thereof to acquire Convertible Shares on the same terms and conditions and on an economically equivalent basis; and (iv) all stock options of Indus outstanding under Indus' existing equity incentive plan were assumed by the Company and will now entitle the holders thereof to acquire Subordinate Voting Shares on the same terms and conditions and on an economically equivalent basis in lieu of securities of Indus.

Private Placement

In connection with the Transaction, Indus completed a private placement offering (the "Private Placement") through a special purpose finance company ("FinanceCo") on April 2, 2019, pursuant to which FinanceCo issued an aggregate of 3,436 subscription receipts ("Subscription Receipts") at a price of CDN$15.65 per Subscription Receipt to raise aggregate gross proceeds of approximately US$40 million. The gross proceeds of the Private Placement, less certain associated expenses, were deposited into escrow (the "Escrowed Proceeds") pending satisfaction of certain specified release conditions (the "Escrow Release Conditions"), all of which were satisfied immediately prior to the completion of the Transaction. As a result, the Escrowed Proceeds were released to FinanceCo prior to the closing of the Transaction, and each Subscription Receipt was automatically converted, for no additional consideration, into one common share of FinanceCo. Following satisfaction of the Escrow Release Conditions, in connection with the Transaction, the Company acquired all of the issued and outstanding FinanceCo shares pursuant to a three-cornered amalgamation, and the former holders thereof (including the former holders of FinanceCo Shares acquired upon conversion of the Subscription Receipts) each received one Subordinate Voting Share in exchange for each FinanceCo share held.

Also in connection with the Private Placement, FinanceCo issued an aggregate of 198 broker warrants to the agents under the offering as partial consideration for their services in connection with the Private Placement, each of which was exercisable to acquire one FinanceCo share at an exercise price of CDN$15.65 for a period of two (2) years from the satisfaction of the Escrow Release Conditions. Upon completion of the amalgamation, the Broker Warrants were exchanged for compensation options of the Company which are exercisable to acquire Subordinate Voting Shares in lieu of FinanceCo Shares, otherwise upon the same terms and conditions.

5. ACQUISITIONS

Completed Acquisitions

During 2019, the Company completed the following acquisitions, and allocated the purchase price as follows:

(in thousands)	(1) Kaizen Inc.	(2) The Humble Flower Co.	Total
CONSIDERATION			
Contingent Payment	$ 50	$ 44	$ 94
Note Payable	200	65	265
Fair value of subordinate voting shares	62	55	117
Total consideration	**$ 312**	**$ 164**	**$ 476**
PURCHASE PRICE ALLOCATION			
Assets Acquired			
Inventories	$ -	$ 6	$ 6
Intangible assets - brands and trademarks	104	80	184
Intangible assets - technology and know-how	208	78	286
Liabilities assumed			
Notes payable	-	-	-
Total identifiable net assets	312	164	476
Noncontrolling interest	-	-	-
Fair value of net assets acquired	**$ 312**	**$ 164**	**$ 476**

These acquisitions qualified as a business combination under ASC 805 and the consideration has been allocated to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. No goodwill was recognized. The purchases have been accounted for by the acquisition method, with the results included in the Company's net earnings from the date of acquisition.

The fair value of the assets acquired and the liabilities assumed were finalized in the quarter ended June 30, 2020.

The Company also incurred $47 in transactional costs related to the above acquisitions which were recorded in general and administrative expenses in the Consolidated Statements of Operations.

● *Kaizen Inc.*

On May 1, 2019, the Company acquired all of the assets, global rights and business interests of Kaizen Inc. for a purchase price of $556 that will be paid as and if financial performance targets are met during the period beginning on May 1, 2019 and ending on April 30, 2023. Kaizen is a premium brand offering a full spectrum of cannabis concentrates. Effective July 15, 2020 the asset purchase agreement was modified, eliminating payments associated with meeting financial performance targets in exchange for the issuance of 225 thousand options to purchase Subordinate Voting Shares and a note payable of $200, with payments over two years. Had the modifications been reflected as of the date of acquisition, net assets would have decreased $223 at December 31, 2019 and net loss in 2019 would have been reduced by $21.

● *The Humble Flower Co.*

On April 18, 2019, the Company acquired all of the assets, global rights and business interests associated with the brand Humble Flower Co. for a purchase price of $472 that will be paid as and if financial performance targets are met during the period beginning on April 19, 2019 and ending on April 18, 2023. The acquisition marks the Company's expansion into cannabis-infused topical creams, balms, and oils. Effective June 1, 2020 the asset purchase agreement was modified, eliminating payments associated with meeting financial performance targets in exchange for the issuance of 225 thousand options to purchase Subordinate Voting Shares and a note payable of $65, with payments commencing on January 1, 2021 for 24 months. Had the modifications been reflected as of the date of acquisition, net assets would have decreased $308 at December 31, 2019 and net loss in 2019 would have been reduced by $34.

● *Shredibles LLC*

On June 12, 2019, the Company completed the acquisition of 70% of the outstanding capital stock of Shredibles LLC ("Shredibles"), a manufacturer of CBD infused health products, from its shareholders. In February 2020, the Company determined that Shredibles was not a strategic fit for the Company and reached an agreement with the Shredibles co-founders to nullify the investment. The termination has been reflected as being effective as of December 31, 2019 in the consolidated financial statements. The operations of Shredibles, and the termination of the agreement, did not have a material impact on the results of operations of the Company in 2019.

Terminated Acquisition

On May 14, 2019, the Company entered into a definitive agreement to acquire the assets of W The Brand ("W Vapes"), a manufacturer and distributor in Nevada and Oregon of cannabis concentrates, cartridges and disposable pens, in a cash and stock transaction. Under the terms of the agreement, the purchase consideration to W Vapes shareholders consisted of $10 million in cash and $10 million in Subordinate Voting Shares (based on a deemed value of CDN$15.65 per share). In November 2019, the definitive agreement was amended whereby the Company advanced $2 million in non-recourse funds to the seller in exchange for release of $10 million of cash held in escrow related to the acquisition and in December 2019, the Company purchased the Las Vegas, Nevada facility for $4.1 million.

On July 17, 2020, the Company announced the termination of the definitive agreement with W Vapes and is no longer obligated to acquire the assets of W Vapes. The termination of the agreement coincided with an asset acquisition announcement between W Vapes and Planet 13 Holdings Inc. ("Planet 13"). Additionally, the Company sold the Las Vegas facility to certain affiliates of Planet 13 for a cash payment of approximately $500, and an additional cash payment of approximately $2.8 million upon regulatory approval of the W Vapes and Planet 13 transaction which was received in January 2021, and in the third quarter the Company finalized a note payable of $843 to the owners of W Vapes, payable coinciding with the receipt of the $2.8 million payment from the facility sale, which was paid in January 2021. As a result, the Company has reflected a $4.4 million loss in loss on termination of investments, net on its consolidated statement of operations.

The Company incurred $251 in transactional costs related to the above acquisition for the year ended December 31, 2019, which were recorded in general and administrative expenses in the Consolidated Statements of Operations.

6. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets were comprised of the following items:

	December 31,	
(in thousands)	2020	2019
Deposits	$ 572	$ 542
Insurance	593	854
Supplier advances	504	742
Nevada building sale proceeds	2,800	-
Other	1,922	591
Total Prepaid Expenses and Other Current Assets	**$ 6,391**	**$ 2,729**

7. INVENTORY

Inventory was comprised of the following items:

	December 31,	
(in thousands)	2020	2019
Raw materials	$ 7,950	$ 7,645
Work in process	-	34
Finished goods	1,983	2,739
Total Inventory	**$ 9,933**	**$ 10,418**

8. OTHER CURRENT LIABILITIES

Other current liabilities were comprised of the following items:

	December 31,	
(in thousands)	2020	2019
Excise and cannabis tax	$ 5,780	$ 2,903
Third party brand distribution accrual	584	80
Insurance and professional accrual	746	576
Other	1,750	797
Total Accrued Liabilities	**$ 8,860**	**$ 4,356**

9. PROPERTY AND EQUIPMENT

A reconciliation of the beginning and ending balances of property and equipment and accumulated depreciation during the years ended December 31, 2020 and 2019 is as follows:

(in thousands)	Land and Buildings	Leasehold Improvements	Furniture and Fixtures	Equipment	Vehicles	Construction in Process	Right of Use Assets	Total
Costs								
Balance—December 31, 2018	$ -	$ 1,509	$ 49	$ 2,062	$ 516	$ 895	$ -	$ 5,031
Additions	4,098	2,766	-	1,192	297	1,638	10,520	20,511
IFRS 16 Adoption	-	-	-	-	-	-	23,594	23,594
Business Acquisitions	-	-	-	25	-	-	-	25
Disposals	-	-	-	(2,179)	-	-	-	(2,179)
Balance—December 31, 2019	$ 4,098	$ 4,275	$ 49	$ 1,100	$ 813	$ 2,533	$ 34,114	$ 46,982
Additions	8	1,937	1	154	41	4,604	106	6,851
Lease Option Reassessment	-	-	-	-	-	-	7,310	7,310
Disposals/Transfers	(4,106)	4,587	-	22	-	(4,609)	-	(4,106)
Balance—December 31, 2020	**$ -**	**$ 10,799**	**$ 50**	**$ 1,276**	**$ 854**	**$ 2,528**	**$ 41,530**	**$ 57,037**
Accumulated Depreciation								
Balance—December 31, 2018	$ -	$ (260)	$ (44)	$ (570)	$ (95)	$ -	$ -	$ (969)
Depreciation	(8)	(186)	(3)	(478)	(155)	-	(3,025)	$ (3,854)
Disposals	-	24	-	786	2	-	-	$ 812
Balance—December 31, 2019	$ (8)	$ (422)	$ (46)	$ (261)	$ (249)	$ -	$ (3,025)	$ (4,011)
Depreciation	(57)	(212)	(1)	(166)	(162)	-	(3,250)	(3,848)
Disposals	65	-	-	-	-	-	-	65
Balance—December 31, 2020	**$ -**	**$ (634)**	**$ (47)**	**$ (427)**	**$ (411)**	**$ -**	**$ (6,275)**	**$ (7,794)**
Net Book Value								
December 31, 2018	$ -	$ 1,249	$ 5	$ 1,492	$ 421	$ 895	$ -	$ 4,063
December 31, 2019	$ 4,090	$ 3,853	$ 3	$ 839	$ 565	$ 2,533	$ 31,089	$ 42,972
Balance—December 31, 2020	**$ -**	**$ 10,165**	**$ 3**	**$ 849**	**$ 443**	**$ 2,528**	**$ 35,255**	**$ 49,243**

Construction in progress represent assets under construction related to cultivation, manufacturing, and distribution facilities not yet completed or otherwise not placed in service.

Depreciation expense of $3,848, $3,854 and $312 were recorded for the years ended December 31, 2020, 2019 and 2018, respectively, of which $2,830, $2,921 and $211, respectively, were included in cost of goods sold.

10. GOODWILL AND INTANGIBLE ASSETS

Goodwill

A reconciliation of the beginning and ending balances of goodwill during the year ended December 31, 2020 is as follows:

(in thousands)	
Costs	
Balance—December 31, 2019	$ 357
Additions	-
Business Acquisitions	-
Impairment	-
Balance—December 31, 2020	**$ 357**

The Company evaluates goodwill for impairment annually during the fiscal third quarter and when an event occurs, or circumstances change such that it is reasonably possible that impairment may exist. The Company accounts for goodwill and evaluates its goodwill balances and tests them for impairment in accordance with related accounting standards. The Company performed its annual impairment assessment in its third quarter of fiscal 2020, and its analysis indicated that the Company had no impairment of goodwill.

Other Intangible Assets

A reconciliation of the beginning and ending balances of intangible assets and accumulated amortization during the year ended December 31, 2020 is as follows:

	Definite Life Intangibles				Indefinite Life Intangibles	
(in thousands)	Branding Rights	Customer Relationships	Technology/ KnowHow	Other Intangibles	Brands & Tradenames	Total
Costs						
Balance—December 31, 2019	$ 250	$ 40	$ 421	$ 40	$ 522	$ 1,273
Business acquisition	-	-	-	-	179	179
Purchase price adjustment	-	(40)	(213)	(40)	(293)	(586)
Balance—December 31, 2020	**$ 250**	**$ -**	**$ 208**	**$ -**	**$ 408**	**$ 866**
Accumulated Amortization						
Balance—December 31, 2019	$ (76)	$ (8)	$ (28)	$ (8)	$ -	$ (120)
Purchase price adjustment	-	12	30	12	-	54
Amortization	(17)	(4)	(39)	(4)	-	(64)
Balance—December 31, 2020	**$ (93)**	**$ -**	**$ (37)**	**$ -**	**$ -**	**$ (130)**
Net Book Value						
December 31, 2019	$ 174	$ 32	$ 393	$ 32	$ 522	$ 1,153
December 31, 2020	**$ 157**	**$ -**	**$ 171**	**$ -**	**$ 408**	**$ 736**

Intangible assets with finite lives are amortized over their estimated useful lives. Amortization periods of assets with finite lives are based on management's estimates at the date of acquisition. The Company recorded amortization expense of $64, $71 and $17 for the years ended December 31, 2020, 2019 and 2018, respectively. As described in Note 4, during the quarter ended June 30, 2020, the Company modified certain purchase agreements resulting in adjustments to certain intangible assets.

The Company estimates that amortization expense for our existing other intangible assets will be approximately $40 annually for each of the next five fiscal years. Actual amortization expense to be reported in future periods could differ from these estimates as a result of new intangible asset acquisitions, changes in useful lives or other relevant factors or changes.

11. INVESTMENTS

The Company from time to time acquires interest in various corporate entities for investment purposes.

In March 2019, the Company entered into a strategic partnership with Orchid Ventures ("Orchid"). Under the terms of the partnership, Indus secured the exclusive sales and distribution rights to Orchid's line of Orchid Essentials vape devices in California. In addition, Indus acquired an interest in Orchid for $1,500 during Orchid's RTO financing round. The Company's investment in Orchid is accounted for in accordance with ASC 321 and classified as Level 1 in the fair value hierarchy. The Company adjusted its carrying value based on the share price at the balance sheet date, recognizing an unrecognized gain of $73 in its Statements of Operations for the year ended December 31, 2020.

In October 2018, the Company contributed 77,689 shares of Series B preferred shares at a value of $350, to a joint venture arrangement with Dametra LLC, in which each partner has 50% ownership. Under the arrangement Indus is the exclusive manufacturer and distributor of Canna Stripe branded products in the state of California. The investment was accounted for in accordance with ASC 323. In 2019, due to the highly competitive gummy product market, the Company determined that the carrying value of the investment was nominal and a ($350) loss was recognized. In November 2020, the Company acquired the Dametra LLC 50% ownership through the issuance of 150 thousand subordinate voting shares with a market value of $170.

In the fourth quarter of 2018, the Company acquired an interest for $148 in a long-standing business partner who creates and markets cannabis brands. The business partner was acquired by Green Thumb Industries in February 2019. The Company's investment in Green Thumb Industries is accounted for in accordance with ASC 321. The Company sold approximately 66% and the remaining 34% of its interests in 2019 and 2020, respectively, recognizing a realized gain of $476 and $656 in 2019 and 2020, respectively.

The Company issued 325 shares of common stock valued at $650 in exchange for shares in Haight & Ashbury Corp, a technology company developing an e-commerce platform. Due to the lack of extensive roll out of the e-commerce platform with brands and dispensaries within California and in other states, the Company determined that the carrying value of the investment was nominal. As such, a ($650) loss was recognized in 2019.

12. SHAREHOLDERS' EQUITY

Shares Outstanding

The table below details the change in Company shares outstanding by class during the year ended December 31, 2020:

(in thousands)	Subordinate Voting Shares	Super Voting Shares
Balance—December 31, 2019	32,844	203
Shares issued in connection with convertible debenture offering	250	-
Shares issued in connection with subordinate voting share offering	23,000	-
Shares issued in connection with exercise of warrants	750	-
Shares issued in connection with conversion of convertible debentures	375	-
Shares issued in connection with asset purchase	150	-
Issuance of vested restricted stock units	248	-
Balance—December 31, 2020	**57,617**	**203**

In December 2020, the Company complete a CAD$34.5 million share offering resulting in the issuance of 11.5 million subordinate voting shares priced at CAD$1.50 per share. The offering resulting in approximately $25 million in proceeds, net of offering expenses. The use of proceeds were for the development of a cultivation and production facility and working capital and other corporate purposes.

As discussed in Note 4, in consideration for the acquisition of Mezzotin in connection with the reverse takeover, Indus issued 130 shares of Indus subordinate voting shares representing $1,513 total value based on the concurrent financing subscription price of CAD$15.65 (US$11.60). The excess of the purchase price over net assets acquired was charged to the consolidated statements of operations as RTO expense in general and administrative expenses.

Warrants

A reconciliation of the beginning and ending balance of warrants outstanding is as follows:

(in thousands)	
Balance—December 31, 2019	**2,769**
Warrants issued in conjunction with convertible debenture offering	80,379
Warrants issued in conjunction with equity offering(1)	11,500
Warrants converted into subordinate voting shares	(750)
Balance—December 31, 2020	**93,898**

(1) Excludes 553 warrants issuable should underwriter options be exercised.

13. DEBT

Debt at December 31, 2020 and 2019 was comprised of the following:

(in thousands)	December 31, 2020	2019
Current portion of long-term debt		
Vehicle loans(1)	$ 170	$ 135
Note payable(3)	1,043	-
Total short-term debt	1,213	135
Long-term debt, net		
Vehicle loans(1)	233	233
Note payable(2)	65	138
Note payable(3)	5	-
Convertible debenture(4)	13,701	-
Total long-term debt	14,004	371
Total Indebtedness	**$ 15,217**	**$ 506**

(1) Primarily fixed term loans on transportation vehicles. Weighted average interest rate at December 31, 2020 was 8.8%.
(2) Note payable in connection with Acme acquisition to be paid as and if financial performance targets are met over the earnout period.
(3) Note payable in connection with Humble Flower and Kaizen acquisitions and termination of the W Vapes acquisition. Weighted average interest rate at December 31, 2020 was 4%.
(4) Net of deferred financing costs of $2,300.

Stated maturities of debt obligations are as follows:

(in thousands)	December 31, 2020
2020	$ 35
2021	1,122
2022	228
2023	16,050
2024	21
2025 and thereafter	6
Total debt obligations	**$ 17,462**

On April 13, 2020, the Company entered into a $15.1 million senior secured convertible debenture and warrant purchase agreement. In late April and May 2020 an additional $1 million was funded to bring the total convertible debenture amount to $16.1 million. The convertible debentures are convertible, at a conversion price of $0.20 per share, into an aggregate of 80.4 million subordinate voting shares of the Company, and the Company issued warrants to purchase an aggregate of 80.4 million subordinate voting shares at an exercise price of $.28 per share. The financing yielded the Company approximately $11.5 million after repayment of $3.8 million in bridge financing received during the first quarter, plus accrued interest thereon, and transaction related expenses of approximately $600. The debentures bear interest at 5.5% per annum and will mature in October 2023, and the warrants expire in October 2023. During 2020, $75 of convertible debentures were converted into 375 thousand subordinate voting shares.

14. LEASES

The Company adopted IFRS 16 - *Leases* effective January 1, 2019 using the modified retrospective adoption method which allowed it to initially apply the new standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of accumulated deficit. In connection with the adoption of the new lease pronouncement, the Company recorded a charge to accumulated deficit of $847.

A reconciliation of lease obligations for the year ended December 31, 2020 was comprised of the following:

(in thousands)	
Lease Liability	
December 31, 2019	$ 33,805
Additions	120
Lease reassessment	7,310
Lease principal payments	(2,401)
December 31, 2020	**$ 38,834**
Lease obligation, current portion	$ 2,301
Lease obligation, long-term portion	$ 36,533

All extension options that are reasonably certain to be exercised have been included in the measurement of lease obligations. The Company reassesses the likelihood of extension option exercise if there is a significant event or change in circumstances within its control.

The components of lease expense for the year ended December 31, 2020 were as follows:

Year Ended December 31, (in thousands)	**2020**
Amortization of leased assets(1)	$ 3,250
Interest on lease liabilities(2)	1,866
Total	**$ 5,116**

(1) Included in cost of goods sold and general and administrative in the consolidated statement of operations.
(2) Included in interest expense in the consolidated statement of operations.

The key assumptions used in accounting for leases as of December 31, 2020 were a weighted average remaining lease term of 18.1 years and a weighted average discount rate of 6.0%.

The future lease payments with initial remaining terms in excess of one year as of December 31, 2020 were as follows:

(in thousands)	December 31, 2020
1 - 3 years	$ 14,138
4 - 5 Years	7,361
Greater than 5 years	17,335
Total	**$ 38,834**

15. SHARE-BASED COMPENSATION

During 2019 the Company's Board of Directors adopted the *2019 Stock and Incentive Plan* (the "Plan"), which was amended in April 2020. The Plan permits the issuance of stock options, stock appreciation rights, stock awards, share units, performance shares, performance units and other stock-based awards, and, as of December 31, 2020, 8.2 million shares have been authorized to be issued under the Plan and 1.85 million are available for future grant. The Plan provides for the grant of options as either non-statutory stock options or incentive stock options and restricted stock units to employees, officers, directors, and consultants of the Company to attract and retain persons of ability to perform services for the Company and to reward such individuals who contribute to the achievement by the Company of its economic objectives. The awards granted generally vest in 25% increments over a four-year period and option awards expire 6 years from grant date.

The Plan is administered by the Board or a committee appointed by the Board, which determines the persons to whom the awards will be granted, the type of awards to be granted, the number of awards to be granted, and the specific terms of each grant, including the vesting thereof, subject to the provisions of the Plan.

During the year ended December 31, 2020, the Company granted shares to certain employees as compensation for services. These shares were accounted for in accordance with ASC 718 – *Compensation – Stock Compensation.* The Company amortizes awards over the service period and until awards are fully vested.

For the years ended December 31, 2020, 2019 and 2018, share-based compensation expense recorded to the Company' s consolidated statements of operations were:

Years Ended December 31, (in thousands)	2020	2019	2018
Cost of goods sold	$ -	$ -	$ -
General and administrative expense	2,200	3,385	270
Total share based compensation	**$ 2,200**	**$ 3,385**	**$ 270**

The following table summarizes the status of stock option grants and unvested awards as at and for the year ended December 31, 2020:

(in thousands except per share amounts)	Stock Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life	Aggregate Intrinsic Value
Outstanding—December 31, 2019	**1,543**	**$ 2.53**	**4.3**	**$ -**
Granted	5,315	0.62		
Exercised	-	-		
Cancelled	(598)	1.67		
Outstanding—December 31, 2020	**6,260**	**$ 0.97**	**4.7**	**$ 3,162**
Exercisable—December 31, 2020	**739**	**$ 2.10**	**3.2**	**$ 25**
Vested and expected to vest—December 31, 2020	**6,260**	**$ 0.97**	**4.7**	**$ 3,162**

The weighted-average fair value of each option granted during fiscal 2020, estimated as of the grant date, was $.25. As of December 31, 2020, there was $1,928 of total unrecognized compensation cost related to nonvested options, which is expected to be recognized over a remaining weighted-average vesting period of 4.7 years.

The following table summarizes the status of restricted stock unit grants and unvested awards as at and for the year ended December 31, 2020:

(in thousands except per share amounts)	Restricted Stock Units	Weighted-Average Fair Value
Outstanding—December 31, 2019	**230**	**$ 2.53**
Granted	913	0.62
Vested	(634)	1.63
Cancelled	(59)	1.67
Outstanding—December 31, 2020	**450**	**$ 0.33**

As of December 31, 2020, there was $81 of total unrecognized compensation cost related to nonvested restricted stock units, which is expected to be recognized over a remaining weighted-average vesting period of 10 months.

The fair value of the restricted stock units and stock options granted was determined using the Black-Scholes option-pricing model with the following weighted average assumptions at the time of grant.

Year Ended December 31,	2020
Expected volatility	50.0%
Dividend yield	0%
Risk-free interest rate	0.95%
Expected term in years	6.0

16. INCOME TAXES

Coronavirus Aid, Relief and Economic Security Act

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) was enacted and signed into law in response to the market volatility and instability resulting from the COVID-19 pandemic. It includes a significant number of tax provisions and lifts certain deduction limitations originally imposed by the Tax Cuts and Jobs Act of 2017 (the 2017 Act). The changes are mainly related to: (1) the business interest expense disallowance rules for 2019 and 2020; (2) net operating loss rules; (3) charitable contribution limitations; (4) employee retention credit; and (5) the realization of corporate alternative minimum tax credits.

The Company continues to assess the impact and future implications of these provisions; however, it does not anticipate any amounts that could give rise to a material impact to the overall consolidated financial statements.

The provision for income tax expense for the years ended December 31, 2020, 2019 and 2018 consisted of the following:

Years Ended December 31, (in thousands)	2020	2019	2018
Current			
Federal	$ -	$ -	$ -
State	224	205	97
Total Current	**224**	**205**	**97**
Deferred tax expense (benefit)			
Federal	900	(2,406)	(601)
State	(9,127)	(7,329)	(646)
Total deferred tax benefit	**(8,227)**	**(9,735)**	**(1,247)**
Valuation allowance	8,227	9,735	1,247
Income tax expense	**$ 224**	**$ 205**	**$ 97**

As the Company operates in the cannabis industry, it is subject to the limitations of IRC Section 280E, under which the Company is only allowed to deduct expenses directly related to sales of product. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E. Therefore, the effective tax rate can be highly variable and may not necessarily correlate with pre-tax income or loss.

In December 2017, the United States ("U.S.") Congress passed and the President signed referred to as the 2017 Tax Act, which contains many significant changes to the U.S. tax laws, including, but not limited to, reducing the U.S. federal corporate tax rate from 35% to 21% and utilization limitations of net operating loss carryforwards created in tax years beginning after December 31, 2017 to 80% of taxable income with an indefinite carryforward period. As the Company has a full valuation allowance against its U.S. deferred tax assets, the revaluation of net deferred tax assets resulting from the reduction in the U.S. federal corporate income tax rate did not impact the Company's effective tax rate. Additional guidance may be issued by the U.S. Treasury Department, the Internal Revenue Service ("IRS"), or other standard-setting bodies, which may result in adjustments to the amounts recorded, including the valuation allowance. Significant components of the Company's deferred tax assets and liabilities at December 31, 2020 and 2019, are as follows:

Years Ended December 31, (in thousands)	2020	2019
Deferred tax assets		
Net operating loss carryforwards	$ 9,104	$ 10,836
Accruals and reserves	-	-
Depreciation	-	-
Other	-	-
Valuation allowance	(9,104)	(10,836)
Total deferred tax assets	-	-
Accruals and reserves	-	-
Share-based compensation	-	-
Total deferred tax liabilities	-	-
Net deferred tax liabilities	**$ -**	**$ -**

Management assesses the available positive and negative evidence to estimate if sufficient future taxable income will be generated to use the existing deferred tax assets. A significant piece of objective negative evidence evaluated was the cumulative losses incurred through the year ended December 31, 2020. Such objective evidence limits the ability to consider other subjective evidence, such as the Company's projections for future growth. On the basis of this evaluation, the Company has determined that it is more likely than not that the Company will not recognize the benefits of the federal and state net deferred tax assets, and, as a result, a full valuation allowance totaling $12.0 million and $9.7 million has been recorded against its net deferred tax assets as of December 31, 2020 and 2019. The amount of the deferred tax asset considered realizable, however, could be adjusted if estimates of future taxable income during the carryforward period are reduced or increased or if objective negative evidence in the form of cumulative losses is no longer present and additional weight may be given to subjective evidence such as our projections for growth.

A reconciliation of the provision for income taxes attributable to income from operations and the amount computed by applying the statutory federal income tax rate of 21% to income before income taxes for the years ended December 31, 2020, 2019 and 2018 is as follows:

Years Ended December 31, (in thousands)	**2020**	**2019**	**2018**
Computed expected provision (benefit) for taxes	$ (4,554)	$ (10,443)	$ (1,809)
Increase (Decrease) in taxes resulting from:			
State taxes	224	205	97
Non-deductible stock compensation	462	711	57
Non-deductible expenses under section 280e	5,099	7,965	2,605
Valuation allowance and other, net	(1,007)	1,767	(853)
Actual provision for income taxes	$ 224	$ 205	$ 97

As of December 31, 2020 and 2019, the Company had federal net operating loss ("NOL") carryforwards of approximately $16.8 million and $9.2 million respectively. The Company had state NOL carryforwards of approximately $86.3 million and $50.4 million, respectively, which will begin to expire in 2035. Utilization of some of the federal and state NOL carryforwards to reduce future income taxes will depend on the Company's ability to generate sufficient taxable income prior to the expiration of the carryforwards. Under the provisions of the Internal Revenue Code, the NOLs and tax credit carryforwards are subject to review and possible adjustment by the IRS and state tax authorities. NOLs and tax credit carryforwards may become subject to an annual limitation in the event of certain cumulative changes in the ownership interest of significant stockholders over a three-year period in excess of 50%, as defined under Sections 382 and 383 of the Internal Revenue Code, as well as similar state provisions. This could limit the amount of tax attributes that can be utilized annually to offset future taxable income or tax liabilities. The amount of the annual limitation is determined based on the value of the Company immediately prior to the ownership change. The Company has not performed a comprehensive Section 382 study to determine any potential loss limitation with regard to the NOL carryforwards and tax credits. Any limitations would not impact the results of the Company's operations and cash flows because the Company has recorded a valuation allowance against its net deferred tax assets.

The Company recognizes the impact of a tax position in the financial statements if that position is more likely than not of being sustained on a tax return upon examination by the relevant taxing authority, based on the technical merits of the position. As of December 31, 2020 and 2019, the Company had no unrecognized tax benefits.

The Company recognizes interest and penalties related to income tax matters in income tax expense. As of December 31, 2020 and 2019, the Company had no accrued interest and penalties related to uncertain tax positions.

The Company is subject to examination for its US federal and state jurisdictions for each year in which a tax return was filed, due to the existence of NOL carryforwards. These tax filings in major U.S. jurisdictions are open to examination by tax authorities, such as the IRS from 2019 forward and by tax authorities in various US states from 2015 forward.

17. EARNINGS/(LOSS) PER SHARE

Net earnings/(loss) per share represents the net earnings/loss attributable to shareholders divided by the weighted average number of shares outstanding during the period on an as converted basis.

Years Ended December 31, (in thousands except per share amounts)	**2020**	**2019**
Net earnings/(loss)	$ (21,910)	$ (49,934)
Basic		
Weighted average subordinate voting shares(1)	33,940	31,379
Basic earnings (loss) per share	**$ (0.65)**	**$ (1.59)**
Diluted		
Weighted average subordinate voting shares(1)	33,940	31,379
Effects of Potential Dilutive Shares		
Options	-	-
Warrants	-	-
Restricted stock units	-	-
Diluted weighted average subordinate voting shares	33,940	31,379
Diluted earnings (loss) per share	**$ (0.36)**	**$ (1.60)**

(1) On an as converted basis.

As the Company is in a loss position for the years ended December 31, 2020 and 2019, the inclusion of options, warrants, convertible debentures and restricted stock units in the calculation of diluted earnings per share would be anti-dilutive, and accordingly, were excluded from the diluted loss per share calculation.

18. FAIR VALUE MEASUREMENTS

Accounting standards define fair value as 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. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. An asset's or liability's level is based on the lowest level of input that is significant to the fair value measurement. Assets and liabilities carried at fair value are valued and disclosed in one of the following three levels of the valuation hierarchy:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs reflecting the reporting entity's own assumptions.

At December 31, 2020 and 2019, the carrying value of cash and cash equivalents, accounts receivable, prepaid expense and other current assets, accounts payable and other current liabilities approximate fair value due to the short-term nature of such instruments.

The carrying value of the Company's debt approximates fair value based on current market rates (Level 2).

Nonrecurring fair value measurements

The Company uses fair value measures when determining assets and liabilities acquired in an acquisition as described in Note 5 which are considered a Level 3 measurement.

19. COMMITMENTS AND CONTINGENCIES

Commitments

In January 2021, the company signed a letter of intent to expand its cultivation footprint. The agreement contemplates a land-lease from a developer that has prepared the property for cannabis cultivation. Indus would be responsible for constructions costs of greenhouses using cash raised in the equity offering in December 2020. The transaction is subject to final site due-diligence and negotiation of construction contracts. In the event the transaction contemplated in the letter of intent is pursued, the Company anticipates the site will be ready for operation in the first half of 2022.

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 regulation as of December 31, 2020, 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. In 2020, the Company entered into a payment plan offered by California regulatory authorities to pay certain excise and cultivation taxes over a 12 month period. If such taxes are not paid in accordance to the agreed payment plan the Company could be subject to certain late payment penalties.

Litigation and Claims

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. As of December 31, 2020, 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 are an adverse party or have a material interest adverse to the Company's interest.

Insurance Claims

In September 2020 the Company experienced a small fire at its manufacturing facility which resulted in suspending certain operations until the facility was repaired. As a result, the company filed a business interruption claim which resulted in a payment of $1.3 million from the insurance carrier in March 2021. The proceeds from the claim are reflected in other income on the consolidated statement of operations.

In August 2020 the Company experienced adverse air quality conditions that resulted in the Company closing the air vents in its greenhouse facilities at a time when extreme temperatures existed. As a result, plant health suffered due to the situation. The Company has filed a business interruption claim which is presently being reviewed by the insurance carrier. There is no certainty on the results of the carrier review of the claim, and as a result, the Company has not recorded an estimate of claim proceeds as of December 31, 2020. The Company anticipates the claims process will be completed in the quarter ended June 30, 2021.

20. GENERAL AND ADMINISTRATIVE EXPENSES

For the years ended December 31, 2020, 2019 and 2018, general and administrative expenses were comprised of:

Years Ended December 31, (in thousands)	**2020**	**2019**	**2018**
Salaries and benefits	$ 5,032	$ 12,697	$ 3,452
Professional fees	1,650	2,229	640
Licensing and supplies	267	870	556
Share-based compensation	2,200	3,385	270
Administrative	2,613	4,292	3,861
Transaction and other special charges(1)	-	2,341	-
Total general and administrative expenses	$ 11,762	$ 25,814	$ 8,779

(1) Include charges associated with acquisitions and the Company's reverse takeover.

21. RELATED-PARTY TRANSACTIONS

Transactions with related parties are entered into in the normal course of business and are measured at the amount established and agreed to by the parties.

Indus receives certain administrative, operational and consulting services through a Management Services Agreement with Edibles Management, LLC ("EM"). EM is a limited liability company owned by the cofounders of Indus and was formed to provide Indus with certain administrative functions comprising: cultivation, distribution, and production operations support; general administration; corporate development; human resources; finance and accounting; marketing; sales; legal and compliance. The agreement provides for the dollar-for-dollar reimbursement of expenses incurred by EM in performance of its services. Amounts paid to EM for the years ended December 31, 2020 and 2019 were $11,385 and $15,858, respectively. The Management Services Agreement with EM was terminated as of December 31, 2020.

In April 2015, Indus entered into a services agreement with Olympic Management Group ("OMG"), for advisory and technology support services, including the access and use of software licensed to OMG to perform certain data processing and enterprise resource planning (ERP) operational services. OMG is owned by one of the Company's co-founders. The agreement provides for the dollar-for-dollar reimbursement of expenses incurred by OMG in performance of its services. Amounts paid to OMG for the years ended December 31, 2020 and 2019 were $5 and $86, respectively.

22. SEGMENT INFORMATION

The Company's operations are comprised of a single reporting operating segment engaged in the production and sale of cannabis products in the United States. As the operations comprise a single reporting segment, amounts disclosed in the financial statements also represent a single reporting segment.

23. SUBSEQUENT EVENTS

On February 25, 2021, the Company announced the acquisition of substantially all of the assets of the Lowell Herb Co. and Lowell Smokes trademark brands, product portfolio, and production assets from The Hacienda Group. Lowell Herb Co. is a leading Californiacannabis brand that manufactures and distributes distinctive and highly regarded premium packaged flower, pre-roll, concentrates, and vape products. The acquisition was valued at approximately $39 million, comprised of $4.1 million in cash and the issuance of 22,643,678 subordinate voting shares. The Hacienda Group has agreed to continue to produce Lowell products for an interim period for the account of the Company pending completion of the transfer of certain regulatory assets. In connection with this acquisition, the Company completed a change in its corporate name to Lowell Farms Inc effective March 1, 2021.

The Company has evaluated subsequent events through April 12, 2021, the date the financial statements were available to be issued.

VALUATION AND QUALIFYING ACCOUNTS
Three Years Ended December 31, 2020

(in thousands)	Balance Beginning of Year	Additions Charged to Costs and Expenses	(Deductions) Recoveries/ Other(1)	Balance End of Year
Allowance for doubtful accounts:				
Year Ended December 31, 2020	$ 2,595	$ 1,195	$ (2,401)	$ 1,389
Year Ended December 31, 2019	$ 250	$ 2,346	$ (1)	$ 2,595
Year Ended December 31, 2018	$ 165	$ 175	$ (90)	$ 250

(1) Consists of recoveries, less deductions representing receivables written off as uncollectible.

THE HACIENDA COMPANY, LLC
Consolidated Financial Statements
As of December 31, 2020 and 2019 and for the
Years Ended December 31, 2020 and 2019

(Expressed in United States Dollars)

THE HACIENDA COMPANY, LLC
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

CPA | GREEN GROWTH

To the Board of Directors and Shareholders
of The Hacienda Company, LLC,

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of The Hacienda Company, LLC as of December 31, 2020 and 2019, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the years in the two-year period ended December 31, 2020, and the related notes collectively referred to as the financial statements. In our opinion, the 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 each of the years in the two-year period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's 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 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 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 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 financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Description of the Matter	***Allowance for Doubtful Accounts*** As described in the Balance Sheet and Note 2 to the consolidated financial statements, the Company has established an allowance for doubtful accounts of $805 thousand as of December 31, 2020. Auditing management's evaluation of allowance was challenging due to the level of subjectivity and significant judgment associated with collectability of accounts receivable.
How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design, and tested the implementation of controls over the Company's accounting process for allowance of doubtful accounts. Our procedures consisted of performing retrospective review of the allowance by comparing historical reserve to historical write-offs, analyzing accounts receivable aging buckets, and sending confirmations. Based on the audit procedures performed, we found the reserve levels to be reasonable.

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

Los Angeles, California

April 26, 2021

THE HACIENDA COMPANY, LLC

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in thousands)	Note	December 31, 2020	December 31, 2019
ASSETS			
Current assets:			
Cash and cash equivalents		$ 2,602	$ 12,037
Accounts Receivable		1,190	2,998
Inventory	*4*	4,993	5,847
Prepaid expenses and other current assets		234	278
Total current assets		**9,020**	**21,160**
Long-term investments	*6*	-	1,083
Property and equipment, net	*5*	2,597	6,640
Other assets, net		109	144
Total assets		**$ 11,726**	**$ 29,027**
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable		$ 2,413	$ 4,115
Accrued payroll and benefits		96	285
Notes payable, current portion	*7*	2,987	131
Lease obligation, current portion	*8*	145	131
Other current liabilities		166	26
Total current liabilities		**5,807**	**4,688**
Notes payable	*7*	-	2,799
Lease obligation	*8*	232	377
Total liabilities		**6,039**	**7,864**
STOCKHOLDERS' EQUITY			
Share capital		45,728	47,267
Accumulated deficit		(40,041)	(26,104)
Total stockholders' equity		**5,687**	**21,163**
Total liabilities and stockholders' equity		**$ 11,726**	**$ 29,027**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands)	Note	Years Ended December 31, 2020	2019
Net revenue		$ 14,895	$ 20,765
Cost of goods sold		14,626	25,411
Gross profit/(loss)		269	(4,646)
Operating expenses			
General and administrative	*12*	8,264	9,151
Sales and marketing		1,895	4,008
Distribution		1,800	2,182
Total operating expenses		11,959	15,341
Loss from operations		(11,690)	(19,987)
Other income/(expense)			
Other income/(expense)		(190)	(9)
Loss on termination of investments, net		(1,735)	(1,000)
Interest expense		(322)	(1,044)
Total other income/(expense)		(2,247)	(2,053)
Loss before provision for income taxes		(13,937)	(22,040)
Provision for income taxes	*9*	-	-
Net loss		**$ (13,937)**	**$ (22,040)**

See accompanying notes to consolidated financial statements.

THE HACIENDA COMPANY, LLC

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(in thousands)	Attributable to Shareholders of the Parent		
	Share Capital	Accumulated Deficit	Stockholders' Equity
Balance—December 31, 2018	**$ 6,233**	**$ (4,041)**	**$ 2,192**
Net loss	-	(22,040)	(22,040)
Adoption of lease accounting standard	-	(23)	(23)
Private placements, net	46,734	-	46,734
Share repurchase	(5,000)		(5,000)
Capital draws	(700)	-	(700)
Balance—December 31, 2019	**$ 47,267**	**$ (26,104)**	**$ 21,163**
Net loss	-	(13,937)	(13,937)
Capital draws	(1,539)	-	(1,539)
Balance—December 31, 2020	**$ 45,728**	**$ (40,041)**	**$ 5,686**

See accompanying notes to consolidated financial statements.

THE HACIENDA COMPANY, LLC

STATEMENTS OF CASH FLOWS

(in thousands)	Year Ended December 31, 2020	2019
CASH FLOW FROM OPERATING ACTIVITIES		
Net loss	$ (13,937)	$ (22,040)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,035	471
Loss on termination of investment	1,083	-
Impairment of investment	-	1,000
Bad debt expense	578	686
Amortization of debt issuance costs	7	-
Loss on sale of assets	671	-
Changes in operating assets and liabilities:		
Accounts receivable	1,231	(2,851)
Inventory	853	(5,078)
Prepaid expenses and other current assets	44	(162)
Other assets	35	(85)
Accounts payable and accrued expenses	(1,751)	3,473
Other current liabilities	-	(410)
Net cash used in operating activities	**(10,151)**	**(24,996)**
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from asset sales	3,068	-
Purchases of property and equipment	(732)	(2,830)
Investment in café	-	(2,083)
Net cash used in investing activities	**2,336**	**(4,913)**
CASH FLOW FROM FINANCING ACTIVITIES		
Principal payments on lease obligations	(131)	(117)
Payments on notes payable	(2,863)	(151)
Proceeds from notes payable	2,913	-
Proceeds from share offering	-	46,734
Fees on share offering	(39)	-
Payments for share repurchase	-	(5,000)
Draw on share capital	(1,500)	(700)
Net cash provided by financing activities	**(1,620)**	**40,766**
Change in cash and cash equivalents and restricted cash	(9,435)	10,857
Cash and cash equivalents—beginning of year	12,037	1,180
Cash, cash equivalents and restricted cash—end of period	**$ 2,602**	**$ 12,037**
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the period for interest	$ 315	$ 1,044
Cash paid during the period for income taxes	$ -	$ -

See accompanying notes to consolidated financial statements.

All amounts in these Notes are expressed in thousands of United States dollars ("$" or "US$"), unless otherwise indicated.

1. NATURE OF OPERATIONS

The Hacienda Company, LLC ("THC" or the Company), a California limited liability company, was formed in 2016.

THC, through its licensed subsidiaries, is a cannabis company that owns, manages and operates extraction, distribution and manufacturing operations in California.

The Company's corporate office and principal place of business is located at 11618 Pendleton Street, Sun Valley, California.

2. SIGNIFICANT ACCOUNTING POLICIES

Estimates

The World Health Organization categorized the Coronavirus disease 2019 (COVID-19) as a pandemic. The COVID-19 pandemic has caused a severe global health crisis, along with economic and societal disruptions and uncertainties, which have negatively impacted business and healthcare activity globally. As a result of healthcare systems responding to the demands of managing the pandemic, governments around the world imposing measures designed to reduce the transmission of the COVID-19 virus, and individuals responding to the concerns of contracting the COVID-19 virus, many optical practitioners & retailers, hospitals, medical offices and fertility clinics closed their facilities, restricted access, or delayed or canceled patient visits, exams and elective medical procedures, and many customers that have reopened are experiencing reduced patient visits. This has had, and we believe will continue to have, an adverse effect on our sales, operating results and cash flows.

The preparation of Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of net sales and expenses during the reporting period. Actual results could differ from those estimates particularly as it relates to estimates reliant on forecasts and other assumptions reasonably available to the Company and the uncertain future impacts of the COVID-19 pandemic and related economic disruptions. The extent to which the COVID-19 pandemic and related economic disruptions impact our business and financial results will depend on future developments including, but not limited to, the continued spread, duration and severity of the COVID-19 pandemic; the occurrence, spread, duration and severity of any subsequent wave or waves of outbreaks; the actions taken by the U.S. and foreign governments to contain the COVID-19 pandemic, address its impact or respond to the reduction in global and local economic activity; the occurrence, duration and severity of a global, regional or national recession, depression or other sustained adverse market event; the impact of the developments described above on our customers and suppliers; and how quickly and to what extent normal economic and operating conditions can resume.

The accounting matters assessed included, but were not limited to:

- allowance for doubtful accounts and credit losses
- carrying value of inventory
- the carrying value of long-lived assets.

There was not a material impact to the above estimates in the Company's Consolidated Financial Statements for fiscal 2020. The Company continually monitors and evaluates the estimates used as additional information becomes available. Adjustments will be made to these provisions periodically to reflect new facts and circumstances that may indicate that historical experience may not be indicative of current and/or future results. The Company's future assessment of the magnitude and duration of COVID-19, as well as other factors, could result in material changes to the estimates and material impacts to the Company's Consolidated Financial Statements in future reporting periods.

Basis of Preparation

Management's significant accounting policies include estimates and judgments which are an integral part of financial statements prepared in accordance with accounting principles generally accepted in the United States (GAAP). We believe that the accounting policies described in this section address the more significant policies utilized by management when preparing our consolidated financial statements in accordance with GAAP. We believe that the accounting policies and estimates employed are appropriate and resulting balances are reasonable; however, actual results could differ from the original estimates, requiring adjustment to these balances in future periods. The accounting policies that reflect our more significant estimates, judgments and assumptions and which we believe are the most important to aid in fully understanding and evaluating our reported financial results are:

Basis of Measurement

These consolidated financial statements have been prepared on the going concern basis, under the historical cost convention, except for certain financial instruments, which are measured at fair value. Historical cost is generally based upon the fair value of the consideration given in exchange for assets.

Functional Currency

The Company and its subsidiaries' functional currency, as determined by management, is the United States ("U.S.") dollar. These consolidated financial statements are presented in U.S. dollars.

Financial and other metrics, such as shares outstanding, are presented in thousands unless otherwise noted.

Basis of Consolidation

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly and indirectly, to govern the financial and operating policies of an entity and be exposed to the variable returns from its activities. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

These consolidated financial statements include the accounts of the Company and its subsidiaries:

- The Hacienda Company, a California limited liability company, the parent company
- Brand New Concepts, LLC, a California limited liability company, wholly owned by The Hacienda Company, holder of manufacturing and distribution licenses
- LFLC, LLC, a California limited liability company, wholly owned by The Hacienda Company, holds vehicle leases
- Lowell Farms, LLC, a California limited liability corporation, wholly owned by The Hacienda Company, operated cultivation site, operations terminated in 2020
- LFHMP, LLC, a California limited liability company, wholly owned by The Hacienda Company, not presently in operation

Intercompany balances, and any unrealized gains and losses or income and expenses arising from transactions with subsidiaries, are eliminated.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash deposits in financial institutions, and other deposits that are readily convertible into cash. The Company considers all short-term, highly liquid investments purchased with maturities of three months or less to be cash equivalents. These investments are carried at cost, which approximates fair value.

Accounts Receivable

Accounts receivables are classified as loans and receivable financial assets. Accounts receivables are recognized initially at fair value and subsequently measured at amortized cost, less any provisions for impairment. When an accounts receivable is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the consolidated statements of operations. The allowance for doubtful accounts was $805 and $581 as of December 31, 2020 and 2019, respectively.

Inventories

Inventories are valued at the lower of cost and net realizable value. Costs related to raw materials and finished goods are determined on the first-in, first-out basis. Specific identification and average cost methods are also used primarily for certain packing materials and operating supplies. The Company reviews inventory for obsolete, redundant and slow-moving goods and any such inventory is written-down to net realizable value.

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation and impairment losses, if any. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset using the following terms and methods:

Category	Useful Life
Leasehold improvements	The lesser of the estimated useful life or length of the lease
Furniture and fixtures	3 – 7 years
Vehicles	4 – 5 years
Machinery and equipment	3 – 6 years
Land	Not depreciated

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively if appropriate. An item of equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the consolidated statements of operations in the year the asset is derecognized.

Intangible Assets

Intangible assets are recorded at cost, less accumulated amortization and impairment losses, if any. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Amortization is recorded on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any. The estimated useful lives, residual values, and amortization methods are reviewed at each year-end, and any changes in estimates are accounted for prospectively.

Impairment of Long-lived Assets

Long-lived assets, including property, plant and equipment and intangible assets are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or "CGU"). The recoverable amount of an asset or a CGU is the higher of its fair value, less costs to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss equal to the amount by which the carrying amount exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of the recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

Leased Assets

A lease of property and equipment is classified as a capital lease if it transfers substantially all the risks and rewards incidental to ownership to the Company. Lease right-of-use assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make payments arising from the lease agreement. These assets and liabilities are recognized at the commencement of the lease based upon the present value of the future minimum lease payments over the lease term. The lease term reflects the noncancelable period of the lease together with periods covered by an option to extend or terminate the lease when management is reasonably certain that it will exercise such option. Changes in the lease term assumption could impact the right-of-use assets and lease liabilities recognized on the balance sheet. As our leases typically do not contain a readily determinable implicit rate, we determine the present value of the lease liability using our incremental borrowing rate at the lease commencement date based on the lease term on a collateralized basis.

Income Taxes

The Company is a United States C corporation for income tax purposes. Income tax expense consisting of current and deferred tax expense is recognized in the consolidated statements of operations. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs. A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Revenue Recognition

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. The Company enters contracts that can include various combinations of products and services, which are generally capable of being distinct and accounted for as separate performance obligations. Revenue is recognized net of allowances for returns and any taxes collected from customers, which are subsequently remitted to governmental authorities.

Revenue is recognized when it satisfies a performance obligation by transferring a promised cannabis good to a customer. A contract, whether a verbal or written sales order, is established with customers prior to order fulfillment with agreement upon unit prices, delivery dates, and payment terms. The transaction price is based on market pricing while considering the value of the Company's brand and quality. Transaction price is allocated to each product sold based upon the negotiated unit sales price associated with each product line scheduled for delivery within the order. Performance obligation satisfaction occurs upon delivery to customer premises. These types of revenues accounted for under ASC Topic 606, generally, do not require significant estimates or judgments based on the nature of the Company's revenue stream. The sales prices, including discounts, are fixed at the point of sale and all consideration from contracts is included in the transaction price. The Company's contracts do not include multiple performance obligations or material variable consideration.

Research and Development

Research costs are expensed as incurred. For the years ended December 31, 2020 and December 31, 2019, research costs are immaterial.

Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete the development to use or sell the asset. To date, no development costs have been capitalized.

Significant Accounting, Estimates and Assumptions

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements are described below.

- Estimated Useful Lives and Depreciation of Property and Equipment – Depreciation of property and equipment is 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 take into account factors such as economic and market conditions and the useful lives of assets.
- Deferred Tax Asset and Valuation Allowance – Deferred tax assets, including those arising from tax loss carry-forwards, requires management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

3.1. CHANGES IN OR ADOPTION OF ACCOUNTING POLICIES

The following accounting pronouncements were recently adopted:

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires that a lessee recognize the assets and liabilities that arise from operating leases. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use (ROU) asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. In July 2018, the FASB issued ASU 2018-10, *Codification Improvements to Topic 842, Leases and ASU 2018-11, Leases Topic 842 Target improvements,* which provides an additional (and optional) transition method whereby the new lease standard is applied at the adoption date and recognized as an adjustment to retained earnings. In March 2019, the FASB issued ASU 2019-01, *Leases (Topic 842) Codification Improvements*, which further clarifies the determination of fair value of the underlying asset by lessors that are not manufacturers or dealers and modifies transition disclosure requirements for changes in accounting principles and other technical updates. The Company adopted the standard effective January 1, 2019 using the modified retrospective adoption method which allowed it to initially apply the new standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of accumulated deficit. In connection with the adoption of the new lease pronouncement, the Company recorded a charge to accumulated deficit of $23.

Effects of Adoption

The Company has elected to use the practical expedient package that allows us to not reassess: (1) whether any expired or existing contracts are or contain leases, (2) lease classification for any expired or existing leases and (3) initial direct costs for any expired or existing leases. The Company additionally elected to use the practical expedients that allow lessees to: (1) treat the lease and non-lease components of leases as a single lease component for all of its leases and (2) not recognize on its balance sheet leases with terms less than twelve months.

The Company determines if an arrangement is a lease at inception. The Company leases certain manufacturing facilities, warehouses, offices, machinery and equipment, vehicles and office equipment under operating leases. Under the new standard, operating leases result in the recognition of ROU assets and lease liabilities on the consolidated balance sheet. ROU assets represent our right to use the leased asset for the lease term and lease liabilities represent our obligation to make lease payments. Under the new standard, operating lease 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, upon adoption of the new standard, we used our estimated incremental borrowing rate based on the information available, including lease term, as of January 1, 2019 to determine the present value of lease payments. Operating lease ROU assets are adjusted for any lease payments made prior to January 1, 2019 and any lease incentives. Certain of our leases may include options to extend or terminate the original lease term. The Company generally concluded that it is not reasonably certain to exercise these options due primarily to the length of the original lease term and its assessment that economic incentives are not reasonably certain to be realized. Operating lease expense under the new standard is recognized on a straight-line basis over them lease term. Current finance lease obligation consists primarily of the manufacturing and distribution facility lease.

Refer to the *Summary of Effects of Lease Accounting Standard Update Adopted in First Quarter of 2019* below for further details.

Leases accounted for under the new standard have initial remaining lease terms of one to seven years. Certain of our lease agreements include rental payments adjusted periodically for inflation. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Summary of Effects of Lease Accounting Standard Update Adopted in First Quarter of 2019

The cumulative effects of the changes made to our consolidated balance sheet as of the beginning of the first quarter of 2019 as a result of the adoption of the accounting standard update on leases were as follows:

		Effects of adoption of lease accounting standard update related to:		
(in thousands, $US)	**December 31, 2018**	**Recognition of Operating Leases**	**Total Effects of Adoption**	**With effect of least accounting standard update January 1, 2019**
Assets				
Property and equipment, net	$ 3,680	$ 602	$ 602	$ 4,282
Liabilities				
Current portion of long-term debt	127	117	117	$ 244
Long-term debt, net	2,884	508	508	$ 3,392
Equity				
Accumulated Deficit	(4,041)	(23)	(23)	$ (4,064)
Total	**$ 4,710**	**$ -**	**$ -**	**$ 4,710**

In June 2016, the FASB issued ASU No. 2016-13, *"Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*" and subsequent amendments to the initial guidance: ASU 2018-19 *"Codification Improvements to Topic 326, Financial Instruments-Credit Losses*", ASU 2019-04 "*Codification Improvements to Topic 326, Financial Instruments-Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments"*, ASU 2019-05 "*Financial Instruments-Credit Losses*", ASU 2019-11 "*Codification Improvements to Topic 326, Financial Instruments - Credit Losses" (collectively, Topic 326),*ASU 2020-02 *Financial Instruments—Credit Losses (Topic 326) and Leases (Topic 842)* and ASU 2020-03 *Codification Improvements to Financial Instruments*. Topic 326 requires measurement and recognition of expected credit losses for financial assets held. This guidance is effective for the year ended December 31, 2020. The Company believes that the most notable impact of this ASU will relate to its processes around the assessment of the adequacy of its allowance for doubtful accounts on trade accounts receivable and the recognition of credit losses. We continue to monitor the economic implications of the COVID-19 pandemic, however based on current market conditions, the adoption of the ASU did not have a material impact on the consolidated financial statements.

In November 2018, the FASB issued ASU 2018-18, *Collaborative Arrangements (Topic 808), Clarifying the Interaction between Topic 808 and Topic 606*. This guidance amended Topic 808 and Topic 606 to clarify that transactions in a collaborative arrangement should be accounted for under Topic 606 when the counterparty is a customer for a distinct good or service (i.e., unit of account). The amendments preclude an entity from presenting consideration from a transaction in a collaborative arrangement as revenue from contracts with customers if the counterparty is not a customer for that transaction. This guidance is effective for the year ended December 31, 2020. The adoption of this guidance did not have a material impact on our Consolidated Financial Statements.

The following accounting pronouncements issued have not yet been adopted:

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. This guidance removes certain exceptions to the general principles in Topic 740 and enhances and simplifies various aspects of the income tax accounting guidance, including requirements such as tax basis step-up in goodwill obtained in a transaction that is not a business combination, ownership changes in investments, and interim-period accounting for enacted changes in tax law. This standard is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2020. We are currently evaluating the impact of ASU 2019-12 on our Consolidated Financial Statements, which is effective for the Company in our fiscal year and interim periods beginning on January 1, 2021.

In January 2020, the FASB issued ASU 2020-01 *Investments-Equity Securities (Topic 321), Investments-Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815) - Clarifying the Interactions between Topic 321, Topic 323, and Topic 815.* This guidance addresses accounting for the transition into and out of the equity method and provides clarification of the interaction of rules for equity securities, the equity method of accounting, and forward contracts and purchase options on certain types of securities. This standard is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2020. We are currently evaluating the impact of ASU 2020-01 on our Consolidated Financial Statements, which is effective for the Company in our fiscal year and interim periods beginning on January 1, 2021.

In August 2020, the FASB issued ASU 2020-06, Debt—*Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40)*. This update amends the guidance on convertible instruments and the derivatives scope exception for contracts in an entity's own equity and improves and amends the related EPS guidance for both Subtopics. This standard is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2021, which means it will be effective for our fiscal year beginning January 1, 2022. Early adoption is permitted. We are currently evaluating the impact of ASU 2020-06 on our Consolidated Financial Statements.

No other recently issued accounting pronouncements had or are expected to have a material impact on our Consolidated Financial Statements.

4. INVENTORY

Inventory was comprised of the following items:

(in thousands)	December 31, 2020	December 31, 2019
Components and finished goods	$ 4,407	$ 5,234
Promotional merchandise for resale	586	613
Total Inventory	**$ 4,993**	**$ 5,847**

5. PROPERTY AND EQUIPMENT

A reconciliation of the beginning and ending balances of property and equipment and accumulated depreciation during the year ended December 31, 2020 is as follows:

(in thousands)	Land	Leasehold Improvements	Furniture and Fixtures	Equipment	Vehicles	Right of Use Assets	Total
Costs							
Balance—December 31, 2018	$ 3,148	$ 11	$ 299	$ -	$ 255	$ -	$ 3,712
Additions	568	510	343	920	489	-	2,830
ASU 2016-02 and 2018-10 adoption	-	-	-	-	-	717	717
Disposals/Transfers	-	-	-	-	-	-	-
Balance—December 31, 2019	$ 3,716	$ 521	$ 641	$ 920	$ 744	$ 717	$ 7,259
Additions	-	89	2	638	-	-	730
Disposals/Transfers	(3,716)	-	-	-	(37)	-	(3,754)
Balance—December 31, 2020	**$ -**	**$ 610**	**$ 643**	**$ 1,558**	**$ 706**	**$ 717**	**$ 4,235**
Accumulated Depreciation							
Balance—December 31, 2018	$ -	$ -	$ (25)	$ -	$ (6)	$ -	$ (32)
Depreciation	-	(75)	(72)	(94)	(92)	(138)	$ (471)
ASU 2016-02 and 2018-10 adoption	-	-	-	-	-	(116)	$ (116)
Disposals	-	-	-	-	-	-	$ -
Balance—December 31, 2019	$ -	$ (75)	$ (97)	$ (94)	$ (98)	$ (254)	$ (619)
Depreciation	-	(190)	(92)	(466)	(150)	(138)	(1,035)
Disposals	-	-	-	-	16	-	16
Balance—December 31, 2020	**$ -**	**$ (265)**	**$ (189)**	**$ (561)**	**$ (232)**	**$ (392)**	**$ (1,638)**
Net Book Value							
December 31, 2019	$ 3,716	$ 446	$ 544	$ 825	$ 645	$ 463	$ 6,640
Balance—December 31, 2020	**$ -**	**$ 346**	**$ 454**	**$ 997**	**$ 474**	**$ 325**	**$ 2,597**

Depreciation expense of $1,035 and $471 were recorded for the years ended December 31, 2020 and 2019, respectively.

6. INVESTMENTS

In 2018, utilizing $2.8 million in loan financing, the Company invested in a cultivation site in Santa Ynez, California to be developed to cultivate cannabis in lieu of purchasing the raw material. Due to limited resources, procedural requirements associated with permitting requirements and the time required to develop the site, in 2020 the site was sold resulting in a loss of $652 which is included in other expense as loss on investments in the accompanying Statements of Operations.

In 2019, the Company funded a minority investment in a cannabis-centric lounge and café in West Hollywood, California and began initial investments towards opening operations in Oregon and Washington. Due to restriction on capital availability, the viability of these operations was considered at risk and an impairment charge of $1 million was recorded in 2019 and the investments were abandoned in 2020 resulting in a loss of $1.1 million. The impairment charge and loss on closing the operations are included in other expense as loss on investments in the accompanying Statement of Operations.

In 2020, the company received stock as compensation for accounts receivable due from a customer and in turn sold the stock and recorded a $908 gain on the sale. The gain has been reflected in other expense, net in the accompanying Statement of Operations.

7. DEBT

Debt at December 31, 2020 and 2019 was comprised of the following:

	December 31,	
(in thousands)	**2020**	**2019**
Current portion of long-term debt		
Vehicle loans[1]	$ 67	$ 131
Note payable[3]	2,920	-
Total short-term debt	2,987	131
Long-term debt, net		
Vehicle loans[1]	-	11
Note payable[2]	-	2,788
Total long-term debt	-	2,799
Total Indebtedness	**$ 2,987**	**$ 2,930**

[1] Primarily fixed term loans on transportation vehicles. Weighted average interest rate at December 31, 2020 was 8.3%.
[2] Note payable in connection with farm acquisition. Interest rated at December 31, 2019 was 10%.
[3] Loan agreement with Worth Capital Holdings, net of $80 of deferred financing fees. Interest rate at December 31, 2020 was 15%.

Debt obligations are due in 2021, including the note payable which was paid from proceeds associated with the sale of the Company's assets. See Note 15.

8. LEASES

A reconciliation of lease obligations for the year ended December 31, 2020 was comprised of the following:

(in thousands)	
Lease Liability	
December 31, 2019	$ 508
Lease principal payments	(131)
December 31, 2020	**$ 377**
Lease obligation, current portion	$ 145
Lease obligation, long-term portion	$ 232

All extension options that are reasonably certain to be exercised have been included in the measurement of lease obligations. The Company reassesses the likelihood of extension option exercise if there is a significant event or change in circumstances within its control.

The components of lease expense for the year ended December 31, 2020 were as follows:

Year Ended December 31, (in thousands)	**2020**
Amortization of leased assets[1]	$ 139
Interest on lease liabilities[2]	27
Total	**$ 166**

[1] Included in general and administrative expenses in the consolidated statement of operations.
[2] Included in interest expense in the consolidated statement of operations.

The key assumptions used in accounting for leases as of December 31, 2020 were a weighted average remaining lease term of 2.4 years and a weighted average discount rate of 6.0%.

The future lease payments with initial remaining terms in excess of one year as of December 31, 2020 were as follows:

(in thousands)	**December 31, 2020**
1 - 3 years	$ 377

9. INCOME TAXES

Coronavirus Aid, Relief and Economic Security Act

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) was enacted and signed into law in response to the market volatility and instability resulting from the COVID-19 pandemic. It includes a significant number of tax provisions and lifts certain deduction limitations originally imposed by the Tax Cuts and Jobs Act of 2017 (the 2017 Act). The changes are mainly related to: (1) the business interest expense disallowance rules for 2019 and 2020; (2) net operating loss rules; (3) charitable contribution limitations; (4) employee retention credit; and (5) the realization of corporate alternative minimum tax credits.

The Company continues to assess the impact and future implications of these provisions; however, it does not anticipate any amounts that could give rise to a material impact to the overall consolidated financial statements.

The provision for income tax expense for the years ended December 31, 2020 and 2019 consisted of the following:

Years Ended December 31, (in thousands)	**2020**	**2019**
Current		
Federal	$ -	$ -
State	-	-
Total Current	**-**	**-**
Deferred tax expense (benefit)		
Federal	5,275	5,219
State	4,823	3,011
Total deferred tax benefit	**10,098**	**8,229**
Valuation allowance	(10,098)	(8,229)
Income tax expense	**$ -**	**$ -**

As the Company operates in the cannabis industry, it is subject to the limitations of IRC Section 280E, under which the Company is only allowed to deduct expenses directly related to sales of product. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E. Therefore, the effective tax rate can be highly variable and may not necessarily correlate with pre-tax income or loss.

In December 2017, the United States ("U.S.") Congress passed and the President signed referred to as the 2017 Tax Act, which contains many significant changes to the U.S. tax laws, including, but not limited to, reducing the U.S. federal corporate tax rate from 35% to 21% and utilization limitations of net operating loss carryforwards created in tax years beginning after December 31, 2017 to 80% of taxable income with an indefinite carryforward period. As the Company has a full valuation allowance against its U.S. deferred tax assets, the revaluation of net deferred tax assets resulting from the reduction in the U.S. federal corporate income tax rate did not impact the Company's effective tax rate. Additional guidance may be issued by the U.S. Treasury Department, the Internal Revenue Service ("IRS"), or other standard-setting bodies, which may result in adjustments to the amounts recorded, including the valuation allowance. Significant components of the Company's deferred tax assets and liabilities at December 31, 2020 and 2019, are as follows:

Years Ended December 31, (in thousands)	**2020**	**2019**
Deferred tax assets		
Net operating loss carryforwards	$ 9,985	$ 8,229
Accruals and reserves	-	-
Depreciation	-	-
Other	-	-
Valuation allowance	(9,985)	(8,229)
Total deferred tax assets	-	-
Accruals and reserves	-	-
Total deferred tax liabilities	-	-
Net deferred tax liabilities	**$ -**	**$ -**

Management assesses the available positive and negative evidence to estimate if sufficient future taxable income will be generated to use the existing deferred tax assets. A significant piece of objective negative evidence evaluated was the cumulative losses incurred through the year ended December 31, 2020. Such objective evidence limits the ability to consider other subjective evidence, such as the Company's projections for future growth. On the basis of this evaluation, the Company has determined that it is more likely than not that the Company will not recognize the benefits of the federal and state net deferred tax assets, and, as a result, a full valuation allowance totaling $10.0 million and $8.2 million has been recorded against its net deferred tax assets as of December 31, 2020 and 2019. The amount of the deferred tax asset considered realizable, however, could be adjusted if estimates of future taxable income during the carryforward period are reduced or increased or if objective negative evidence in the form of cumulative losses is no longer present and additional weight may be given to subjective evidence such as our projections for growth.

As of December 31, 2020 and 2019, the Company had federal net operating loss ("NOL") carryforwards of approximately $24.6 million and $24.9 million respectively. The Company had state NOL carryforwards of approximately $37.1 million and $23.2 million. Utilization of some of the federal and state NOL carryforwards to reduce future income taxes will depend on the Company's ability to generate sufficient taxable income prior to the expiration of the carryforwards. Under the provisions of the Internal Revenue Code, the NOLs and tax credit carryforwards are subject to review and possible adjustment by the IRS and state tax authorities. NOLs and tax credit carryforwards may become subject to an annual limitation in the event of certain cumulative changes in the ownership interest of significant stockholders over a three-year period in excess of 50%, as defined under Sections 382 and 383 of the Internal Revenue Code, as well as similar state provisions. This could limit the amount of tax attributes that can be utilized annually to offset future taxable income or tax liabilities. The amount of the annual limitation is determined based on the value of the Company immediately prior to the ownership change. The Company has not performed a comprehensive Section 382 study to determine any potential loss limitation with regard to the NOL carryforwards and tax credits. Any limitations would not impact the results of the Company's operations and cash flows because the Company has recorded a valuation allowance against its net deferred tax assets.

The Company recognizes the impact of a tax position in the financial statements if that position is more likely than not of being sustained on a tax return upon examination by the relevant taxing authority, based on the technical merits of the position. As of December 31, 2020 and 2019, the Company had no unrecognized tax benefits.

The Company recognizes interest and penalties related to income tax matters in income tax expense. As of December 31, 2020 and 2019, the Company had no accrued interest and penalties related to uncertain tax positions.

The Company is subject to examination for its US federal and state jurisdictions for each year in which a tax return was filed, due to the existence of NOL carryforwards. These tax filings in major U.S. jurisdictions are open to examination by tax authorities, such as the IRS from 2016 forward and by tax authorities in various US states from 2016 forward.

10. FAIR VALUE MEASUREMENTS

Accounting standards define fair value as 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. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. An asset's or liability's level is based on the lowest level of input that is significant to the fair value measurement. Assets and liabilities carried at fair value are valued and disclosed in one of the following three levels of the valuation hierarchy:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs reflecting the reporting entity's own assumptions.

At December 31, 2020 and 2019, the carrying value of cash and cash equivalents, accounts receivable, prepaid expense and other current assets, accounts payable and other current liabilities approximate fair value due to the short-term nature of such instruments.

The carrying value of the Company's debt approximates fair value based on current market rates (Level 2).

Nonrecurring fair value measurements

The Company uses fair value measures when determining assets and liabilities acquired in an acquisition as described in Note 5 which are considered a Level 3 measurement.

11. COMMITMENTS AND CONTINGENCIES

Commitments

No significant commitments were outstanding at December 31, 2020.

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. In 2019, state regulatory agencies filed a complaint against the Company alleging the Company was engaged in unlicensed cannabis activity. While not admitting to any allegations, in 2020 the Company agreed to a settlement in which it paid $546 in fees and expenses and agreed to engage a cannabis compliance coordinator for a period of five years to monitor compliance with local and state regulations. The settlement expense is included in other expense, net in the accompanying Statement of Operations. While management of the Company believes that the Company is in compliance with applicable local and state regulation as of December 31, 2020, 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.

Litigation and Claims

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. In 2020, the Company reached a settlement with a landlord over a dispute relating to a facility lease. As a result of the settlement, the lease was terminated and the Company agreed to a payment of fees and expenses amounting to $518, which has been included in other expense, net in the accompanying Statement of Operations. As of December 31, 2020, 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.

12. GENERAL AND ADMINISTRATIVE EXPENSES

For the years ended December 31, 2020 and 2019, general and administrative expenses were comprised of:

Years Ended December 31, (in thousands)	2020	2019
Salaries and benefits	$ 2,656	$ 3,169
Professional fees	1,744	1,593
Facility expenses	700	540
Depreciation	239	333
Supplies	252	685
Administrative	2,673	2,830
Total general and administrative expenses	$ 8,264	$ 9,151

13. RELATED-PARTY TRANSACTIONS

Transactions with related parties are entered into in the normal course of business and are measured at the amount established and agreed to by the parties.

14. SEGMENT INFORMATION

The Company's operations are comprised of a single reporting operating segment engaged in the production and sale of cannabis products in the United States. As the operations comprise a single reporting segment, amounts disclosed in the financial statements also represent a single reporting segment.

15. SUBSEQUENT EVENTS

On February 25, 2021, the Company announced the sale of substantially all of the assets of the Company, including the Lowell Herb Co. and Lowell Smokes trademark brands, product portfolio, and production assets to Indus Holdings, Inc. The transaction was valued at approximately $39 million, comprised of $4.1 million in cash and the issuance of 22,643,678 subordinate voting shares of Indus Holdings, Inc. The Company has agreed to continue to produce Lowell products for an interim period for the account of Indus Holdings, Inc. pending completion of the transfer of certain regulatory assets.

The Company has evaluated subsequent events through April 26, 2021, the date the financial statements were available to be issued.

LOWELL FARMS INC. AND THE HACIENDA COMPANY, LLC

INTRODUCTION TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

The following unaudited pro forma condensed combined financial statements are based on our historical consolidated financial statements and The Hacienda Company, LLC historical consolidated financial statements as adjusted to give effect to the February 25, 2021 acquisition of substantially all of the assets of the Lowell Herb Co. and Lowell Smokes trademark brands, product portfolio, and production assets. The unaudited pro forma condensed combined statements of operations for the years ended December 31, 2020 and 2019 give effect to the asset acquisition as if it had occurred on January 1, 2019. The unaudited pro forma condensed combined balance sheets as of December 31, 2020 and 2019 give effect to the acquisition as if it had occurred on January 1, 2019.

The pro forma condensed combined financial statements do not necessarily reflect what the combined company's financial condition or results of operations would have been had the acquisition occurred on the dates indicated. They also may not be useful in predicting the future financial condition and results of operation of the combined company. The actual financial position and results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors.

LOWELL FARMS INC. AND THE HACIENDA COMPANY, LLC

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEETS

(in thousands)	December 31, 2020 Lowell Farms Inc.	The Hacienda Company, LLC	Pro Forma Adjustments	Notes	Pro Forma Combined
ASSETS					
Current assets:					
Cash and cash equivalents	$ 25,751	$ 2,602	$ (2,602)	(a)	$ 25,751
Accounts Receivable—net	4,529	1,190	-		5,719
Inventory	9,933	4,993	-		14,926
Prepaid expenses and other current assets	6,391	234	(234)	(a)	6,391
Total current assets	**46,604**	**9,019**	**(2,836)**		**52,787**
Long-term investments	202	-			202
Property and equipment, net	49,243	2,597	(2,341)	(a)	49,499
Intangible Assets, net	1,093	-	30,569	(b),(c)	31,662
Other assets	274	110	(110)	(a)	274
Total assets	**$ 97,416**	**$ 11,726**	**$ 25,282**		**$ 134,424**
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Accounts payable	$ 2,137	$ 2,413	$ (2,230)	(a)	$ 2,320
Accrued payroll and benefits	1,212	96	(96)	(a)	1,212
Notes payable, current portion	1,213	2,987	(2,920)	(a)	1,280
Lease obligation, current portion	2,301	145	-		2,446
Other current liabilities	8,860	166	(166)	(a)	8,860
Total current liabilities	**15,723**	**5,807**	**(5,412)**		**16,118**
Notes payable	303	-	-		303
Lease obligation	36,533	232	-		36,765
Convertible debentures	13,701	-	-		13,701
Other long-term liabilities	-	-	-		-
Total liabilities	**66,260**	**6,039**	**(5,412)**		**66,887**
STOCKHOLDERS' EQUITY					
Share capital	125,540	45,728	(11,370)	(a),(b)	159,898
Accumulated deficit	(94,384)	(40,041)	42,064	(a),(c)	(92,361)
Total stockholders' equity	**31,156**	**5,687**	**30,694**		**67,537**
Total liabilities and stockholders' equity	**$ 97,416**	**$ 11,726**	**$ 25,282**		**$ 134,424**

LOWELL FARMS INC. AND THE HACIENDA COMPANY, LLC

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEETS

(in thousands)	Lowell Farms Inc.	The Hacienda Company, LLC	Pro Forma Adjustments	Notes	Pro Forma Combined
	December 31, 2019				
ASSETS					
Current assets:					
Cash and cash equivalents	$ 1,344	$ 12,037	$ (12,037)	(a)	$ 1,344
Accounts Receivable—net	6,890	2,998	-		9,888
Inventory	10,418	5,847	-		16,265
Prepaid expenses and other current assets	2,729	278	(278)	(a)	2,729
Total current assets	**21,381**	**21,160**	**(12,315)**		**30,226**
Long-term investments	397	1,083	(1,083)	(a)	397
Property and equipment, net	42,972	6,640	(6,384)	(a)	43,228
Other intangibles, net	1,510	-	28,099	(b),(c)	29,609
Other assets	2,274	144	(144)	(a)	2,274
Total assets	**$ 68,534**	**$ 29,027**	**$ 8,173**		**$ 105,734**
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Accounts payable	$ 4,704	$ 4,115	$ (3,932)	(b)	$ 4,887
Accrued payroll and benefits	531	285	(285)	(b)	531
Notes payable, current portion	135	131	-		266
Lease obligation, current portion	2,325	131	-		2,456
Other current liabilities	4,356	26	(26)	(b)	4,356
Total current liabilities	**12,051**	**4,688**	**(4,243)**		**12,496**
Notes payable	371	2,799	(2,788)	(b)	382
Lease obligation	31,480	377	-		31,857
Convertible debentures	-	-	-		-
Other long-term liabilities	946	-	-		946
Total liabilities	**44,848**	**7,864**	**(7,031)**		**45,681**
STOCKHOLDERS' EQUITY					
Share capital	96,160	47,267	(12,909)	(a),(b)	130,518
Accumulated deficit	(72,474)	(26,104)	28,113	(a),(c)	(70,465)
Total stockholders' equity	**23,686**	**21,163**	**15,204**		**60,053**
Total liabilities and stockholders' equity	**$ 68,534**	**$ 29,027**	**$ 8,173**		**$ 105,734**

LOWELL FARMS INC. AND THE HACIENDA COMPANY, LLC

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENTS OF OPERATIONS

(in thousands, except per share amounts)	For the Year Ended December 31, 2020 Lowell Farms Inc.	The Hacienda Company, LLC	Pro Forma Adjustments	Notes	Pro Forma Combined
Net revenue	$ 42,618	$ 14,895	$ -		$ 57,513
Cost of goods sold	40,413	14,626	-		55,039
Gross profit/(loss)	2,205	269	-		2,474
Operating expenses					
General and administrative	11,762	8,264	-		20,026
Sales and marketing	5,169	1,895	-		7,064
Depreciation and amortization	1,082	1,800	-		2,882
Total operating expenses	18,013	11,959	-		29,972
Loss from operations	(15,808)	(11,690)	-		(27,498)
Other income/(expense)					
Other income/(expense)	1,486	(190)	-		1,296
Loss on termination of investment, net	(4,201)	(1,735)	1,735	(c)	(4,201)
Unrealized gain/(loss) on change in fair value of investment	168	-	-		168
Gain/(Loss) on foreign currency	-	-	-		-
Interest expense	(3,331)	(322)	288	(c)	(3,365)
Total other income/(expense)	(5,878)	(2,247)	2,023		(6,102)
Loss before provision for income taxes	(21,686)	(13,937)	2,023		(33,600)
Provision for income taxes	224	-	-		-
Net loss	**$ (21,910)**	**$ (13,937)**	**$ 2,023**		**$ (33,600)**
Net loss per share - basic and diluted	**$ (0.65)**				**$ (0.59)**
Weighted average shares outstanding - basic and diluted	33,940				56,584

LOWELL FARMS INC. AND THE HACIENDA COMPANY, LLC

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENTS OF OPERATIONS

(in thousands, except per share amounts)	For the Year Ended December 31, 2019				
	Lowell Farms Inc.	The Hacienda Company, LLC	Pro Forma Adjustments	Notes	Pro Forma Combined
Net revenue	$ 37,045	$ 20,765	$ -		$ 57,810
Cost of goods sold	47,790	25,411	-		73,201
Gross profit/(loss)	(10,745)	(4,646)	-		(15,391)
Operating expenses					
General and administrative	25,814	9,151	-		34,965
Sales and marketing	8,029	4,008	-		12,037
Depreciation and amortization	993	2,182	-		3,175
Total operating expenses	34,836	15,341	-		50,177
Loss from operations	(45,581)	(19,987)	-		(65,568)
Other income/(expense)					
Other income/(expense)	95	(9)	-		86
Loss on termination of investment, net	-	(1,000)	1,000	(c)	-
Unrealized gain/(loss) on change in fair value of investment	(2,250)	-	-		(2,250)
Gain/(Loss) on foreign currency	159	-	-		159
Interest expense	(2,152)	(1,044)	1,009	(c)	(2,187)
Total other income/(expense)	(4,148)	(2,053)	2,009		(4,192)
Loss before provision for income taxes	(49,729)	(22,040)	2,009		(69,760)
Provision for income taxes	205	-	-		205
Net loss	**$ (49,934)**	**$ (22,040)**	**$ 2,009**		**$ (69,965)**
Net loss per share - basic and diluted	**$ (1.59)**				**$ (1.30)**
Weighted average shares outstanding - basic and diluted	31,379				54,023

LOWELL FARMS INC. AND THE HACIENDA COMPANY, LLC

NOTES TO UNAUDITED PRO FORMA
CONDENSED COMBINED FINANCIAL STATEMENTS

1. Basis of presentation

The unaudited pro forma condensed combined financial statements are based on Lowell Farms Inc. (the "Company") and The Hacienda Company, LLC historical consolidated and combined financial statements as adjusted to give effect to the acquisition of substantially all of the assets of the Lowell Herb Co. and Lowell Smokes trademark brands, product portfolio, and production assets. The unaudited pro forma condensed combined statements of operations for the years ended December 31, 2020 and 2019 give effect to the asset acquisition as if it had occurred on January 1, 2019. The unaudited pro forma condensed combined balance sheets as of December 31, 2020 and 2019 give effect to the acquisition as if it had occurred on January 1, 2019.

2. Purchase price allocation

On February 25, 2021, the Company acquired substantially all of the assets of The Hacienda Company, LLC for total consideration of approximately $41 million.

The following table shows the allocation of the purchase price to the acquired identifiable assets and assumed liabilities:

(in thousands)	
Accounts receivable	$ 1,312
Inventory	3,300
Property and equipment	256
Right-of-use asset	549
Brands and tradenames	36,298
Liabilities assumed	(732)
Total Purchase Price, net	**$ 40,983**

3. Pro forma adjustments

The pro forma adjustments are based on our preliminary estimates and assumptions that are subject to change. The following adjustments have been reflected in the unaudited pro forma condensed combined financial information:

Adjustments to the pro forma condensed combined balance sheet –

(a) Reflects the fair value adjustment of $36.3 million for the net assets acquired in the acquisition.

(b) Reflects the fair value of equity issued in connection with the net asset purchase and the elimination of The Hacienda Company member equity not acquired

(c) Reflects the fair value impact on brand and tradename intangible acquired as a result of adjustments to the condensed combined statements of operations

Adjustments to the pro forma condensed statement of operations –

(c)1. Reflects the elimination of the impact of investments not acquired and the associated interest on investment debt.

Pro forma per share information reflects 22,643,678 shares issued in conjunction with the asset acquisition.

The brand and tradename intangible acquired is deemed to have an indefinite life and as such, no amortization has been reflected in the pro forma adjustments. The property and equipment acquired have a fair market value approximating the net book value of such assets, and as a result, no incremental depreciation adjustment is reflected in the pro forma condensed combined financial statements.

Exhibit 2.1

BUSINESS COMBINATION AGREEMENT

BETWEEN:

MEZZOTIN MINERALS INC.

- and -

INDUS HOLDING COMPANY

- and -

2670995 ONTARIO INC.

- and -

2670764 ONTARIO INC.

Dated March 29, 2019

TABLE OF CONTENTS

BUSINESS COMBINATION AGREEMENT

THIS AGREEMENT dated March 29, 2019 is made

BETWEEN:

MEZZOTIN MINERALS INC., a corporation existing under the laws of Ontario

(hereinafter referred to as "**Mezzotin**")

- and -

INDUS HOLDING COMPANY, a corporation existing under the laws of Delaware

(hereinafter referred to as "**Indus**")

-and -

2670764 ONTARIO INC., a corporation existing under the laws of Ontario

(hereinafter referred to as "**Mezzotin Subco**")

-and -

2670995 ONTARIO INC., a corporation existing under the laws of Ontario

(hereinafter referred to as "**Canadian Finco**")

WHEREAS the Parties (as hereinafter defined) have agreed, subject to the satisfaction of certain conditions precedent, that prior to or concurrently with the Amalgamation (as hereinafter defined), (A) Indus will create the Indus Voting Common Shares and the Convertible Shares (as hereinafter defined) and the outstanding Indus Shares will be reclassified, directly or indirectly, as Convertible Shares at a rate of one (1) Convertible Share for every one (1) Indus Share held, (B) non-U.S. shareholders of Indus (and such U.S. shareholders of Indus as may elect to participate) will contribute their Convertible Shares to Mezzotin in exchange for Subordinate Voting Shares (as hereinafter defined) at a rate of one (1) Subordinate Voting Share for every one (1) Convertible Share contributed (the "**Indus Exchange**"), (C) certain shareholders of Indus will purchase Super Voting Shares (as hereinafter defined), all as further described herein and (D) outstanding compensatory Indus Options will be amended (to the extent their terms are not self-operative) to entitle the holders thereof to acquire Subordinate Voting Shares in lieu of Indus Shares on a 1:1 basis, and otherwise on the same terms and conditions as the compensatory Indus Options ((A) through (D), the "**Indus Reorganization**");

AND WHEREAS the Parties have agreed, subject to the satisfaction of certain conditions precedent, that Mezzotin, Canadian Finco and Mezzotin Subco will carry out a three-cornered Amalgamation pursuant to Section 174 of the *Business Corporations Act* (Ontario) (the "**OBCA**") pursuant to which, among other things:

(i) each Mezzotin Subco Share (as hereinafter defined) will be exchanged for one Amalco Share (as hereinafter defined); and

(ii) each Canadian Finco Share (as hereinafter defined) held by Canadian Finco Shareholders (as hereinafter defined) will be exchanged for one Subordinate Voting Share (as hereinafter defined);

AND WHEREAS prior to or at the Effective Time (as hereinafter defined), Mezzotin will (A) complete the Name Change (as hereinafter defined); (B) create the Subordinate Voting Shares and the Super Voting Shares; (C) complete the Reclassification (as hereinafter defined) whereby the Mezzotin Shares will be reclassified as a smaller number of Subordinate Voting Shares; and (D) complete the Continuance (as hereinafter defined) pursuant to which Mezzotin will continue from the Province of Ontario to the Province of British Columbia, all as further set forth herein;

AND WHEREAS, the Parties wish to make certain representations, warranties, covenants and agreements in connection with the Business Combination (as hereinafter defined);

NOW THEREFORE, in consideration of the mutual benefits to be derived and the representations and warranties, conditions and promises herein contained and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged) and intending to be legally bound hereby, the Parties agree as follows:

ARTICLE I
GENERAL

1.1 Defined Terms

Capitalized terms used herein and not otherwise defined have the meanings ascribed to such terms in Schedule A.

1.2 Pre-Business Combination – Name Change, Reclassification and Creation of Shares

Prior to the steps in sections 1.3, 1.6, 1.8 and 1.10, (i) Mezzotin shall take all necessary steps to give effect to and implement the creation of the Subordinate Voting Shares and Super Voting Shares, the removal of the Mezzotin Shares as an authorized class of shares of Mezzotin, the Name Change and the Reclassification upon and subject to the terms of this Agreement; and (ii) Indus shall take all necessary steps to give effect to the creation of the Convertible Shares and Indus Voting Common Shares, and the outstanding Indus Shares will be reclassified, directly or indirectly, as Convertible Shares at a rate of one (1) Convertible Share for every one (1) Indus Share held.

1.3 Business Combination – Subscription of Super Voting Shares

Robert Weakley will subscribe for Super Voting Shares carrying voting rights that would, in aggregate, represent approximately 85% of the voting rights of Mezzotin upon completion of the Business Combination on a fully diluted basis for a purchase price of US$40,000.

1.4 Business Combination – Financing of Canadian Finco

Pursuant to the Financing, investors will invest cash for subscription receipts (the "**Subscription Receipts**") of Canadian Finco, with each Subscription Receipt representing the right of the holder thereof to receive, in certain circumstances set forth in the terms attached to the Subscription Receipts, one Canadian Finco Share, without any further act or formality, and for no additional consideration.

1.5 Business Combination – Exchange of Subscription Receipts

The Subscription Receipts will automatically be exchanged for Canadian Finco Shares pursuant to the terms and conditions of the Subscription Receipts and the Subscription Receipt Agreement.

1.6 Business Combination - Amalgamation

(a) The Amalgamation shall be effected pursuant to which Canadian Finco and Mezzotin will combine their respective businesses and assets by way of a "three-cornered amalgamation" among Mezzotin, Mezzotin Subco and Canadian Finco in accordance with the terms and conditions of this Section 1.6.

(b) Mezzotin has prepared and mailed the Mezzotin Circular to the Mezzotin Shareholders, has called and held the Mezzotin Meeting and has obtained requisite approvals for all Mezzotin Meeting Matters. Mezzotin shall not amend or supplement the Mezzotin Circular without the prior written consent of Indus, such consent not to be unreasonably withheld or delayed.

(c) By the Effective Time, (i) Canadian Finco shall have obtained the written consent resolution of the Canadian Finco Shareholders approving the Amalgamation; and (ii) Mezzotin shall have executed a written consent resolution approving the Amalgamation.

(d) Upon the completion of the Name Change, the Reclassification and the creation of the Convertible Shares by Indus, and the satisfaction or waiver of all other conditions precedent to the completion of the Amalgamation, Mezzotin Subco and Canadian Finco shall jointly complete and file the Articles of Amalgamation with the Director under the OBCA.

(e) Upon the issue of a Certificate of Amalgamation giving effect to the Amalgamation, Mezzotin Subco and Canadian Finco shall be amalgamated and shall continue as one corporation effective on the date of the Certificate of Amalgamation (the "**Effective Date**") under the terms and conditions prescribed in the Amalgamation Agreement.

(f) At the Effective Time and as a result of the Amalgamation:

(i) each holder of Canadian Finco Shares shall receive one fully paid and non-assessable Subordinate Voting Share for each Canadian Finco Share held, following which all such Canadian Finco Shares shall be cancelled;

(ii) Mezzotin shall receive one fully paid and non-assessable Amalco Share for each one Mezzotin Subco Share held by Mezzotin, following which all such Mezzotin Subco Shares shall be cancelled;

(iii) each holder of Canadian Finco Compensation Options shall receive one Mezzotin Compensation Option for each Canadian Finco Compensation Option held, following which all such Canadian Finco Compensation Options shall be cancelled;

(iv) in consideration of the issuance of Subordinate Voting Shares pursuant to paragraph 1.6(f)(i), Amalco shall issue to Mezzotin one Amalco Share for each Subordinate Voting Share issued;

(v) Mezzotin shall add to the capital maintained in respect of the Subordinate Voting Shares an amount equal to the aggregate paid-up capital for purposes of the ITA of the Canadian Finco Shares immediately prior to the Effective Time;

(vi) Amalco shall add to the capital maintained in respect of the Amalco Shares an amount such that the stated capital of the Amalco Shares shall be equal to the aggregate paid-up capital for purposes of the ITA of the Mezzotin Subco Shares and Canadian Finco Shares immediately prior to the Amalgamation;

(vii) no fractional Subordinate Voting Shares shall be issued to holders of Canadian Finco Shares; in lieu of any fractional entitlement, the number of Subordinate Voting Shares issued to each former holder of Canadian Finco Shares shall be rounded down to the next lesser whole number of Subordinate Voting Shares without any payment in respect of such fractional Subordinate Voting Share;

(viii) Mezzotin shall be entitled to deduct and withhold from any consideration otherwise payable pursuant to transactions contemplated by this Agreement to any holder of Canadian Finco Shares such amounts as are required to be deducted and withheld with respect to such payment under the ITA or any provision of provincial, state, local or foreign tax law, in each case as amended; to the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the holder of the Canadian Finco Shares in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority; and

(ix) Amalco will become a wholly-owned subsidiary of Mezzotin.

(g) At the Effective Time:

(i) subject to subsection 1.6(f)(i), the registered holders of Canadian Finco Shares shall become the registered holders of the Subordinate Voting Shares to which they are entitled, calculated in accordance with the provisions hereof; Mezzotin shall deliver the Subordinate Voting Shares to former holders of Canadian Finco Shares electronically or in physical form in accordance with the instructions of the former holder thereof, without the need for such holder to surrender certificates representing the Canadian Finco Shares and absent such instructions, Mezzotin shall provide the Subordinate Voting Shares in the same form as such holder previously held the Subscription Receipts; and

(ii) Mezzotin shall become the registered holder of the Amalco Shares to which it is entitled, calculated in accordance with the provisions hereof, and shall be entitled to receive a share certificate representing the number of Amalco Shares to which it is entitled, calculated in accordance with the provisions hereof.

(h) At the Effective Time, the registered holders of Canadian Finco Compensation Options shall become the registered holders of Mezzotin Compensation Options to which they are entitled in accordance with the provisions hereof. Mezzotin shall deliver certificates representing the Mezzotin Compensation Options to former holders of Canadian Finco Compensation Options in accordance with the instructions of former holders thereof.

(i) Subject to the provisions of the OBCA, the following provisions shall apply to Amalco:

(i) without in any way restricting the powers conferred upon Amalco or its board of directors by the OBCA, as now enacted or as the same may from time to time be amended, re-enacted or replaced, the board of directors may from time to time, without authorization of the shareholders, in such amounts and on such terms as it deems expedient:

(A) borrow money upon the credit of Amalco;

(B) issue, re-issue, sell or pledge debt obligations of Amalco;

(C) subject to the provisions of the OBCA, as now enacted or as the same may from time to time be amended, re-enacted or replaced, give a guarantee on behalf of Amalco to secure performance of an obligation of any person; and

(D) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of Amalco owned or subsequently acquired, to secure any obligation of Amalco; and

(ii) the board of directors may from time to time delegate to a director, a committee of directors or an officer of Amalco any or all of the powers conferred on the board as set out above, to such extent and in such manner as the board shall determine at the time of such delegation.

1.7 Business Combination – Wind up of Amalco

Amalco will be wound up into Mezzotin and as a result, the assets of Amalco (which will consist of the Transferred Funds) will become the property of Mezzotin.

1.8 Business Combination – Subscription by Mezzotin

Mezzotin will subscribe for Indus Voting Common Shares for an aggregate purchase price equal to the amount of the Transferred Funds.

1.9 Business Combination – Contribution of Shares to Mezzotin by Indus Shareholders

Indus will enter into the Contribution Agreement in a form to be agreed between Indus and Mezzotin, each acting reasonably, and at the Effective Time, applicable holders of Convertible Shares and Mezzotin will complete the Indus Exchange, and thereafter U.S. shareholders of Indus may from time to time elect to redeem their Convertible Shares in exchange for Subordinate Voting Shares at the same rate (or under certain circumstances for the cash value of such shares as provided in the share terms for the Convertible Shares) or, to the extent permitted by Mezzotin following the Effective Time, exchange their Convertible Shares directly with Mezzotin for Subordinate Voting Shares at the same rate.

1.10 Business Combination – Continuance

Indus will complete the applicable filings to effect the Continuance.

1.11 Business Combination – Completion of Transactions

The Parties intend and agree that the transactions set forth in Sections 1.3 through 1.10 shall be completed as specified and that no single transaction of Sections 1.3 through 1.10 shall be completed without the intent of the Parties to complete the remaining transactions.

1.12 U.S. Tax Matters

Each Party agrees that: (a) the transactions set forth in Section 1.3 through 1.10 are intended to constitute a single integrated transaction qualifying as a tax-deferred contribution pursuant to Section 351 of the Code; (b) such Party shall retain such records and file such information as is required to be retained and filed pursuant to U.S. Treasury Regulations section 1.351-3 in connection with each of the transactions set forth in subsection (a); and (c) such Party shall otherwise use its best efforts to cause the transactions set forth in subsection (a) to qualify as a tax-deferred contribution, in each case pursuant to Section 351 of the Code. In connection with transactions described in subsection (a), the Parties agree to treat Mezzotin as a United States domestic corporation for all U.S. federal income tax purposes under Section 7874(b) of the Code. Except as otherwise required by this Agreement, no Party shall knowingly 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 (1) the transactions described in subsection (a) from each qualifying as a tax-deferred contribution within the meaning of Section 351 of the Code, or (2) Mezzotin from being treated as a United States domestic corporation for U.S. federal income tax purposes under Section 7874(b) of the Code. Notwithstanding the above, each Party intends that the portion of the Indus Reorganization applicable to the U.S. shareholders constitutes a tax-free recapitalization under Section 368(a)(1)(E) of the Code of their Indus Shares into new Indus voting common shares (herein, the Convertible Shares). Each Party hereto agrees to act in good faith, consistent with the terms of this Agreement and the intent of the Parties and the intended treatment of such transactions as set forth in this Section 1.12. Notwithstanding the foregoing, no Party makes any representation, warranty or covenant to any other party or to any shareholder of Indus or Canadian Finco or other holder of Indus or Canadian Finco securities (including, without limitation, stock options, warrants, subscription receipts, debt instruments or other similar rights or instruments) regarding the tax treatment of the transactions contemplated by this Agreement, including, but not limited to, (i) whether the transactions described in subsection (a) will each qualify as a tax-deferred contribution within the meaning of Section 351 of the Code, (ii) whether the U.S. shareholders of Indus may receive the Convertible Shares and their inherent exchange rights on a tax-free basis as a tax-free recapitalization under Section 368(a)(1)(E) of the Code, or (iii) or whether Mezzotin will be treated as a United States domestic corporation for U.S. federal income tax purposes under Section 7874(b) of the Code as a result of the transactions set forth in subsection (a).

1.13 Board of Directors and Officers

Each of the Parties hereby agrees that concurrently with the completion of the Business Combination, all of the current directors and officers of Mezzotin and Mezzotin Subco shall resign without payment by or any liability of Mezzotin, Canadian Finco, Mezzotin Subco, Amalco or Indus, and each such director and officer shall execute and deliver a release in favour of Mezzotin, Mezzotin Subco, Canadian Finco, Amalco and Indus, in a form acceptable to Mezzotin and Indus, each acting reasonably, and the board of directors of Mezzotin shall consist of seven directors, and the directors and officers of Mezzotin shall be comprised of persons nominated by Indus and conditionally elected at the Mezzotin Meeting (collectively, the "**New Mezzotin Nominees**").

ARTICLE II
REPRESENTATIONS AND WARRANTIES OF INDUS AND CANADIAN FINCO

Each of Indus and Canadian Finco jointly and severally represents and warrants to and in favour of Mezzotin and Mezzotin Subco and acknowledges that Mezzotin and Mezzotin Subco are relying on such representations and warranties in connection with this Agreement and the transactions contemplated herein:

2.1 Organization and Good Standing

(a) Each of Indus and Canadian Finco is a corporation duly organized, validly existing, and in good standing under the Laws of the jurisdiction of its incorporation and is qualified to transact business and is in good standing as a foreign corporation in the jurisdictions where it is required to qualify in order to conduct its business as presently conducted, except where the failure to be so qualified would not have a Material Adverse Effect on Indus.

(b) Each of Indus and Canadian Finco has the corporate power and authority to own, lease or operate its properties and to carry on its business as now conducted.

(c) Neither Indus nor Canadian Finco is or will be a reporting issuer or the equivalent in any jurisdiction at the Effective Time.

2.2 Consents, Authorizations, and Binding Effect

(a) Other than the requisite approvals of the CSE and the shareholders of Indus, each of Indus and Canadian Finco may execute, deliver and perform this Agreement without the necessity of obtaining any consent, approval, authorization or waiver, or giving any notice or otherwise, except:

(i) consents, approvals, authorizations and waivers which have been obtained (or will be obtained prior to the Effective Date) and are unconditional, and in full force and effect, and notices which have been given on a timely basis; or

(ii) those which, if not obtained or made, would not prevent or delay the consummation of the Business Combination or otherwise prevent either Indus or Canadian Finco from performing its respective obligations under this Agreement and would not be reasonably likely to be materially adverse to Indus.

(b) Each of Indus and Canadian Finco has full corporate power and authority to execute and deliver this Agreement and each ancillary document to which it is a party and to perform its obligations hereunder.

(c) This Agreement has been duly authorized, executed and delivered by each of Indus and Canadian Finco and constitutes a legal, valid, and binding obligation of each, enforceable against each in accordance with its terms, except:

(i) as may be limited by bankruptcy, reorganization, insolvency and similar Laws of general application relating to or affecting the enforcement of creditors' rights or the relief of debtors; and

(ii) that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

(d) The execution, delivery, and performance of this Agreement will not:

(i) constitute a violation of the constating documents of Indus or Canadian Finco;

(ii) in any material respect, conflict with, result in the breach of or constitute a default or give to others a right of termination, cancellation, creation or acceleration of any obligation under or the loss of any material benefit under or the creation of any benefit or right of any third party under any material Contract, material permit or material license to which Indus or Canadian Finco is a party or as to which any of its property is subject;

(iii) constitute a material violation of any Law applicable or relating to Indus or Canadian Finco or its business; or

(iv) result in the creation of any Lien upon any of the assets of Indus or Canadian Finco.

(e) The board of directors of Indus have unanimously: (i) approved the Business Combination and the execution, delivery and performance of this Agreement; and (ii) directed that the Business Combination be submitted to the shareholders of Indus for approval, and unanimously recommended approval thereof.

(f) The board of directors of Canadian Finco has unanimously approved the Amalgamation and the execution, delivery and performance of this Agreement.

(g) Other than pursuant to this Agreement, neither Indus nor any Affiliate or Associate of Indus nor, to the knowledge of Indus, any director or officer of Indus beneficially owns or has the right to acquire a beneficial interest in any Mezzotin Shares.

2.3 Litigation and Compliance

(a) Other than as disclosed to Mezzotin in writing, there are no actions, suits, claims or proceedings, whether in equity or at law or, any Governmental investigations pending or, to the knowledge of Indus, threatened:

(i) against or affecting Indus or Canadian Finco or with respect to or affecting any asset or property owned, leased or used by Indus or Canadian Finco; or

(ii) which question or challenge the validity of this Agreement, or the Business Combination or any action taken or to be taken pursuant to this Agreement, or the Business Combination.

(b) Other than in respect of laws of the United States Federal government relating to cannabis and its derivatives, Indus has conducted and is conducting its business in compliance with, and is not in material default or violation under, and has not received notice asserting the existence of any material default or violation under, any Law applicable to its business or operations.

(c) Neither Indus, nor any asset of Indus is subject to any judgment, order or decree entered in any lawsuit or proceeding which has had, or which is material to Indus or which is reasonably likely to prevent Indus from performing its obligations under this Agreement.

(d) Indus has duly filed or made all material reports and returns required to be filed by it with any Government and has obtained all material permits, licenses, consents, approvals, certificates, registrations and authorizations (whether Governmental (excluding U.S. federal Governmental), regulatory or otherwise) which are required in connection with its business and operations.

2.4 Financial Statements

(a) The financial statements (including, in each case, any notes thereto) of Indus for the years ended December 31, 2017 and 2016 and for the nine month period ended September 30, 2018 (collectively, the "**Indus Financial Statements**") were prepared in accordance with generally accepted accounting principles in the United States, applied on a consistent basis during the periods involved (except as may be indicated therein or in the notes thereto) and fairly presented in all material respects the consolidated assets, liabilities and financial condition of Indus as of the respective dates thereof and the consolidated earnings, results of operations and changes in financial position of Indus for the periods then ended.

2.5 Contracts

(a) Other than as contemplated herein or disclosed in the Indus Financial Statements and other than employment agreements entered into in the ordinary course, there are no contracts with Indus, on the one hand, and: (i) any officer or director of Indus; (ii) any holder of 5% or more of the equity securities of Indus; or (iii) an Associate or Affiliate of a person in (i) or (ii), on the other hand.

2.6 Capitalization

(a) As at the date hereof, the authorized capital of Indus consists of 35,000,000 Indus Common Shares, and 18,200,000 preferred shares consisting of Indus Series A Shares, Indus Series A2 Shares and Indus Series B Shares, of which 10,730,299 Indus Common Shares, 5,467,370 Indus Series A Shares, 2,358,976 Indus Series A2 Shares and 9,902,600 Indus Series B Shares are issued and outstanding.

(b) All issued and outstanding shares in the capital of Indus have been duly authorized and are validly issued, fully paid and non-assessable, free of pre-emptive rights.

(c) There are no authorized, outstanding or existing:

(i) voting trusts or other agreements or understandings with respect to the voting of any Indus Shares to which Indus is a party, other than the Indus Related Agreements;

(ii) securities issued by Indus that are convertible into or exchangeable for any Indus Shares other than an aggregate of 2,419,048 Indus Options (of which 1,904,798 are outstanding as of March 27, 2019) and 2,411,516 Indus Warrants;

(iii) agreements, options, warrants, or other rights capable of becoming agreements, options or warrants to purchase or subscribe for any Indus Shares or securities convertible into or exchangeable or exercisable for any Indus Shares, in each case granted, extended or entered into by Indus, other than as set forth in this subsection 2.6(c);

(iv) agreements of any kind to which Indus is party relating to the issuance or sale of any Indus Shares, or any securities convertible into or exchangeable or exercisable for any Indus Shares or requiring Indus to qualify any of its securities for distribution by prospectus under Canadian Securities Laws, other than as set forth in this subsection 2.6(c); or

(v) agreements of any kind which may obligate Indus to issue or purchase any of its securities, other than as set forth in this subsection 2.6(c).

2.7 US Tax Status As A Non-USRPHCo.

Indus is not a U.S. real property holding corporation as that term is defined in Section 897(c) of the Code.

2.8 No Other Representations

(a) None of Indus nor Canadian Finco nor any Person acting on behalf of Indus or Canadian Finco makes or will be deemed to have made (a) any representation or warranty, express or implied, regarding Indus or Canadian Finco or their business, assets or liabilities except as set forth in this Article II or (b) any representations or warranties, express or implied, of any kind or nature whatsoever concerning or as to the accuracy or completeness of any projections, forecasts or other forward-looking financial information concerning the future revenue, income, profit or other financial results of Indus or Canadian Finco.

(b) Indus and Canadian Finco acknowledge and agree that in making their decision to enter into this Agreement and to consummate the transactions contemplated hereby, Indus and Canadian Finco have relied solely upon the representations and warranties of Mezzotin and Mezzotin Subco contained in Article III. Except for the representations and warranties made by Mezzotin and Mezzotin Subco in Article III, each of Indus and Canadian Finco specifically disclaims that it is relying upon or has relied upon any representations or warranties that may have been made by Mezzotin or Mezzotin Subco or any other Person, and acknowledges and agrees that Mezzotin and Mezzotin Subco have specifically disclaimed and do hereby disclaim any other representation or warranty whatsoever, express or implied.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF MEZZOTIN AND MEZZOTIN SUBCO

Each of Mezzotin and Mezzotin Subco hereby jointly and severally represents and warrants to Indus and Canadian Finco as follows and acknowledges that each of Indus and Canadian Finco is relying on such representations and warranties in entering into this Agreement and completing the transactions contemplated herein:

3.1 Organization and Good Standing

(a) Each Mezzotin Group Member is a corporation duly organized, validly existing, and in good standing under the Laws of the jurisdiction of its incorporation and is qualified to transact business and is in good standing as a foreign corporation in the jurisdictions where it is required to qualify in order to conduct its business as presently conducted, except where the failure to be so qualified would not have a Material Adverse Effect on Mezzotin or on any such company. Except for Mezzotin Subco, there are no other direct or indirect subsidiaries of Mezzotin.

(b) Each Mezzotin Group Member has the corporate power and authority to own, lease, or operate its properties and to carry on its business as now conducted.

(c) Mezzotin has delivered or made available to Indus (i) complete and correct copies of Mezzotin and Mezzotin Subco's governing instruments; (ii) copies of such written consents and approvals of the shareholders of the respective company and its board of directors as are in such company's possession; and (iii) such written board materials relating to meetings of the directors of such companies as are in such company's possession.

3.2 Consents, Authorizations, and Binding Effect

(a) Mezzotin and Mezzotin Subco may execute, deliver, and perform this Agreement without the necessity of obtaining any consent, approval, authorization or waiver, or giving any notice or otherwise, except:

(i) the approval of the Mezzotin Subco Amalgamation Resolution by Mezzotin as sole shareholder of Mezzotin Subco;

(ii) the approval of the CSE for the Business Combination and other transactions contemplated hereby;

(iii) the approval of the TSX-V to delist the Mezzotin Shares therefrom;

(iv) consents, approvals, authorizations and waivers, which have been obtained (or will be obtained prior to the Effective Date), and are unconditional and in full force and effect and notices which have been given on a timely basis;

(v) the filing of Articles of Amalgamation with the Director under the OBCA; and

(vi) those which, if not obtained or made, would not prevent or delay the consummation of the Amalgamation or otherwise prevent Mezzotin from performing its obligations under this Agreement and would not be reasonably likely to be materially adverse to the Mezzotin Group.

(b) Each of Mezzotin and Mezzotin Subco has full corporate power and authority to execute and deliver this Agreement and to perform its respective obligations hereunder and to complete the Amalgamation, subject to the Mezzotin Subco Amalgamation Resolution by Mezzotin by written consent resolution.

(c) The board of directors of Mezzotin have unanimously: (i) approved the Business Combination and the execution, delivery and performance of this Agreement; (ii) directed that the matters set out in the Mezzotin Circular be submitted to the Mezzotin Shareholders at the Mezzotin Meeting, and unanimously recommended approval thereof and (iii) approved the execution and delivery of the Mezzotin Subco Amalgamation Resolution by Mezzotin.

(d) The board of directors of Mezzotin Subco have unanimously approved the Amalgamation and the execution, delivery and performance of this Agreement.

(e) This Agreement has been duly executed and delivered by Mezzotin and Mezzotin Subco and constitutes a legal, valid, and binding obligation of Mezzotin and Mezzotin Subco enforceable against each of them in accordance with its terms, except:

(i) as may be limited by bankruptcy, reorganization, insolvency and similar Laws of general application relating to or affecting the enforcement of creditors' rights or the relief of debtors; and

(ii) that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defences and to the discretion of the court before which any proceeding therefor may be brought.

(f) The execution, delivery, and performance of this Agreement will not:

(i) constitute a violation of the constating documents of Mezzotin or Mezzotin Subco;

(ii) in any material respect, conflict with, result in the breach of or constitute a default or give to others a right of termination, cancellation, creation or acceleration of any obligation under, or the loss of any material benefit under or the creation of any benefit or right of any third party under any material Contract, material permit or material license to which any Mezzotin Group Member is a party or as to which any of its property is subject;

(iii) constitute a material violation of any Law applicable or relating to any Mezzotin Group Member or their respective businesses; or

(iv) result in the creation of any Lien upon any of the assets of any Mezzotin Group Member.

(g) No Mezzotin Group Member or any Affiliate or Associate of any Mezzotin Group Member, nor to the knowledge of Mezzotin, any director or officer of any Mezzotin Group Member, beneficially owns or has the right to acquire a beneficial interest in any Canadian Finco Shares.

3.3 Litigation and Compliance

(a) There are no actions, suits, claims or proceedings, whether in equity or at law, or any Governmental investigations pending or, to the knowledge of Mezzotin, threatened:

(i) against or affecting any Mezzotin Group Member or with respect to or affecting any asset or property owned, leased or used by any Mezzotin Group Member; or

(ii) which question or challenge the validity of this Agreement or the Amalgamation or any action taken or to be taken pursuant to this Agreement or the Amalgamation;

nor is Mezzotin aware of any basis for any such action, suit, claim, proceeding or investigation.

(b) Each Mezzotin Group Member has conducted and is conducting its business in material compliance with, and is not in material default or violation under, and has not received notice asserting the existence of any default or violation under, any Law applicable to the businesses or operations of the Mezzotin Group.

(c) No Mezzotin Group Member, and no asset of any Mezzotin Group Member, is subject to any judgment, order or decree entered in any lawsuit or proceeding which is material to the Mezzotin Group or which is reasonably likely to prevent Mezzotin or Mezzotin Subco from performing its respective obligations under this Agreement.

(d) Each Mezzotin Group Member has duly filed or made all material reports and returns required to be filed by it with any Government and has obtained all material permits, licenses, consents, approvals, certificates, registrations and authorizations (whether Governmental, regulatory or otherwise) which are required in connection with the business and operations of the Mezzotin Group.

(e) There is no bankruptcy, liquidation, winding-up or other similar proceeding pending or in progress or, to the knowledge of Mezzotin, threatened of or against Mezzotin or any Mezzotin Group Member before any court, regulatory or administrative agency or tribunal.

3.4 Public Filings; Financial Statements

(a) Mezzotin has filed all documents required pursuant to applicable Canadian Securities Laws (the "**Mezzotin Securities Documents**"). As of their respective dates, the Mezzotin Securities Documents complied in all material respects with the then applicable requirements of the Canadian Securities Laws (and all other applicable securities laws) and, at the respective times they were filed, none of the Mezzotin Securities Documents contained any misrepresentation or untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make any statement therein, in light of the circumstances under which it was made, not misleading. Mezzotin has not filed any confidential disclosure reports which have not at the date hereof become public knowledge.

(b) The consolidated financial statements (including, in each case, any notes thereto) of Mezzotin for the years ended December 31, 2017 and 2016 and for the three and nine month periods ended September 30, 2018 and 2017 included in the Mezzotin Securities Documents were prepared in accordance with IFRS applied on a consistent basis during the periods involved (except as may be indicated therein or in the notes thereto) and fairly present in all material respects the consolidated assets, liabilities and financial condition of Mezzotin and its consolidated subsidiaries as of the respective dates thereof and the consolidated earnings, results of operations and changes in financial position of Mezzotin and its consolidated subsidiaries for the periods then ended. Mezzotin has not, since December 31, 2017, made any change in the accounting practices or policies applied in the preparation of its financial statements.

(c) Since December 31, 2017, other than as disclosed in the Mezzotin Securities Documents filed by Mezzotin on SEDAR: (i) there has not been any material change in the business, assets, liabilities, obligations (absolute, accrued, contingent or otherwise), condition (financial or otherwise), prospects or results of operations of the Mezzotin Group (considered on a consolidated basis); (ii) there has not been any material change in the equity capital or long-term debt of the Mezzotin Group (considered on a consolidated basis); and (iii) the Mezzotin Group has not carried on any active business.

(d) Mezzotin is now, and on the Effective Date will be, a "reporting issuer" (or its equivalent) under Canadian Securities Laws of each of the Provinces of Ontario, Alberta and British Columbia. Mezzotin is not currently in default in any material respect of any requirement of Canadian Securities Laws and Mezzotin is not included on a list of defaulting reporting issuers maintained by any of the securities commissions or similar regulatory authorities in each of such Provinces.

(e) There has not been any reportable event (within the meaning of National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators) since December 31, 2017 with the present or former auditors of the Mezzotin Group.

(f) No order ceasing or suspending trading in securities of any Mezzotin Group Member or prohibiting the sale of securities by any Mezzotin Group Member or prohibiting the Amalgamation or any of the matters contemplated in this Agreement has ever been issued and, to the knowledge of Mezzotin, no proceedings for this purpose have been instituted, are pending, contemplated or threatened by any securities commission, self-regulatory organization or the TSX-V.

(g) Mezzotin maintains a system of internal accounting controls sufficient to provide reasonable assurance that: (i) transactions are executed in accordance with management's general or specific authorizations; (ii) access to assets is permitted only in accordance with management's general or specific authorization; and (iii) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(h) There are no contracts with Mezzotin, on the one hand, and: (i) any officer or director of the Mezzotin Group; (ii) any holder of 5% or more of the equity securities of Mezzotin; or (iii) an Associate or Affiliate of a person in (i) or (ii), on the other hand other than the Max Mind Promissory Notes and the Mezzotin CFO Contract.

3.5 Taxes

Each Mezzotin Group Member has timely filed, or has caused to be timely filed on its behalf, all Tax Returns required to be filed by it prior to the date hereof, all such Tax Returns are complete and accurate in all material respects. All Taxes shown to be due on such Tax Returns, required to be shown or otherwise owed, have been timely paid, other than those which are being contested in good faith and in respect of which adequate reserves have been provided in the most recently published financial statements of Mezzotin. Mezzotin's most recent audited consolidated financial statements reflect a reserve in accordance with IFRS for all Taxes payable by the Mezzotin Group Members for all taxable periods and portions thereof through the date of such financial statements. No deficiency with respect to any Taxes has been proposed, asserted or assessed in writing against any Mezzotin Group Member, there are no actions, suits, proceedings, investigations or claims pending or threatened against any Mezzotin Group Member in respect of Taxes or any matters under discussion with any Government relating to Taxes, and no waivers or written requests for waivers of the time to assess any such Taxes are outstanding or pending. Each Mezzotin Group Member has withheld from each payment made to any of their past or present employees, officers or directors, and to any non-resident of Canada, the amount of all Taxes required to be withheld therefrom and have paid the same to the proper tax or receiving officers within the time required under applicable Law. Each Mezzotin Group Member has remitted to the appropriate tax authorities within the time limits required all amounts collected by it in respect of Taxes. There are no Liens for Taxes upon any asset of the Mezzotin Group except Liens for Taxes not yet due.

3.6 Pension and Other Employee Plans and Agreement

Other than the Mezzotin Stock Option Plan, Mezzotin does not maintain or contribute to any Employee Plan. The Mezzotin Stock Option Plan has been approved by the TSX-V and was adopted by Mezzotin in accordance with the requirements of the TSX-V and complies in all material respects with the applicable policies of the TSX-V.

3.7 Labour Relations

(a) No employees of any Mezzotin Group Member are covered by any collective bargaining agreement.

(b) There are no representation questions, arbitration proceedings, labour strikes, slow-downs or stoppages, material grievances, or other labour troubles pending or, to the knowledge of Mezzotin, threatened with respect to the employees of any Mezzotin Group Member; and (ii) to the best of Mezzotin's knowledge, there are no present or pending applications for certification (or the equivalent procedure under any applicable Law) of any union as the bargaining agent for any employees of any Mezzotin Group Member.

3.8 Contracts, Etc

(a) No Mezzotin Group Member is a party to or bound by any Contract other than the Max Mind Promissory Notes, the Mezzotin CFO Contract and the Mezzotin Finder's Fee Agreement.

(b) Each Mezzotin Group Member and, to the knowledge of Mezzotin, each of the other parties thereto, is in material compliance with all covenants under any material Contract, and no default has occurred which, with notice or lapse of time or both, would directly or indirectly constitute such a default, except for such non-compliance or default under any material Contract as has not been and will not be material to the Mezzotin Group.

(c) Other than the Mezzotin Finder's Fee Agreement, no Mezzotin Group Member is a party to or bound by any Contract that provides for any payment as a result of the consummation of any of the matters contemplated by this Agreement.

3.9 Absence of Certain Changes, Etc.

Since December 31, 2017, other than as disclosed in Mezzotin Securities Documents filed by Mezzotin on SEDAR since such date, the Mezzotin Group has not carried on any material business activities, there has been no Material Adverse Change in the Mezzotin Group, and except as contemplated by the Business Combination and this Agreement:

(a) no Mezzotin Group Member has:

(i) incurred any material liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) other than expenses (A) to pursue the Business Combination; and (B) in the ordinary course of business that are set forth on the balance sheet and taken into account in determining the Working Capital Deficiency;

(ii) made or agreed to make any material expenditure;

(iii) employed any Person or paid or made any commitment to pay any wages, fees or other compensation to any Person (other than legal and financial advisors in the ordinary course of business);

(iv) other than pursuant to the Sabi Star Sale and the sale of related equipment and assets to Pan African Mining, each of which have been completed:

(A) sold, transferred, distributed, or otherwise disposed of or acquired a material amount of its assets, or agreed to do any of the foregoing; or

(B) entered into any material transaction or material Contract, or amended or terminated any material transaction or material Contract;

(v) agreed or committed to do any of the foregoing, other than as set forth above and except for the Mezzotin Bonuses; and

(b) there has not been any declaration, setting aside or payment of any dividend with respect to Mezzotin's share capital.

3.10 Subsidiaries

(a) All of the outstanding shares in the capital of each member of the Mezzotin Group (other than Mezzotin) are owned, directly or indirectly, and beneficially by Mezzotin free and clear of all Liens. Mezzotin does not own, directly or indirectly, any equity interest of or in any entity or enterprise organized under the Laws of any domestic or foreign jurisdiction other than the Mezzotin Group Members excluding Mezzotin.

(b) All outstanding shares in the capital of, or other equity interests in, each Mezzotin Group Member have been duly authorized and are validly issued, fully paid and non-assessable.

3.11 Capitalization

(a) The authorized capital of Mezzotin consists of an unlimited number of Mezzotin Shares without nominal or par value, of which 56,994,069 Mezzotin Shares are issued and outstanding (prior to giving effect to the Reclassification). The Mezzotin Shares are listed on the NEX board of the TSX-V, and Mezzotin is in compliance with all applicable rules and regulations of the TSX-V in all material respects.

(b) All issued and outstanding shares in the capital of Mezzotin have been duly authorized and are validly issued, fully paid and non-assessable, free of pre-emptive rights.

(c) There are no authorized, outstanding or existing:

(i) voting trusts or other agreements or understandings with respect to the voting of any Mezzotin Shares to which any Mezzotin Group Member is a party;

(ii) securities issued by any Mezzotin Group Member that are convertible into or exchangeable for any Mezzotin Shares; or

(iii) other than the Mezzotin Finder’s Fee:

(A) agreements, options, warrants, or other rights capable of becoming agreements, options or warrants to purchase or subscribe for any Mezzotin Shares or securities convertible into or exchangeable or exercisable for any such common shares, in each case granted, extended or entered into by any Mezzotin Group Member;

(B) agreements of any kind to which any Mezzotin Group Member is party relating to the issuance or sale of any Mezzotin Shares, or any securities convertible into or exchangeable or exercisable for any Mezzotin Shares or requiring Mezzotin to qualify securities of any Mezzotin Group Member for distribution by prospectus under Canadian Securities Laws; or

(C) agreements of any kind which may obligate Mezzotin to issue or purchase any of its securities.

3.12 Environmental Matters

Each Mezzotin Group Member is in compliance with all applicable Environmental Laws and has not violated any then current Environmental Laws as applied at the relevant time. All operations of the Mezzotin Group, past or present, conducted on any real property, leased or owned by any member of the Mezzotin Group, past or present, and such properties themselves while occupied by a member of the Mezzotin Group have been and are in compliance with all Environmental Laws. No Mezzotin Group Member is the subject of: (i) any proceeding, application, order or directive which relates to any environmental, health or safety matter; or (ii) any demand or notice with respect to any Environmental Laws. Each Mezzotin Group Member has made adequate reserves for all reclamation obligations and has made appropriate arrangements, through obtaining reclamation bonds or otherwise to discharge such reclamation obligations, to the extent applicable. No member of the Mezzotin Group has caused or permitted the release of any Hazardous Substances on or to any of the assets or any other real property owned, leased or occupied by any member of the Mezzotin Group, either past or present (including underlying soils and substrata, surface water and groundwater) in such a manner as: (A) would be reasonably likely to impose liability for cleanup, natural resource damages, loss of life, personal injury, nuisance or damage to other property; (B) would be reasonably likely to result in imposition of a Lien on or the expropriation of any of the assets of any member of the Mezzotin Group; or (C) at levels which exceed remediation and/or reclamation standards under any Environmental Laws or standards published or administered by those Governmental Authorities responsible for establishing or applying such standards. There is no environmental liability and there are no factors likely to give rise to any environmental liability affecting any of the current or former properties leased, owned or operated by any Mezzotin Group Member, including without limitation, properties disposed of pursuant to the Sabi Star Sale.

3.13 Licence and Title

Mezzotin is the absolute legal and beneficial owner of, and has good and marketable title to, all of its material property or assets (real and personal, tangible and intangible, including leasehold interests) including all the properties and assets reflected in the most recent financial statements of Mezzotin included in the Mezzotin Securities Documents and such properties and assets are not subject to any Lien or defect in title.

3.14 Indebtedness

No Mezzotin Group Member has any Indebtedness other than the Max Mind Promissory Notes.

3.15 Undisclosed Liabilities

There are no material Liabilities of any Mezzotin Group Member or in respect of which any Mezzotin Group Member may become liable on or after the consummation of the transactions contemplated hereby other than:

(a) liabilities disclosed on or reflected or provided for in the most recent financial statements of Mezzotin included in the Mezzotin Securities Documents;

(b) liabilities incurred, subsequent to the date of the most recent financial statements of Mezzotin included in the Mezzotin Securities Documents, in the ordinary and usual course of business of carrying out the transactions contemplated hereby and in maintaining Mezzotin as a reporting issuer not in default and its listing on the TSX-V, none of which has had or may reasonably be expected to have a Material Adverse Effect on the Mezzotin Group; and

(c) the Mezzotin Bonuses and amounts owed pursuant to the Max Mind Promissory Notes, the Mezzotin CFO Contract and the Mezzotin Finder's Fee Agreement.

3.16 Brokers

Other than the Mezzotin Finder's Fee, no Mezzotin Group Member or, to the knowledge of Mezzotin, any of their respective Associates, Affiliates or Advisers have retained any broker or finder in connection with the transactions contemplated hereby, nor have any of the foregoing incurred any Liability to any broker or finder by reason of any such transaction.

3.17 Anti-Bribery Laws

Neither Mezzotin nor any Mezzotin Group Member nor to the knowledge of Mezzotin, any director, officer, employee or consultant of the foregoing, has (i) violated any anti-bribery or anti-corruption laws applicable to Mezzotin or any Mezzotin Group Member, including but not limited to the U.S. Foreign Corrupt Practices Act and Canada's Corruption of Foreign Public Officials Act, or (ii) offered, paid, promised to pay, or authorized the payment of any money, or offered, given, promised to give, or authorized the giving of anything of value, that goes beyond what is reasonable and customary and/or of modest value: (X) to any Government Official, whether directly or through any other Person, for the purpose of influencing any act or decision of a Government Official in his or her official capacity; inducing a Government Official to do or omit to do any act in violation of his or her lawful duties; securing any improper advantage; inducing a Government Official to influence or affect any act or decision of any Governmental Authority; or assisting any representative of Mezzotin or any Mezzotin Group Member in obtaining or retaining business for or with, or directing business to, any Person; or (Y) to any Person, in a manner which would constitute or have the purpose or effect of public or commercial bribery, or the acceptance of or acquiescence in extortion, kickbacks, or other unlawful or improper means of obtaining business or any improper advantage. Neither Mezzotin nor any Mezzotin Group Member nor to the knowledge of Mezzotin, any director, officer, employee, consultant, representative or agent of foregoing, has (i) conducted or initiated any review, audit, or internal investigation that concluded Mezzotin or any Mezzotin Group Member or any director, officer, employee, consultant, representative or agent of the foregoing violated such laws or committed any material wrongdoing, or (ii) made a voluntary, directed, or involuntary disclosure to any Governmental Authority responsible for enforcing anti-bribery or anti-corruption Laws, in each case with respect to any alleged act or omission arising under or relating to non-compliance with any such Laws, or received any notice, request, or citation from any person alleging non-compliance with any such Laws.

3.18 No Other Representations

(a) None of Mezzotin nor Mezzotin Subco nor any Person acting on behalf of Mezzotin or Mezzotin Subco makes or will be deemed to have made (a) any representation or warranty, express or implied, regarding Mezzotin or Mezzotin Subco or their business, assets or liabilities except as set forth in this Article III or (b) any representations or warranties, express or implied, of any kind or nature whatsoever concerning or as to the accuracy or completeness of any projections, forecasts or other forward-looking financial information concerning the future revenue, income, profit or other financial results of Mezzotin or Mezzotin Subco.

(b) Mezzotin and Mezzotin Subco acknowledge and agree that in making their decision to enter into this Agreement and to consummate the transactions contemplated hereby, Mezzotin and Mezzotin Subco have relied solely upon the representations and warranties of Indus and Canadian Finco contained in Article II. Except for the representations and warranties made by Indus and Canadian Finco in Article II, each of Mezzotin and Mezzotin Subco specifically disclaims that it is relying upon or has relied upon any representations or warranties that may have been made by Indus or Canadian Finco or any other Person, and acknowledges and agrees that Indus and Canadian Finco have specifically disclaimed and do hereby disclaim any other representation or warranty whatsoever, express or implied.

ARTICLE IV
COVENANTS

4.1 Covenants of Indus

Indus hereby covenants and agrees with Mezzotin and Mezzotin Subco that it will:

(a) act in good faith and use commercially reasonable efforts to cause each of the conditions precedent set forth in Articles 5 and 7 hereof to be complied with;

(b) cooperate fully with Mezzotin and use all reasonable commercial efforts to complete the Business Combination and to obtain all third party approvals and to assist Mezzotin in connection with the Business Combination unless such cooperation would subject Indus to liability or be in breach of applicable statutory or regulatory requirements;

(c) submit the requisite actions to be taken hereunder to its shareholders for approval at a duly convened meeting or by written consent in accordance with applicable Law; and

(d) deliver a statement of non-U.S. real property holding corporation status to each non-US shareholder of Indus pursuant to Treas. Reg. Sec. 1.897-2(g), and comply with the notice requirements pursuant to Treas. Reg. Sec. 1.897-2(h); and

(e) unless Mezzotin otherwise agrees in writing (which agreement shall not be unreasonably withheld, conditioned or delayed) and except as otherwise expressly contemplated by the terms of the Business Combination or this Agreement, until the earlier of the Effective Date or the date that this Agreement is terminated by its terms,

(i) Indus shall use all commercially reasonable efforts to maintain and preserve its business organization, assets and advantageous business relationships;

(ii) Indus shall not directly or indirectly, 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

(iii) except for the sale of inventory in the ordinary course of business, Indus will not dispose of (or agree to dispose of) any material assets.

For greater certainty, the Parties agree and acknowledge that Indus may undertake such debt and equity financings in connection with the Business Combination as it determines in its sole discretion, if any, including the Financing, and that a secondary offering of Indus Shares may occur concurrently with or subsequent to the Financing.

4.2 Covenants of Mezzotin

Mezzotin hereby covenants and agrees with Indus and Canadian Finco as follows:

(a) it has held the Mezzotin Meeting as contemplated hereby and obtained requisite Mezzotin Shareholder approval of the Mezzotin Meeting Matters;

(b) it has obtained and delivered to Indus concurrently with the execution of this Agreement, voting support and resale restriction agreements with Indus (collectively, the "Support Agreements"), in a form as reasonably agreed to by Indus, from securityholders of Mezzotin who, legally or beneficially own, or exercise control or discretion over, directly or indirectly, in aggregate at least 59% of the outstanding Mezzotin Shares, in each case pursuant to which such parties have, among other things, agreed to vote their Mezzotin Shares in favour of the Business Combination and related matters and also agreed not to trade (the "Transfer Restrictions"):

(i) 30% of their Subordinate Voting Shares until the date that is 60 days after the Effective Date;

(ii) 30% of their Subordinate Voting Shares until the date that is 120 days after the Effective Date; and

(iii) 30% of their Subordinate Voting Shares until the date that is 180 days after the Effective Date.

(c) it will act in good faith and use commercially reasonable efforts to complete the Business Combination and to cause each of the conditions precedent set forth in Articles 6 and 7 hereof to be complied with;

(d) it will cooperate fully with Indus and use all reasonable commercial efforts to complete the Business Combination and to obtain all third party approvals and to assist Indus in connection with the Business Combination unless such cooperation would subject Mezzotin to liability or be in breach of applicable statutory or regulatory requirements;

(e) unless Indus otherwise agrees in writing, until the earlier of the Effective Date or the date that this Agreement is terminated by its terms,

(i) Mezzotin shall not carry on any business or incur any expenditures, in each case except for the Mezzotin Bonuses, as is required to maintain its status as a reporting issuer in good standing in Ontario, Alberta and British Columbia and the listing of the Mezzotin Shares on the TSX-V, as contemplated in this Agreement or as otherwise required in connection with the Business Combination, and shall use all commercially reasonable efforts to maintain and preserve its business organization, assets and advantageous business relationships;

(ii) Mezzotin shall not directly or indirectly, amend its constating documents or by-laws, 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, other than in connection with the Name Change, Reclassification and Continuance as contemplated hereby;

(iii) Mezzotin will not acquire, by merger or consolidation with, or by purchase of all or a substantial portion of the assets or stock of, or by any other manner, any other business or entity or product line or enter into any joint venture, partnership or other similar arrangement for the conduct of its business;

(iv) Mezzotin will not dispose of (or agree to dispose of) any assets except in accordance with Section 6.1(l) and will not enter into any new contracts, amend or terminate any contracts or effect any other transactions, other than as expressly contemplated hereby;

(v) Mezzotin will not, directly or indirectly, issue or sell or agree to issue or sell, any additional Mezzotin Shares, Subordinate Voting Shares or Super Voting Shares, or any options, warrants, calls, conversion privileges or other rights of any kind to acquire any such securities, or any other securities other than pursuant to the Mezzotin Finder's Fee, in satisfaction of debt or for cash consideration with the cash used to satisfy debts of Mezzotin, provided in each case that notwithstanding any such issuance (or any other issuance by Mezzotin prior to the Effective Time), the Pre-Transaction Mezzotin Share Value shall not change; and

(vi) Mezzotin will not borrow any money or incur any indebtedness, nor encumber any of its assets or make loans, advances or similar payments to any party, nor make any expenditures except for the Mezzotin Bonuses, those that are reasonably necessary to carry out the matters contemplated hereby, that are necessary to fulfill Mezzotin's obligations as a publicly listed company or that are incurred to reimburse directors or officers for reasonable expenses incurred for the foregoing purposes, all subject to compliance with the requirements of the TSX-V;

(f) subject to the approval of the shareholders of Canadian Finco being obtained for the completion of the Amalgamation, and the obtaining of all applicable regulatory approvals, including the conditional approval of the CSE, the issuance of the certificate of amendment by the Director in connection with the creation of the Subordinate Voting Shares and Super Voting Shares, Reclassification and Name Change and the creation by Indus of the Convertible Shares, it will thereafter (i) cause Mezzotin Subco to, jointly with Canadian Finco, file with the Director the Articles of Amalgamation and such other documents as may be required to give effect to the Amalgamation; and (ii) effect the Indus Reorganization, all upon and subject to the terms and conditions of this Agreement; and

(g) it will deliver to Indus, as soon as possible following receipt of the approval of the CSE for the listing of the Subordinate Voting Shares in connection with the Business Combination and in any event not less than five (5) Business Days prior to the Effective Date, a pro forma balance sheet (the "Pro Forma Balance Sheet") dated as of the Effective Date, identifying all assets and liabilities (absolute, contingent or otherwise) of each of Mezzotin and Mezzotin Subco, together with such support documentation as may be requested by Indus in its sole discretion.

4.3 Covenants of Canadian Finco

Canadian Finco hereby covenants and agrees with Mezzotin and Mezzotin Subco that it will:

(a) on the Effective Date, be a corporation which has, at no time, carried on any active business (other as is necessary to complete the Financing and effect the Amalgamation);

(b) use its commercially reasonable efforts to cause each of the conditions precedent set forth in Articles 5 and 7 hereof to be complied with;

(c) unless Mezzotin otherwise agrees in writing, until the earlier of the Effective Date or the date that this Agreement is terminated by its terms,

(i) not conduct any business (other than as required in connection with the Financing and 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, other than in connection with the Amalgamation; and

(d) subject to the approval of the shareholders of Canadian Finco being obtained for the completion of the Amalgamation, and the obtaining of all applicable regulatory approvals, including the conditional approval of the CSE, the issuance of the certificate of amendment by the Director in connection with the creation of the Subordinate Voting Shares and Super Voting Shares, Reclassification and Name Change, and the creation by Indus of the Convertible Shares, thereafter jointly with Mezzotin Subco file with the Director 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.

4.4 Covenants of Mezzotin Subco

Mezzotin Subco hereby covenants and agrees with Indus and Canadian Finco that it will:

(a) on the Effective Date, be a corporation which has, at no time, carried on any 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 Articles 6 and 7 hereof to be complied with;

(c) unless Indus otherwise agrees in writing, until the earlier of the Effective Date or 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, other than in connection with the Amalgamation; and

(d) subject to the approval of the shareholders of Canadian Finco being obtained for the completion of the Amalgamation, and the obtaining of all applicable regulatory approvals, including the conditional approval of the CSE, the issuance of the certificate of amendment by the Director in connection with the creation of the Subordinate Voting Shares and Super Voting Shares, Reclassification and Name Change, and the creation by Indus of the Convertible Shares, thereafter jointly with Canadian Finco file with the Director 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.

ARTICLE V
CONDITIONS TO OBLIGATIONS OF MEZZOTIN

5.1 Conditions Precedent to Completion of the Business Combination

The obligation of Mezzotin and Mezzotin Subco to complete the Business Combination is subject to the satisfaction of the following conditions on or prior to the Effective Date, each of which may be waived by Mezzotin and Mezzotin Subco:

(a) the representations and warranties of Indus and Canadian Finco set forth in Article II qualified as to materiality shall be true and correct, and the representations and warranties not so qualified shall be true and correct in all material respects, in each case as of the date of this Agreement and on the Effective Date as if made on the Effective Date, other than such representations and warranties made expressly as of a specified date which, if qualified as to materiality shall be true and correct, or otherwise shall be true and correct in all material respects, as of such date;

(b) Indus and Canadian Finco shall have performed and complied in all material respects with all covenants and agreements required by this Agreement to be performed or complied with by them prior to or on the Effective Date;

(c) there shall not have occurred any Material Adverse Change in Indus since the date of this Agreement; and

(d) receipt of all required approvals and consents for the Amalgamation and all related matters, including without limitation:

(i) the receipt of all requisite approvals of Mezzotin's and Indus' securityholders, as required by the CSE or applicable corporate or securities laws;

(ii) the approval of the CSE for the Business Combination and the listing of the Subordinate Voting Shares in connection therewith, including those issuable upon redemption, exchange or conversion of Convertible Shares or other convertible securities, subject only to standard conditions on the Effective Date or as soon as practicable thereafter;

(iii) the approval of the TSX-V for the delisting of the Mezzotin Shares; and

(iv) the approval of any third parties from whom Indus must obtain consent.

ARTICLE VI
CONDITIONS TO OBLIGATIONS OF INDUS AND CANADIAN FINCO

6.1 Conditions Precedent to Completion of the Business Combination

The obligation of Indus and Canadian Finco to complete the Business Combination is subject to the satisfaction of the following conditions on or prior to the Effective Date, each of which may be waived by Indus:

(a) the representations and warranties of Mezzotin and Mezzotin Subco set forth in Article III qualified as to materiality shall be true and correct, and the representations and warranties not so qualified shall be true and correct in all material respects as of the date hereof and on the Effective Date as if made on the Effective Date, other than such representations and warranties made expressly as of a specified date which, if qualified as to materiality shall be true and correct, or otherwise shall be true and correct in all material respects, as of such date;

(b) Mezzotin and Mezzotin Subco shall have performed and complied in all material respects with all covenants and agreements required by this Agreement to be performed or complied with by Mezzotin and Mezzotin Subco, respectively, prior to or on the Effective Date;

(c) there shall not have occurred any Material Adverse Change in any of Mezzotin or any other member of the Mezzotin Group since the date of this Agreement;

(d) Mezzotin shall have completed and filed all necessary documents in accordance with the OBCA and BCBCA in respect of the matters set out in the Mezzotin Circular approved at the Mezzotin Meeting, and the Subordinate Voting Shares and Super Voting Shares shall have been duly and validly created, and the Name Change, Reclassification and Continuance shall be effective;

(e) each of the Subordinate Voting Shares and Super Voting Shares to be issued in connection with the Business Combination shall be issued as fully paid and non-assessable shares in the capital of the Mezzotin, free and clear of any and all Liens of whatsoever nature, and Indus shall be satisfied that the exchange of Subordinate Voting Shares, Convertible Shares and Super Voting Shares, as applicable, for Indus Shares shall be exempt from registration under all applicable United States federal and state securities laws;

(f) all of the current directors and officers of Mezzotin and Mezzotin Subco shall have resigned without payment by or any liability of Mezzotin, Indus, Canadian Finco, Mezzotin Subco or Amalco other than the Mezzotin Bonuses, if not yet paid, and any amounts owing under the Mezzotin CFO Contract, and each such director and officer shall have executed and delivered a general release on behalf of itself and its affiliates in favour of Mezzotin, Mezzotin Subco, Indus, Canadian Finco and Amalco, in a form acceptable to Mezzotin and Indus, each acting reasonably;

(g) Max Mind Investment Limited shall have executed and delivered a payoff letter to Mezzotin and Paul Ekon and Englewood Group Management Ltd. shall have executed and delivered a release in favour of Mezzotin, in a form acceptable to the parties providing such instruments, Mezzotin and Indus, each acting reasonably;

(h) Indus shall be satisfied in its sole discretion that at the time of the completion of the Business Combination, all agreements of the Mezzotin Group other than those required to complete the Business Combination have been terminated with no ongoing liability, absolute, contingent or otherwise, to any Mezzotin Group Member;

(i) the CSE shall not have objected to the appointment of the New Mezzotin Nominees as directors and officers of Mezzotin, each upon closing of the Business Combination, and each such New Mezzotin Nominee shall have been duly elected or appointed, as applicable, as the board of directors and management of Mezzotin as of the Effective Time;

(j) the Support Agreements shall have been entered into in accordance with the terms hereof and complied with in all material respects;

(k) Adsani and Mezzotin Investments shall have each be dissolved or transferred for nominal consideration to a party or parties determined by Mezzotin (other than Mezzotin or any of its affiliates) without Liability to Mezzotin or any of its affiliates, all in a manner acceptable to Indus, acting reasonably;

(l) all tangible assets of the Mezzotin Group Members other than books and records, corporate seals and other administrative items shall have been transferred to a party or parties determined by Mezzotin (other than Mezzotin or its affiliates) without Liability to Mezzotin or its affiliates, all in a manner acceptable to Indus, acting reasonably (and without limitation, the contemplated transfer of tangible assets of the Mezzotin Group Members located in Zimbabwe to Pan African Mining shall have been completed in a manner acceptable to Indus, acting reasonably);

(m) Mezzotin and Mezzotin Subco have no liabilities, absolute, contingent or otherwise, other than those ordinary course current liabilities taken into account in calculating the Working Capital Deficiency, and the Working Capital Deficiency shall not exceed $2.25 million;

(n) Indus shall have received concurrently with the execution of this Agreement (i) joint and several indemnities from Paul Ekon and Englewood Group Management Ltd. (the "**Indemnifying Shareholders**") for any claims or costs that it or Mezzotin may incur in respect of **[commercially sensitive information redacted]** during the 180 days period after the Effective Date (the "**Indemnity**"); and (ii) agreements from the Indemnifying Shareholders entitling Mezzotin to hold their Subordinate Voting Shares specified in subsection 4.2(b)(iii) in escrow during the period that the Transfer Restrictions are in place as security for the Indemnity;

(o) there shall not be outstanding any securities of Mezzotin (including, without limitation, stock options, warrants, subscription rights or other similar rights or instruments) other than the common shares of Mezzotin constituting the Pre-Transaction Mezzotin Shares;

(p) Dissenting Mezzotin Shares shall not constitute more than 5% of the Pre-Transaction Mezzotin Shares;

(q) the Mezzotin Bonuses, if not paid, each of the Max Mind Promissory Notes, if not paid, and the Mezzotin CFO Contract, if not fully paid, shall have been included in the calculation of the Working Capital Deficiency;

(r) the Mezzotin Finder's Fee Agreement shall have been terminated and there shall be no further amounts owing or liabilities thereunder; and

(s) other than approval by the board of directors and shareholders of Indus, receipt of all required approvals and consents to both the Business Combination and all related matters, including without limitation:

(i) the receipt of all requisite approvals of Mezzotin's securityholders, as required by the CSE or applicable corporate or securities laws;

(ii) the approval of the CSE for the Business Combination and the listing of the Subordinate Voting Shares in connection therewith, including those issuable upon redemption, exchange or conversion of Indus Shares or other convertible securities, subject only to standard conditions on the Effective Date or as soon as practicable thereafter; and

(iii) the approval of any third parties from whom Indus must obtain consent.

ARTICLE VII
MUTUAL CONDITIONS PRECEDENT

7.1 Mutual Conditions Precedent

The obligations of Mezzotin, Mezzotin Subco, Indus and Canadian Finco to complete the Business Combination are subject to the satisfaction of the following conditions on or prior to the Effective Date, each of which may be waived only with the consent in writing of Mezzotin and Indus:

(a) the Financing shall have been completed;

(b) no temporary restraining order, preliminary injunction, permanent injunction or other order or legal prohibition preventing the consummation of the Business Combination shall have been issued by any federal, state, or provincial court (whether domestic or foreign) having jurisdiction and remain in effect;

(c) on the Effective Date, no cease trade order or similar restraining order of any other provincial securities administrator relating to the Mezzotin Shares, the Subordinate Voting Shares, the Convertible Shares, the Super Voting Shares, the Canadian Finco Shares or the Amalco Shares shall be in effect;

(d) there shall not be pending or threatened any suit, action or proceeding by any Governmental Entity, before any court or Governmental Authority, agency or tribunal, domestic or foreign, seeking to restrain or prohibit the consummation of the Business Combination or any of the other transactions contemplated by this Agreement;

(e) the distribution of Amalco Shares, Subordinate Voting Shares, Convertible Share and Super Voting Shares pursuant to or in connection with the Business Combination shall be exempt from the prospectus requirements of applicable Canadian Securities Law either by virtue of exemptive relief from the securities regulatory authorities of each of the provinces of Canada or by virtue of applicable exemptions under Canadian Securities Laws and shall not be subject to resale restrictions under applicable Canadian Securities Laws (other than as applicable to control persons) or pursuant to section 2.6 of National Instrument 45-102 – *Resale of Securities of the Canadian Securities Administrators*);

(f) each of the Indus Related Agreements shall have been terminated

(g) this Agreement shall not have been terminated in accordance with its terms; and

(h) Indus shall have made arrangements acceptable to Mezzotin, acting reasonably, for the payment of the Mezzotin Transaction Costs and other costs contemplated by Section 10.5, the Max Mind Promissory Notes, the Mezzotin Bonuses, and the compensation accruals and other current liabilities included in the calculation of the Working Capital Deficiency (whether or not there is a Working Capital Deficiency).

ARTICLE VIII
CLOSING

8.1 Closing

Subject to the satisfaction of the conditions in Articles 5, 6 and 7 or waiver thereof by the Parties entitled to waive such conditions, the Closing shall take place at the offices of Indus's counsel, Cassels Brock & Blackwell LLP at 11:00 a.m. (Toronto time) on the Effective Date or on such other date as Indus and Mezzotin may agree.

8.2 Termination of this Agreement

This Agreement may be terminated at any time prior to the Effective Time, whether before or after approval of the Mezzotin Subco Amalgamation Resolution by Mezzotin or the matters set out in the Mezzotin Circular by the Mezzotin Shareholders or any other matters presented in connection with the Business Combination:

(a) by mutual written consent of the Parties;

(b) by Mezzotin if the conditions set forth in Articles 5 or 7 have not been satisfied or waived on or prior to June 28, 2019;

(c) by Indus if the conditions set forth in Articles 6 or 7 have not been satisfied or waived on or prior to June 28, 2019;

(d) by Mezzotin or Indus:

(i) if there has been a breach, in any material respect, of any of the representations, warranties, covenants and agreements on the part of the other Party (the "**Breaching Party**") set forth in this Agreement that is not cured within five (5) Business Days following receipt by the Breaching Party of written notice of such breach from the non-breaching Party;

(ii) if any permanent order, decree, ruling or other action of a court or other competent authority restraining, enjoining or otherwise preventing the consummation of the Business Combination shall have become final and non-appealable; or

(iii) in the event that the Effective Date has not occurred on or prior to June 28, 2019.

In the event of a termination of this Agreement pursuant to this Section 8.2, this Agreement shall become null and void and no Party shall have any Liability with respect hereto other than for any breach by such Party prior to the termination, provided that the provisions of Sections 10.5 (Costs and Expenses) and 10.8 (Confidentiality) shall survive.

8.3 Dissenting Shareholders

(a) On the earlier of the Effective Date, the making of an agreement between a Dissenting Mezzotin Shareholder and Mezzotin for the purchase of their Mezzotin Shares or the pronouncement of a court order both pursuant to section 185 of the OBCA, a Dissenting Mezzotin Shareholder shall cease to have any rights as a Mezzotin Shareholder other than the right to be paid the fair value of its Mezzotin Shares in the amount agreed to or as ordered by the court, as the case may be. Notwithstanding anything in this Agreement to the contrary, Mezzotin Shares which are held by a Dissenting Mezzotin Shareholder shall not be subject to the Reclassification and/or Continuance, as applicable, as provided herein. However, in the event that a Dissenting Mezzotin Shareholder fails to perfect or effectively withdraws the Dissenting Mezzotin Shareholder's claim under section 185 of the OBCA or otherwise forfeits the Dissenting Mezzotin Shareholder's right to make a claim under section 185 of the OBCA, the Dissenting Mezzotin Shareholder's Mezzotin Shares shall thereupon be subject to the Reclassification and/or Continuance, as applicable, as of the Effective Date on the basis set forth in Section 1.2 hereof.

8.4 Survival of Representations and Warranties; Limitation

The representations and warranties set forth in herein shall expire and be terminated on the earlier of the Effective Date or the termination of this Agreement.

8.5 Good Faith

The Parties agree to proceed diligently and in good faith to complete all transactions contemplated herein as soon as possible.

ARTICLE IX
STANDSTILL

9.1 Indus Standstill

Indus hereby agrees from the date hereof until the date this Agreement is terminated pursuant to its terms, subject to the terms of this Agreement not to initiate, propose, assist or participate in any activities or solicitations in opposition to or in competition with the Business Combination and, without limiting the generality of the foregoing, not to induce or attempt to induce any other Person to initiate any shareholder proposal, acquisition of securities or any other form of transaction inconsistent with completion of the Business Combination and not to take actions of any kind which may reduce the likelihood of success of the Business Combination, except as required by statutory law.

9.2 Mezzotin Standstill

Mezzotin hereby agrees from the date hereof until the date this Agreement is terminated pursuant to its terms, subject to the terms of this Agreement:

(a) not to initiate, propose, assist or participate in any activities or solicitations in opposition to or in competition with the Business Combination and, without limiting the generality of the foregoing, not to induce or attempt to induce any other Person to initiate any shareholder proposal, acquisition of securities or any other form of transaction inconsistent with completion of the Business Combination and not to take actions of any kind which may reduce the likelihood of success of the Business Combination, except as required by statutory law; and

(b) to disclose to Indus any unsolicited offer it has received: (i) for the purchase of its shares, or any portion thereof, or (ii) of any amalgamation, arrangement, merger, business combination, take-over bid, tender or exchange offer, variation of a take-over bid, tender or exchange offer or similar transaction involving Mezzotin made to the board of directors or management of Mezzotin, or directly to the Mezzotin Shareholders.

ARTICLE X
MISCELLANEOUS

10.1 Further Actions

From time to time, as and when requested by any Party, the other Parties shall execute and deliver, and use all commercially reasonable efforts to cause to be executed and delivered, such documents and instruments and shall take, or cause to be taken, such further or other actions as may be reasonably requested in order to:

(a) carry out the intent and purposes of this Agreement;

(b) effect the Amalgamation (or to evidence the foregoing); and

(c) consummate and give effect to the other transactions, covenants and agreements contemplated by this Agreement.

10.2 Entire Agreement

This Agreement, which includes the Schedules hereto and the other documents, agreements, and instruments executed and delivered pursuant to or in connection with this Agreement, contains the entire Agreement between the Parties with respect to matters dealt within herein and, except as expressly provided herein, supersedes all prior arrangements or understandings with respect thereto, including the Letter of Intent.

10.3 Descriptive Headings

The descriptive headings of this Agreement are for convenience only and shall not control or affect the meaning or construction of any provision of this Agreement.

10.4 Notices

All notices or other communications which are required or permitted hereunder shall be in writing and sufficient if delivered personally or sent by electronic mail, nationally recognized overnight courier, or registered or certified mail, postage prepaid, addressed as follows:

(a) If to Mezzotin or Mezzotin Subco:

Mezzotin Minerals Inc.
150 York Street
Suite 1600
Toronto, ON M5H 3S5
Canada
Attention: Chief Financial Officer
E-mail: **[email address redacted]**

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

Kirsh Securities Law Professional Corporation
181 University Avenue
Suite 800
Toronto, ON M5H 2X7
Attention: Lonnie Kirsh
Email: **[email address redacted]**

(b) If to Indus or Canadian Finco:

Indus Holding Company
19 Quail Run Circle
Unit B
Salinas, CA 93907
United States
Attention: Chief Executive Officer
E-mail: **[email address redacted]**

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

Cassels Brock & Blackwell LLP
2100 Scotia Plaza, 40 King Street West
Toronto, ON M5H 3C2
Attention: Jay Goldman
Email: **[email address redacted]**

Any such notices or communications shall be deemed to have been received: (i) if delivered personally or sent by nationally recognized overnight courier or by electronic mail, on the date of such delivery; or (ii) if sent by registered or certified mail, on the third Business Day following the date on which such mailing was postmarked. Any Party may by notice change the address to which notices or other communications to it are to be delivered or mailed.

10.5 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, provided that Indus and its counsel shall be primarily responsible for preparation, printing and mailing of all documentation and filings in connection with the Business Combination and the payment of all related costs and fees, all shareholder meetings and the application to the CSE for the listing of the Subordinate Voting Shares following completion of the Business Combination, while Mezzotin 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 shareholders of such Party or otherwise used in connection with the approval of the Business Combination by the shareholders of such Party and the CSE. The Parties agree that Mezzotin's unpaid costs and expenses relating to the Business Combination as of the Effective Time (the "Mezzotin Transaction Costs") will not exceed $75,000 (exclusive of HST).

10.6 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, but references to such laws shall not, by conflict of laws, rules or otherwise require application of the law of any jurisdiction other than the Province of Ontario and the Parties hereby further irrevocably attorn to the jurisdiction of the Courts of the Province of Ontario in respect of any matter arising hereunder or in connection with the transactions contemplated in this Agreement.

10.7 Enurement and Assignability

This Agreement shall be binding upon and shall enure to the benefit of and be enforceable by the Parties and their respective successors and permitted assigns, provided that this Agreement shall not be assignable otherwise than by operation of law by any Party without the prior written consent of the other Parties, and any purported assignment by any Party without the prior written consent of the other Parties shall be void.

10.8 Confidentiality

The Parties agree that no disclosure or announcement, public or otherwise, in respect of the Business Combination, this Agreement or the transactions contemplated herein shall be made by any Party or its representatives without the prior agreement of the other Parties as to timing, content and method, hereto, provided that the obligations herein will not prevent any Party from making, after consultation with the other Parties, such disclosure as its counsel advises is required by applicable Law or the rules and policies of the CSE or the TSX-V (or any other relevant stock exchange). If any of Mezzotin, Indus, Canadian Finco or Mezzotin Subco is required by applicable Law or regulatory instrument, rule or policy to make a public announcement with respect to the Business Combination, such Party hereto will provide as much notice to the other of them as reasonably possible, including the proposed text of the announcement.

10.9 Remedies

The remedies of the Parties with respect to the Business Combination and this Agreement, whether prior to, following or in connection with any termination of this Agreement, shall be solely monetary in nature and no Party shall have a right of specific performance or to any similar equitable remedy.

10.10 Waivers and Amendments

Any waiver of any term or condition of this Agreement, or any amendment or supplementation of this Agreement, shall be effective only if in writing. A waiver of any breach or failure to enforce any of the terms or conditions of this Agreement shall not in any way affect, limit, or waive a Party's rights hereunder at any time to enforce strict compliance thereafter with every term or condition of this Agreement.

10.11 Illegalities

In the event that any provision contained in this Agreement shall be determined to be invalid, illegal, or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and the remaining provisions of this Agreement shall not, at the election of the Party for whose benefit the provision exists, be in any way impaired, and such invalid, illegal, or unenforceable provision shall be deemed to be replaced by a valid, legal, and enforceable provision that most nearly matches the intent of the Parties with respect to such invalid, illegal, or unenforceable provision.

10.12 Currency

Except as otherwise set forth herein, all references to amounts of money in this Agreement are to Canadian Dollars.

10.13 Third-Party Beneficiaries

This Agreement is strictly between the Parties and, except as specifically provided herein, no other person or entity and no director, officer, stockholder, employee, agent, independent contractor or any other person or entity shall be deemed to be a third-party beneficiary of this Agreement.

10.14 Counterparts

This Agreement may be executed in any number of counterparts by original or telefacsimile or other electronic signature, each of which will be an original as regards any party whose signature appears thereon and all of which together will constitute one and the same instrument. This Agreement will become binding when one or more counterparts hereof, individually or taken together, bears the signatures of all the parties reflected hereon as signatories.

[REMAINDER OF THE AGREEMENT IS INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the undersigned have executed and delivered this Agreement as of the day and year first above written.

MEZZOTIN MINERALS INC.

By: */s/ Lawrence Schreiner*
Name:

Title: CFO

INDUS HOLDING COMPANY

By: */s/ Robert Weakley*
Name:

Title: CEO

2670764 ONTARIO INC.

By: */s/ Lawrence Schreiner*
Name:

Title: President

2670995 ONTARIO INC.

By: */s/ Eric Klein*
Name:

Title: Director

SCHEDULE A
DEFINITIONS

"**Adsani**" means Adsani Exploration (Proprietary) Limited, a company existing under the laws of the Republic of South Africa.

"**Advisers**" when used with respect to any Person, shall mean such Person's directors, officers, employees, representatives, agents, counsel, accountants, advisers, engineers, and consultants.

"**Affiliate**" has the meaning ascribed to such term in National Instrument 45-106 – Prospectus Exemptions of the Canadian Securities Administrators.

"**Agreement**" means this Business Combination Agreement, as it may be amended or supplemented at any time and from time to time after the date hereof.

"**Amalco**" means the corporation resulting from Amalgamation.

"**Amalco Shares**" means common shares in the capital of Amalco.

"**Amalgamation**" means an amalgamation of Mezzotin Subco and Canadian Finco pursuant to Section 174 of the OBCA, on the terms and subject to the conditions set out in the Amalgamation Agreement and this Agreement, subject to any amendments or variations thereto made in accordance with the provisions of the Amalgamation Agreement and this Agreement.

"**Amalgamation Agreement**" means the amalgamation agreement in the form attached hereto as **Schedule B** to be entered into between Mezzotin Subco, Mezzotin and Canadian Finco, to effect the Amalgamation.

"**Articles of Amalgamation**" means the articles of amalgamation to be jointly completed and filed by Mezzotin and Canadian Finco with the Director under the OBCA, giving effect to the Amalgamation of Mezzotin Subco and Canadian Finco upon and subject to the terms of this Agreement.

"**Associate**" has the meaning ascribed to such term in the *Securities Act* (Ontario).

"**BCBCA**" means the *Business Corporations Act* (British Columbia).

"**Breaching Party**" has the meaning ascribed to such term in Section 8.2(d).

"**Business Combination**" means the completion of the steps set out in Article 1 on the basis set out in this Agreement.

"**Business Day**" means any day other than a Saturday or Sunday or other day on which Canadian Chartered Banks located in the City of Toronto are required or permitted to close.

"**Canadian Finco Compensation Options**" means options to acquire Canadian Finco Shares granted to certain agents as compensation pursuant to the Financing.

"**Canadian Finco Shareholders**" means the holders of the issued and outstanding Canadian Finco Shares.

"**Canadian Finco Shares**" means the common shares in the capital of Canadian Finco.

"**Canadian Securities Laws**" means the *Securities Act* (or equivalent legislation) in each of the provinces and territories of Canada and the respective regulations under such legislation together with applicable published rules, regulations, policy statements, national instruments and memoranda of understanding of the Canadian Provincial Securities Administrators and the securities regulatory authorities in such provinces and territories.

"**Certificate of Amalgamation**" means the certificate of amalgamation to be used by the Director under the OBCA following the filing of the Articles of Amalgamation.

"**Code**" means the U.S. Internal Revenue Code of 1986, as amended.

"**Confidential Information**" means any information concerning the Disclosing Party or its business, properties and assets made available to the Receiving Party; provided that it does not include information which: (a) is generally available to or known by the public other than as a result of improper disclosure by the Receiving Party or pursuant to a breach of Section 10.8 by the Receiving Party; (b) is obtained by the Receiving Party from a source other than the Disclosing Party, provided that, to the reasonable knowledge of the Receiving Party, such source was not bound by a duty of confidentiality to the Disclosing Party or another party with respect to such information; (c) is developed by the Receiving Party independently of any disclosure by the Disclosing Party; or (d) was in the Receiving Party's possession prior to its disclosure by the Disclosing Party.

"**Continuance**" means the continuance of Mezzotin from the Province of Ontario to the Province of British Columbia, pursuant to which Mezzotin will thereafter be governed by the provisions of the BCBCA instead of the OBCA;

"**Contract**" means any contract, lease, agreement, instrument, license, commitment, order, or quotation, written or oral.

"**Contribution Agreement**" means the contribution agreement to be entered into between Indus and Mezzotin giving effect to the Indus Exchange.

"**Convertible Shares**" means a newly created class of non-voting common shares of Indus having the terms and conditions set out in Schedule D.

"**CSE**" means the Canadian Securities Exchange.

"**Director**" means the Director appointed pursuant to Section 278 of the OBCA.

"**Disclosing Party**" means any Party or its representatives disclosing Confidential Information to the Receiving Party.

"**Dissenting Mezzotin Shareholder**" means a registered holder of Mezzotin Shares who validly exercises the right of dissent available to such holder under section 185 of the OBCA in respect of the resolution approving the Reclassification, Continuance or both;

"**Dissenting Mezzotin Shares**" means the Mezzotin Shares held by Dissenting Mezzotin Shareholders;

"**Effective Date**" has the meaning ascribed to such term in Section 1.6(e).

"**Effective Time**" means the time of filing of the Articles of Amalgamation with the Director under the OBCA on the Effective Date.

"**Employee Plans**" means all plans, arrangements, agreements, programs, policies or practices, whether oral or written, formal or informal, funded or unfunded, maintained for employees, including, without limitation:

(a) any employee benefit plan or material fringe benefit plan;

(b) any retirement savings plan, pension plan or compensation plan, including, without limitation, any defined benefit pension plan, defined contribution pension plan, group registered retirement savings plan or supplemental pension or retirement income plan;

(c) any bonus, profit sharing, deferred compensation, incentive compensation, stock compensation, stock purchase, hospitalization, health, drug, dental, legal disability, insurance (including without limitation unemployment insurance), vacation pay, severance pay or other benefit plan, arrangement or practice with respect to employees or former employees, individuals working on contract, or other individuals providing services of a kind normally provided by employees; and

(d) where applicable, all statutory plans, including, without limitation, the Canada or Québec Pension Plans.

"**Environmental Laws**" means Laws regulating or pertaining to the generation, discharge, emission or release into the environment (including without limitation ambient air, surface water, groundwater or land), spill, receiving, handling, use, storage, containment, treatment, transportation, shipment, disposition or remediation or clean-up of any Hazardous Substance, as such Laws are amended and in effect as of the date hereof.

"**Financing**" means the private placement of Subscription Receipts to be completed prior to the Effective Date.

"**Government**" means:

(a) the government of Canada, the United States or any other foreign country;

(b) the government of any Province, State, county, municipality, city, town, or district of Canada, the United States or any other foreign country; and

(c) any ministry, agency, department, authority, commission, administration, corporation, bank, court, magistrate, tribunal, arbitrator, instrumentality, or political subdivision of, or within the geographical jurisdiction of, any government described in the foregoing clauses (a) and (b), and for greater certainty, includes the TSX-V and the CSE.

"**Government Official**" means:

(a) any official, officer, employee, or representative of, or any person acting in an official capacity for or on behalf of, any Governmental Authority;

(b) any salaried political party official, elected member of political office or candidate for political office; or

(c) any company, business, enterprise or other entity owned or controlled by any person described in the foregoing clauses.

"**Governmental**" means pertaining to any Government.

"**Governmental Authority**" means and includes, without limitation, any Government or other political subdivision of any Government, 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, includes the TSX-V and the CSE.

"**Hazardous Substance**" means any pollutant, contaminant, waste or chemical or any toxic, radioactive, ignitable, corrosive, reactive or otherwise hazardous or deleterious substance, waste or material, including hydrogen sulphide, arsenic, cadmium, copper, lead, mercury, petroleum, polychlorinated biphenyls, asbestos and urea-formaldehyde insulation, and any other material, substance, pollutant or contaminant regulated or defined pursuant to, or that could result in liability under, any applicable Environmental Law.

"**IFRS**" means International Financial Reporting Standards.

"**Income Tax**" means any Tax based on or measured by income (including without limitation, based on net income, gross income, income as specifically defined, earnings, profits or selected items of income, earnings or profits); and any interest, penalties and additions to tax with respect to any such tax (or any estimate or payment thereof).

"**Indebtedness**" of any Person means, without duplication, (i) the principal of and premium (if any) in respect of (A) indebtedness of such Person for money borrowed (which shall include the outstanding balances of any corporate credit card accounts) and (B) indebtedness evidenced by notes, debentures, bonds or other similar instruments for the payment of which such Person is responsible or liable; (ii) all obligations of such Person issued or assumed as the deferred purchase price of property or services, all conditional sale obligations of such Person and all obligations of such Person under any title retention agreement (but excluding trade accounts payable arising in the ordinary course of business that are not more than 60 days past due); (iii) all obligations of such Person under leases that would be required to be capitalized in accordance with IFRS (including any such liabilities that are not capitalized); (iv) all obligations of such Person under any letter of credit, banker's acceptance or similar credit transaction or any book overdraft; (v) all obligations of such Person under interest rate cap, swap, collar or similar transactions or currency hedging transactions; (vi) the liquidation value of all redeemable preferred securities of such Person; (vii) any accrued interest, penalties and other obligations relating to the foregoing; (viii) all obligations of the type referred to in clauses (i) through (vii) of any Persons for the payment of which such Person is responsible or liable, directly or indirectly, as obligor, guarantor, surety or otherwise, including guarantees of such obligations; and (ix) all obligations of the type referred to in clauses (i) through (viii) of other Persons secured by any Lien on any property or asset of such Person (whether or not such obligation is assumed by such Person).

"**Indemnifying Shareholders**" has the meaning ascribed to such term in Section 6.1(n).

"**Indemnity**" has the meaning ascribed to such term in Section 6.1(n).

"**Indus Common Shares**" means the shares of common stock of Indus, as constituted on the date of this Agreement.

"**Indus Exchange**" has the meaning ascribed to such term in the recitals to this Agreement.

"**Indus Financial Statements**" has the meaning ascribed to such term in Section 2.4(a).

"**Indus Options**" means stock options to acquire Indus Shares, including outstanding compensation options held by the placement agent for the Indus Series B Shares.

"**Indus Related Agreements**" means, collectively, the Second Amended and Restated Investors Rights Agreement, the Second Amended and Restated Voting Agreement, and the Amended and Restated Right of First Refusal and Co-Sale Agreement, in each case between Indus and the Investors, in effect as of the date of this Agreement.

"**Indus Reorganization**" has the meaning ascribed to such term in the recitals to this Agreement.

"**Indus Series A Shares**" means the series A preferred stock of Indus, as constituted on the date of this Agreement.

"**Indus Series A2 Shares**" means the series A2 preferred stock of Indus, as constituted on the date of this Agreement.

"**Indus Series B Shares**" means the series B preferred stock of Indus, as constituted on the date of this Agreement.

"**Indus Shares**" means the Indus Common Shares, Indus Series A Shares, Indus Series A2 Shares and Indus Series B Shares, collectively.

"**Indus Voting Common Shares**" means a newly created class of voting common shares of Indus having the terms and conditions set out in Schedule D.

"**Indus Warrants**" means share purchase warrants to acquire Indus Shares.

"**Investors**" means, collectively, the holders of the Indus Series A Shares, the Indus Series A2 Shares, the Indus Series B Shares, the Indus Warrants to purchase Indus Common Shares issued together with the senior notes of Indus, and the convertible notes of Indus.

"**ITA**" means the *Income Tax Act* (Canada), as amended and all regulations thereunder.

"**knowledge of Indus**" means the actual knowledge of Robert Weakley, without additional inquiry.

"**Law**" means any of the following of, or issued by, any Government, in effect on or prior to the date hereof, including any amendment, modification or supplementation of any of the following from time to time subsequent to the original enactment, adoption, issuance, announcement, promulgation or granting thereof and prior to the date hereof: any statute, law, act, ordinance, code, rule or regulation of any writ, injunction, award, decree, judgment or order.

"**Letter of Intent**" means the letter of intent, dated November 12, 2018, between Indus and Mezzotin related to the Business Combination.

"**Liability**" means any liability, obligation or commitment of any nature whatsoever (whether known or unknown, asserted or unasserted, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured, or due or to become due, or otherwise), including any liability for Taxes.

"Lien" means any mortgage, pledge, assignment, charge, lien, claim, security interest, adverse interest, adverse claim, other third party interest or encumbrance of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by Law, contract or otherwise) capable of becoming any of the foregoing.

"**Material Adverse Change**" or "**Material Adverse Effect**" means, with respect to any Party any change, event, effect, occurrence or state of facts that has, or could reasonably be expected to constitute a material adverse change in respect of or to have a material adverse effect on, the business, properties, assets, liabilities (including contingent liabilities), results of operations or financial condition of the Party and its subsidiaries, as applicable, taken as a whole. The foregoing shall not include any change or effects attributable to: (i) any matter that has been disclosed in writing to the other Party or any of its Advisers by a Party or any of its Advisers in connection with this Agreement; (ii) changes relating to general economic, political or financial conditions; or (iii) relating to the state of securities markets in general.

"**Max Mind Promissory Notes**" means the promissory notes issued by Mezzotin in favour of Max Mind Investment Limited (with an aggregate principal amount remaining outstanding of US$50,000 as of March 26, 2019) and bearing interest at the rate of 5% per annum.

"**Measurement Date**" means the date which is two Business Days prior to the date of this Agreement.

"**Mezzotin**" means Mezzotin Minerals Inc., a corporation existing under the OBCA.

"**Mezzotin Bonuses**" means the bonuses proposed to be granted and accrued for certain directors and officers of Mezzotin at and for the year ended December 31, 2018 in the aggregate amount of C$75,000.

"**Mezzotin CFO Contract**" means the oral contract between Mezzotin and Management Bandwith Corporation for the provision of Chief Financial Officer and related corporate services on a month-to-month basis at the rate of C$3,500 per month and terminable at any time upon written notice.

"**Mezzotin Circular**" means the management information circular of Mezzotin dated December 17, 2018 in respect of the Mezzotin Meeting.

"**Mezzotin Compensation Options**" means options to acquire Subordinate Voting Shares to be issued to former holders of Canadian Finco Compensation Options, which options will be substantially on the same terms and conditions as the Canadian Finco Compensation Options except for the right to receive Subordinate Voting Shares in lieu of Canadian Finco Shares upon, among other things, payment of the applicable exercise price.

"**Mezzotin Finder's Fee**" means a finder's fee payable by Mezzotin in connection with the Amalgamation in Mezzotin Shares in an amount equal to 9.99% of the Pre-Transaction Mezzotin Shares (after giving effect to the issuance of such finder's fee shares).

"**Mezzotin Finder's Fee Agreement**" means the agreement between Mezzotin and Kirsh Securities Law Professional Corporation in respect of the Mezzotin Finder's Fee.

"**Mezzotin Group**" means and includes Mezzotin and Mezzotin Subco.

"**Mezzotin Group Member**" means and includes any member of the Mezzotin Group.

"**Mezzotin Investments**" means Mezzotin Investments (Private) Limited, a company existing under the laws of Zimbabwe.

"**Mezzotin Meeting**" means the special meeting of the Mezzotin Shareholders held on January 16, 2019, which approved the Mezzotin Meeting Matters as set out in the Mezzotin Circular.

"**Mezzotin Meeting Matters**" means, collectively, the creation of the Subordinate Voting Shares and Super Voting Shares, the Name Change, Reclassification, Continuance, delisting of the Mezzotin Shares from the TSX-V, election of the board of directors, appointment of new auditors and adoption of a new equity compensation plan of Mezzotin effective on completion of the Business Combination, and such other matters as Indus may reasonably request in connection with the completion of the Business Combination.

"**Mezzotin Securities Documents**" has the meaning ascribed to such term in Section 3.4(a).

"**Mezzotin Shareholders**" means the holders of Mezzotin Shares.

"**Mezzotin Shares**" means the common shares in the capital of Mezzotin prior to giving effect to the Reclassification.

"**Mezzotin Stock Option Plan**" means the stock option plan of Mezzotin as most recently approved by Mezzotin Shareholders at an annual and special meeting held on June 25, 2018.

"**Mezzotin Subco**" means 2670764 Ontario Inc., a wholly-owned subsidiary of Mezzotin, created for the purpose of effecting the Business Combination.

"**Mezzotin Subco Amalgamation Resolution**" means the resolution of Mezzotin, as sole shareholder of Mezzotin Subco, approving the Amalgamation.

"**Mezzotin Subco Shares**" means the common shares in the capital of Mezzotin Subco.

"**Mezzotin Transaction Costs**" has the meaning ascribed to such term in Section 10.5.

"**Name Change**" means the change of Mezzotin's name to "Indus Holdings, Inc.", or such other name designated by Indus and that is acceptable to the regulatory authorities.

"**New Mezzotin Nominees**" has the meaning ascribed to such term in Section 1.11.

"**OBCA**" has the meaning ascribed to such term in the recitals to this Agreement;

"**Offering Price**" means the offering price per Subscription Receipt pursuant to the Financing.

"**Parties**" and "**Party**" means the parties to this Agreement.

"**Person**" means any corporation, partnership, limited liability company or partnership, joint venture, trust, unincorporated association or organization, business, enterprise or other entity; any individual; and any Government.

"**Pre-Transaction Mezzotin Share Value**" means $2.25 million, less the Working Capital Deficiency.

"**Pre-Transaction Mezzotin Shareholders**" means holders of Pre-Transaction Mezzotin Shares.

"**Pre-Transaction Mezzotin Shares**" means Mezzotin Shares as of immediately prior to the Effective Time (including, without limitation, any Mezzotin Shares issued as contemplated in Section 4.2(e)(v) of this Agreement).

"**Pro Forma Balance Sheet**" shall have the meaning ascribed to such term in Section 4.2(g).

"**Receiving Party**" means any Party or its representatives receiving Confidential Information from a Disclosing Party.

"**Reclassification**" means the reclassification of the Mezzotin Shares into Subordinate Voting Shares on a basis that results in the Pre-Transaction Mezzotin Shareholders holding, in the aggregate, Subordinate Voting Shares having a value equal to the Pre-Transaction Mezzotin Share Value, such valuation to be determined on the basis of a deemed price per Subordinate Voting Share equal to the Offering Price, and, if the Offering Price is denominated in US dollars, as converted to Canadian dollars based on the one week average exchange rate published by the Bank of Canada on the Measurement Date.

"**Sabi Star Sale**" means the sale of Mezzotin's previously indirectly owned Sabi Star rare earth property located in Zimbabwe, which constituted the sale of substantially all of the assets of Mezzotin, as disclosed in the Mezzotin Securities Documents.

"**SEC**" means the United States Securities and Exchange Commission.

[commercially sensitive information redacted]

"**Subordinate Voting Shares**" means the Subordinate Voting Shares into which the Mezzotin Shares will be reclassified pursuant to the Reclassification, having the terms and conditions set out in Schedule C.

"**Subscription Receipt Agreement**" means the subscription receipt agreement among Canadian Finco, Indus, Beacon Securities Limited and Odyssey Trust Company setting out the terms and conditions of the Subscription Receipts.

"**Subscription Receipts**" has the meaning ascribed to such term in Section 1.4.

"**subsidiary**" means, with respect to a specified corporation, any corporation of which more than fifty per cent (50%) of the outstanding shares ordinarily entitled to elect a majority of the board of directors thereof (whether or not shares of any other class or classes shall or might be entitled to vote upon the happening of any event or contingency) are at the time owned directly or indirectly by such specified corporation, and shall include any corporation in like relation to a subsidiary.

"**Super Voting Shares**" means the Super Voting Shares of Mezzotin having the terms and conditions set out in Schedule E.

"**Support Agreements**" has the meaning ascribed to such term in Section 4.2(b).

"**Tax**" means any tax, levy, charge or assessment imposed by or due any Government, together with any interest, penalties, and additions to tax relating thereto, including without limitation, any of the following:

(a) any Income Tax;

(b) any franchise, sales, use and value added tax or any license or withholding tax; any payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, alternative or add-on minimum tax; and any customs duties or other taxes;

(c) any tax on property (real or personal, tangible or intangible, based on transfer or gains);

(d) any estimate or payment of any of tax described in the foregoing clauses (a) through (d); and

(e) any interest, penalties and additions to tax with respect to any tax (or any estimate or payment thereof) described in the foregoing clauses (a) through (e).

"**Tax Return**" means all returns, amended returns and reports (including elections, declarations, disclosures, schedules, estimates and information returns) required to be supplied to a Tax authority with jurisdiction over the applicable party.

"**Transfer Restrictions**" has the meaning ascribed to such term in Section 4.2(b).

"**Transferred Funds**" means the net proceeds of the Financing retained by FinanceCo, after deduction of expenses of the Financing.

"**TSX-V**" means the TSX Venture Exchange.

"**Working Capital Deficiency**" the amount by which the current liabilities of Mezzotin (including an accrual for the Mezzotin Bonuses, if awarded, and related employer payroll Tax) exceeds the current assets of Mezzotin, calculated as of the date which is two Business Days prior to the Effective Date excluding (a) Mezzotin Transaction Costs; and (b) **[commercially sensitive information redacted]**.

SCHEDULE B
AMALGAMATION AGREEMENT

THIS AGREEMENT made as of the ● day of ●, 2019

AMONG:

2670995 ONTARIO INC.
a corporation incorporated under the laws of the Province of Ontario ("**Finco**")

- and -

2670764 ONTARIO INC.
a corporation incorporated under the laws of the Province of Ontario ("**Mezzotin Subco**")

- and -

MEZZOTIN MINERALS INC.
a corporation incorporated under the laws of the Province of Ontario
("Mezzotin")

RECITALS:

WHEREAS Mezzotin, Mezzotin Subco, Finco and Indus Holding Company have entered into a business combination agreement dated as of March 29, 2019 pursuant to which the parties thereto have agreed, amongst other matters, that the business and assets of Finco will be combined with those of Mezzotin (the "**Business Combination Agreement**");

AND WHEREAS it is desirable for Mezzotin Subco and Finco to amalgamate (the "**Amalgamation**") under the OBCA (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:

1. Interpretation

In this Agreement including the recitals:

"**Acquisition**" means the acquisition by Mezzotin of Finco pursuant to the terms of the Business Combination 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 Mezzotin Subco and Finco and "**Amalgamating Corporations**" means both of them;

"**Amalgamation**" means the amalgamation of the Amalgamating Corporations pursuant to the provisions of section 178 of the OBCA in the manner contemplated in and pursuant to this Agreement;

"**Business Combination Agreement**" has the meaning ascribed thereto in the recitals 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;

"**Certificate of Amalgamation**" means the certificate of amalgamation to be issued by the Director in respect of the Amalgamation;

"**Director**" means the director appointed under section 278 of the OBCA;

"**Effective Date**" means the date shown on the Certificate of Amalgamation;

"**Effective Time**" has the meaning ascribed to it in Section 10;

"**Financing**" means the private placement offering by Finco of Subscription Receipts for gross proceeds of up to US$40,000,000;

"**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, includes the Canadian Securities Exchange;

"**OBCA**" means the *Business Corporations Act* (Ontario), as the same has been and may hereafter from time to time be amended;

"**Paid-up Capital**" means paid-up capital within the meaning of subsection 89(1) of the *Income Tax Act* (Canada);

"**Parties**" means Mezzotin, Mezzotin 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;

"**Mezzotin Shares**" means subordinate voting shares in the capital of Mezzotin;

"**Subscription Receipts**" means the subscription receipts issued by Finco in the Financing, each Subscription Receipt entitling the holder thereof to receive, upon exchange, one Finco Share; and

"**Transfer Agent**" means Odyssey Trust Company.

2. Paramountcy

In the event of any conflict between the provisions of this Agreement and the provisions of the Business Combination Agreement, the provisions of the Business Combination Agreement shall prevail.

3. 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.

4. Amalgamation Events

The Parties shall cause the Articles of Amalgamation to be filed pursuant to section 178 of the OBCA to effect the Amalgamation. Under the Amalgamation:

(a) Finco and Mezzotin Subco will amalgamate and continue as Amalco;

(b) the Finco Shareholders shall receive one fully paid and non-assessable Mezzotin Share for each Finco Share held and the Finco Shares will be cancelled;

(c) Mezzotin will receive one Amalco Share for each one Mezzotin Subco Share held and the Mezzotin Subco Shares will be cancelled;

(d) as consideration for the issuance of the Mezzotin Shares to effect the Amalgamation, Amalco will issue to Mezzotin one Amalco Share for each one Mezzotin Share so issued;

(e) 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

(f) Amalco will be a wholly-owned subsidiary of Mezzotin.

5. Delivery of Securities Following Amalgamation

In accordance with normal commercial practice, as soon as practicable following the Effective Date, Mezzotin, directly or through the Transfer Agent, shall issue certificates representing the appropriate number of Mezzotin Shares to the former holders of Finco Shares.

6. Negative Covenants

From the date hereof to and including the Effective Date, each of Finco and Mezzotin Subco covenants that it will not:

(a) reserve, allot, create, issue or distribute any of its securities, other than: (i) in the case of Finco, securities issuable upon the exercise, conversion or exchange of previously issued securities; or (ii) securities to be issued in order to effect the transactions described in the Business Combination Agreement, including the Subscription Receipts;

(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.

7. Conditions Precedent to the Amalgamation

The Amalgamation is subject to the satisfaction, on or before the Effective Date, of the following conditions precedent, each of which is for the benefit of each of the parties hereto and may be waived by any of the parties hereto at any time, in whole or in part, in its sole discretion without prejudice to any other right that it may have:

(a) all conditions precedent to the completion of the Amalgamation shall have been obtained or waived in accordance with the Business Combination Agreement;

(b) the Mezzotin, Finco and Mezzotin Subco boards of directors, respectively, shall have adopted all necessary resolutions and obtained all necessary shareholder approvals required to be obtained to permit the consummation of the transactions contemplated by this Agreement and the Business Combination Agreement including without limitation, the authorization of the Amalgamation and, in the case of Mezzotin, the issuance of the Mezzotin Shares, and all other necessary corporate actions shall have been taken by Mezzotin, Finco and Mezzotin Subco;

(c) the representations and warranties of each of Mezzotin, Finco and Mezzotin Subco contained in the Business Combination Agreement shall be deemed to have been made again on the Effective Date and shall be true and correct in all material respects as of that date as if made on that date; and

(d) Mezzotin and Mezzotin Subco shall be in compliance with their obligations under this Agreement and the Business Combination Agreement.

A certificate signed by a senior officer of each of Mezzotin, Finco and Mezzotin Subco confirming the satisfaction or waiver of such conditions shall be conclusive evidence that such conditions have been satisfied and that Mezzotin, Finco and Mezzotin Subco may amalgamate in accordance with Section 3 hereof.

8. Fractional Shares

No fractional Mezzotin 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 Mezzotin Shares issued to each exchanging holder of Finco Shares will be rounded down to the nearest whole number.

9. Filing of Articles of Amalgamation

If this Agreement is adopted by each of the Amalgamating Corporations as required by the OBCA, 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 OBCA.

10. 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 respective directors of either of the Amalgamating Corporations determine that it is in the best interests of the Amalgamating Corporations, or either of them, or of Amalco, not to proceed with the Amalgamation, then either of the Amalgamating Corporations may, by written notice to the other parties, 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.

11. Registered Office

The registered office of Amalco shall be in the Province of Ontario.

12. 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 Mezzotin Subco shall be the articles of Amalco.

13. Authorized Capital

The authorized capital of Amalco shall consist of an unlimited number of common shares without nominal or par value.

14. 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 immediately before the Effective Time, of the Mezzotin Subco Shares converted into Amalco Shares pursuant to section 4(c); and (ii) the Paid-up Capital, determined immediately 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 Mezzotin Subco, if any).

15. 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.

16. Initial Director

The first director of Amalco shall be the person whose names and residential addresses appear below:

Name	Prescribed Address
•	•

The above director will hold office from the Effective Date until the first annual meeting of shareholders of Amalco or until their successors are elected or appointed.

17. Termination

This Agreement may be terminated by the board of directors of each of the Amalgamating Corporations, 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 and following the termination of the Business Combination Agreement, without, except as provided in the Business Combination Agreement, any recourse by any Party hereto or any of their shareholders or other Persons.

18. 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.

19. 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.

20. Time of the Essence

Time shall be of the essence of this Agreement.

21. Amendments

This Agreement may only be amended or otherwise modified by written agreement executed by the Parties.

22. Counterparts

This Agreement may be signed in counterparts (including counterparts by facsimile), and all such signed counterparts, when taken together, shall constitute one and the same agreement, effective on this date.

IN WITNESS WHEREOF the Parties have executed this Agreement.

2670995 ONTARIO INC.
By: _____
Authorized Signatory

2670764 ONTARIO INC.
By: _____
Authorized Signatory

MEZZOTIN MINERALS INC.
By: _____
Authorized Signatory

SCHEDULE C
SUBORDINATE VOTING SHARE TERMS

(1) An unlimited number of Subordinate Voting Shares, without nominal or par value, having attached thereto the rights, privileges, restrictions and conditions as set forth below:

(a) **Voting Rights**. Holders of Subordinate Voting Shares shall be entitled to notice of and to attend at any meeting of the shareholders of the Corporation, except a meeting of which only holders of another particular class or series of shares of the Corporation shall have the right to vote. At each such meeting holders of Subordinate Voting Shares shall be entitled to one vote in respect of each Subordinate Voting Share held.

(b) **Alteration to Rights of Subordinate Voting Shares**. As long as any Subordinate Voting Shares remain outstanding, the Corporation will not, without the consent of the holders of the Subordinate Voting Shares by separate special resolution, prejudice or interfere with any right or special right attached to the Subordinate Voting Shares.

(c) **Dividends**. Holders of Subordinate Voting Shares shall be entitled to receive as and when declared by the directors, dividends in cash or property of the Corporation.

(d) **Liquidation, Dissolution or Winding-Up**. In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of Subordinate Voting Shares shall, subject to the rights of the holders of any shares of the Corporation ranking in priority to the Subordinate Voting Shares (including, without restriction, the Super Voting Shares) be entitled to participate rateably along with all other holders of Subordinate Voting Shares.

(e) **Rights to Subscribe; Pre-Emptive Rights**. The holders of Subordinate Voting Shares are not entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Subordinate Voting Shares, or bonds, debentures or other securities of the Corporation now or in the future.

(f) **Subdivision or Consolidation**. No subdivision or consolidation of the Subordinate Voting Shares shall occur unless, simultaneously, the Subordinate Voting Shares and the Super Voting Shares are subdivided or consolidated in the same manner or such other adjustment is made, so as to maintain and preserve the relative rights (including voting rights) of the holders of the shares of each of the said classes.

SCHEDULE D
CONVERTIBLE SHARE AND INDUS VOTING COMMON SHARE TERMS

SEVENTH AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

OF

INDUS HOLDING COMPANY

Robert Weakley hereby certifies that:

ONE: He is the duly elected and acting Chief Executive Officer of Indus Holding Company, a Delaware corporation.

TWO: The date of filing of the original Certificate of Incorporation of this company with the Secretary of State of the State of Delaware was January 2, 2015.

THREE: The First Amended and Restated Certificate of Incorporation was filed with the Secretary of State of Delaware on February 2, 2015, a Certificate of Amendment was filed with the Secretary of State of Delaware on March 2, 2015, the Second Amended and Restated Certificate of Incorporation was filed with the Secretary of State of Delaware on May 6, 2016, the Third Amended and Restated Certificate of Incorporation was filed with the Secretary of State of Delaware on October 28, 2016, the Fourth Amended and Restated Certificate of Incorporation was filed with the Secretary of State of Delaware on March 14, 2018, the Fifth Amended and Restated Certificate of Incorporation was filed with the Secretary of State of Delaware on June 26, 2018 and the Sixth Amended and Restated Certificate of Incorporation was filed with the Secretary of State of Delaware on October 25, 2018.

The Certificate of Incorporation of this company is hereby further amended and restated to read in its entirety as follows:

I.

The name of this company is Indus Holding Company (the "**Company**" or the "**Corporation**").

II.

The address of the registered office of the Corporation in the State of Delaware is 251 Little Falls Drive, in the City of Wilmington 19808, County of New Castle. The name of its registered agent at such address is Corporation Service Company.

III.

The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the Delaware General Corporation Law ("**DGCL**").

IV.

(A) **Authorized Capital.** The Corporation is authorized to issue two classes of shares to be designated, respectively, **"Class A Common Shares"** and **"Class B Common Shares"** and collectively, the **"Common Shares."** The total number of Common Shares which the Corporation is authorized to issue is 95,000,000 shares, each with a par value of $0.001 per share, consisting of 55,000,000 Class A Common Shares and 40,000,000 Class B Common Shares. The number of authorized shares of any of the Class A Common Shares or Class B Common Shares may be increased or decreased (but not below the number of shares then outstanding) by the affirmative vote of the Board of Directors and the holders of a majority of the voting power of all of the outstanding shares of the Corporation entitled to vote thereon, irrespective of the provisions of Section 242(b)(2) of the DGCL. Effective upon the filing and effectiveness of this Seventh Amended and Restated Articles of Incorporation (as amended and/or restated from time to time, the **"Restated Certificate"** and the time of such filing and effectiveness, the **"Effective Time"**), and without any further action on the part of the Corporation or its stockholders, each issued share of Common Stock, $0.001 par value of the Corporation as of immediately prior to the Effective Time shall be reclassified as one fully paid and non-assessable Class B Common Share. In the event of a reclassification, consolidation, division, dividend of securities or other recapitalization of Pubco Shares, the Corporation and the holders of Class A Common Shares shall undertake all actions necessary and appropriate to maintain the same ratio between the number of Pubco Shares and the number of Common Shares issued and outstanding immediately prior to such reclassification, consolidation, division, dividend of securities or other recapitalization of Pubco Shares, including, without limitation, effecting a reclassification, consolidation, division, dividend of securities or other recapitalization with respect to the Common Shares.

(B) **Class A Common Shares.**

1. General. The voting, dividend and liquidation rights of the holders of Class A Common Shares are subject to and qualified by the rights, powers and privileges of the holders of Class B Common Shares set forth in this Restated Certificate.

2. Dividend Rights. The holders of Class A Common Shares, together with holders of Class B Common Shares on a pro-rata basis, shall be entitled to receive, when and as declared by the Board of Directors, out of any assets of the Corporation legally available therefor, such dividends as may be declared from time to time by the Board of Directors.

3. Voting Rights. Each holder of Class A Common Shares, as such, shall be entitled to the number of votes equal to the number of Class A Common Shares held by such stockholder. Holders of Class A Common Shares, as such, shall vote together with all other classes entitled to vote at any annual or special meeting of the stockholders and not as a separate class except as otherwise provided by law, and may act by written consent in lieu of an annual or special meeting of the stockholders. Any action required or permitted by the DGCL to be taken by the holders of the Class A Common Shares at a meeting of stockholders may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by stockholders holding Class A Common Shares having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all of the shares entitled to vote thereon were present and voted consent and shall be delivered in accordance with Section 228 of the DGCL.

4. Liquidation. Upon the dissolution or liquidation of the Corporation, whether voluntary or involuntary, holders of Class A Common Shares, together with holders of Class B Common Shares on a pro-rata basis, will be entitled to receive all assets of the Corporation available for distribution to its stockholders.

5. Redemption. Class A Common Shares are not subject to redemption by the Corporation.

(C) **Class B Common Shares.**

1. Voting Rights. Except as otherwise specifically provided by law, the holders of Class B Common Shares, as such, shall have no voting rights with respect to their Class B Common Shares. The holders of Class B Common Shares, as such, may not act by written consent and any action required or permitted to be taken by the holders of Class B Common Shares, as such, must be effected at a duly called annual or special meeting of stockholders.

2. Redemption and Exchange Rights.

a. Subject to the provisions set forth in this Article IV(C), each holder of Class B Common Shares (other than Pubco) shall be entitled to cause the Corporation to redeem (a **"Redemption")** the Class B Common Shares held by such stockholder at any time (the **"Redemption Right")**. A holder of Class B Common Shares desiring to exercise its Redemption Right (the **"Redeeming Holder"**) shall exercise such right by giving written notice thereof (the **"Redemption Notice")** to the Corporation with a copy to Pubco. The Redemption Notice shall specify the number of Class B Common Shares (the **"Redeemed Shares")**, that the Redeeming Holder intends to have the Corporation redeem and a date (unless and to the extent that the Corporation in its sole discretion agrees in writing to waive such time periods) at least three Business Days in the future on which exercise of the Redemption Right shall be completed (the **"Redemption Date")**, provided that the Corporation, Pubco and the Redeeming Holder may change the number of Redeemed Shares and/or the Redemption Date specified in such Redemption Notice to another number and/or date by mutual agreement signed in writing by each of them. Unless the Redeeming Holder has revoked or delayed a Redemption as provided in Article IV(C)2.c, on the Redemption Date (to be effective immediately prior to the close of business on the Redemption Date) (x) the Redeeming Holder shall transfer and surrender the Redeemed Shares to the Corporation, free and clear of all liens and encumbrances, and (y) the Corporation, either itself or through its appointed transfer agent, shall transfer to the Redeeming Holder the consideration to which the Redeeming Holder is entitled under Article IV(C)2.b, provided that, if such Class B Common Shares are certificated, the Corporation, either itself or through its appointed transfer agent, shall issue to the Redeeming Holder a certificate for a number of Class B Common Shares equal to the difference (if any) between the number of Class B Common Shares evidenced by the certificate surrendered by the Redeeming Holder pursuant to clause (y) of this Article IV(C)2.a and the Redeemed Shares.

b. In exercising its Redemption Right, a Redeeming Holder shall be entitled to receive the Share Settlement (defined below) or the Cash Settlement (defined below); provided that the Corporation shall have the option to select whether the redemption payment is made by means of a Share Settlement or a Cash Settlement. Within three Business Days of delivery of the Redemption Notice, the Corporation shall give written notice (the **"Contribution Notice")** to Pubco (with a copy to the Redeeming Holder) of its intended settlement method. The Corporation may (but shall not be obligated to) require, as a condition to any Share Settlement, that the holder of the Redeemed Shares provide evidence to the Corporation that such holder is an "accredited investor" within the meaning of Rule 501 under the Securities Act of 1933.

c. In the event the Corporation elects a Share Settlement in connection with a Redemption, a Redeeming Holder shall be entitled to revoke its Redemption Notice or delay the consummation of a Redemption, by giving written notice to the Corporation (with a copy to Pubco) within two Business Days of delivery of the Contribution Notice, if any of the following conditions exists: (i) Pubco shall have disclosed to such Redeeming Holder any material non-public information concerning Pubco, the receipt of which could reasonably be determined to result in such Redeeming Holder being prohibited or restricted from selling Pubco Shares at or immediately following the Redemption without disclosure of such information (and Pubco does not permit disclosure); (ii) any stop order or cease trade order relating to the Pubco Shares shall have been issued by the Canadian Securities Exchange or any other applicable exchange or an applicable securities regulatory authority; (iii) there shall have occurred a material disruption in the securities markets generally or in the market or markets in which the Pubco Shares is then traded; (iv) there shall be in effect an injunction, a restraining order or a decree of any nature of any Governmental Entity that restrains or prohibits the Redemption; or (v) the Redemption Date would occur three Business Days or less prior to, or during, a Black-Out Period. If a Redeeming Holder delays the consummation of a Redemption pursuant to this Article IV(C)2.c, the Redemption Date shall occur on the fifth Business Day following the date on which the conditions giving rise to such delay cease to exist (or such earlier day as the Corporation, Pubco and such Redeeming Holder may agree in writing).

d. The number of Pubco Shares or the Redeemed Shares Equivalent that a Redeeming Holder is entitled to receive under Article IV(C)2.b (through a Share Settlement or Cash Settlement, as applicable) shall not be adjusted on account of any dividends previously paid with respect to Pubco Shares.

e. In the event of a reclassification or other similar transaction as a result of which the Pubco Shares are converted into or exchanged for another security, then in exercising its Redemption Right a Redeeming Holder shall be entitled to receive the amount of such security that the Redeeming Holder would have received if such Redemption Right had been exercised and the Redemption Date had occurred immediately prior to the record date (or effective date in the event there is no associated record date) of such reclassification or other similar transaction.

f. Share Settlement. In the event the Corporation elects a Share Settlement in connection with a Redemption and the Redeeming Holder does not revoke its Redemption Notice, the Corporation shall cause to be issued and delivered the number of Pubco Shares representing the Share Settlement.

3. Special Mandatory Redemption. At any time when the Class B Common Shares are not registered under the Exchange Act, in the event any holder or group (within the meaning of Section 13(d)(3) of the Exchange Act) of holders of Class B Common Shares propose to enter into any transaction (a **"Triggering Transaction"**) pursuant to which (alone or together with any one or more of a series of related transactions (all such related transactions including the Triggering Transaction, collectively, a **"Class B Common Share Acquisition"**)) a number of outstanding Class B Common Shares in excess of 20% of the number of Class B Common Shares outstanding as of the Effective Time would be acquired by a single Purchaser (other than in an Excluded Transaction), such holder or group shall as a condition to consummating such Triggering Transaction offer or cause to be offered to the holders of record of Pubco Shares as of the record date for such Triggering Transaction (or, if there is no record date for such Triggering Transaction, as of the close of business on the day prior to the consummation of such Triggering Transaction) the opportunity to participate in the Class B Common Share Acquisition by selling their Pubco Shares for the same type (or the same choice between types) and per share amount of consideration as is paid to the holders of the outstanding Class B Common Shares to be sold in such Triggering Transaction, except and solely to the extent prohibited by applicable law. Notwithstanding the foregoing, (a) if the per share consideration in such Triggering Transaction is lower than the Average Price with respect to such Triggering Transaction, such offer for Pubco Shares shall be at a price no lower than such Average Price; (b) if any outstanding Class B Common Shares are sold in a transaction subsequent to such Triggering Transaction as part of the same Class B Common Share Acquisition (a **"Subsequent Transaction"**) for per share consideration greater than the Average Price with respect to such Subsequent Transaction, an offer in compliance with this Article IV(C)3 shall be made to the holders of Pubco Shares as of the record date for such Subsequent Transaction (or, if there is no record date for such Subsequent Transaction, as of the close of business on the day prior to the consummation of such Subsequent Transaction) to sell their shares in such Subsequent Transaction and, as a condition to the closing of such Subsequent Transaction, the holders selling outstanding Class B Common Shares in such Subsequent Transaction shall provide or cause to provided consideration in the applicable form or forms to each Person who sold Pubco Shares in such Triggering Transaction (or any prior Subsequent Transaction) at a price lower than the Average Price with respect to such Subsequent Transaction in an amount equal to the difference between (i) the Average Price with respect to such Subsequent Transaction and (ii) the sum of (A) the per share consideration paid to such Person in such Triggering Transaction (or in such prior Subsequent Transaction) and (B) any previous payments made to such Person pursuant to this clause (b); and (c) in the event the consideration in any such Triggering Transaction or any Subsequent Transaction is in the form of securities, the terms of such Triggering Transaction or Subsequent Transaction may provide that the consideration offered to any holder of Pubco Shares (or any former holder entitled to receive additional consideration pursuant to the preceding clause (b)) who is not an "accredited investor" within the meaning of Rule 501 under the Securities Act of 1933 may consist of cash in an amount equal to the fair market value of such securities consideration as determined by the Board of Directors. Such offer to holders of Pubco Shares may be made at any time prior to or within 60 days following the consummation of such Triggering Transaction or Subsequent Transaction, as applicable, provided that the acquisition of any Pubco Shares held by holders who accept such offer is consummated no later than such 60th day. For the avoidance of doubt, no such offer to holders of Pubco Shares shall be required to be made, and any such offer that has been made may be rescinded, if such Triggering Transaction or Subsequent Transaction is not consummated. In the event a Triggering Transaction or Subsequent Transaction is consummated without compliance by the holders of the outstanding Class B Common Shares sold in such Triggering Transaction or Subsequent Transaction with the requirements of this Article IV(C)3, the Class B Common Shares sold in such Triggering Transaction or Subsequent Transaction, as applicable, shall, immediately upon a determination of such non-compliance by the Board of Directors, cease to be outstanding and the Corporation shall, as promptly as practicable, pay a redemption price equal to the par value of the Class B Common Shares sold in such Triggering Transaction or Subsequent Transaction, as applicable, to the holders of record thereof as of a redemption date specified by the Board of Directors that is no later than 30 days following such determination of non-compliance. For purposes of this Article IV(C)3, no transaction pursuant to which Class B Common Shares are acquired will be deemed to be "related" to any other such transaction that is consummated more than 90 days before or after such first transaction.

4. Dividend Rights. The holders of Class B Common Shares, together with holders of Class A Common Shares on a pro-rata basis, shall be entitled to receive, when and as declared by the Board of Directors, out of any assets of the Corporation legally available therefor, such dividends as may be declared from time to time by the Board of Directors.

5. Liquidation. Upon the dissolution or liquidation of the Corporation, whether voluntary or involuntary, holders of Class B Common Shares, together with holders of Class A Common Shares on a pro-rata basis, will be entitled to receive all assets of the Corporation available for distribution to its stockholders.

6. Certification and Transfer. Certificates representing the Class B Common Shares shall initially bear a legend reflecting their status as restricted securities under the Securities Act of 1933, as amended (the **"Securities Act"**). The Corporation shall have the right to require a legal opinion and such representations as it may deem appropriate in connection with the removal of such legend or any transfer of Class B Common Shares in order to confirm compliance of such transfer with the Securities Act.

7. Definitions. As used in this Restated Certificate:

a. **"Affiliate"** means, with respect to any Person, any other Person directly or indirectly controlling, controlled by or under common control with such Person, and in the case of any natural Person shall include all immediate family members of such Person.

b. **"Average Price"** means, with respect to any Triggering Transaction or Subsequent Transaction, the average price paid for Class B Common Shares pursuant to the Class B Common Share Acquisition of which such Triggering Transaction or Subsequent Transaction is a part through and including the closing of such Triggering Transaction or Subsequent Transaction, as applicable.

c. **"Black-Out Period"** means any "black-out" or similar period under Pubco's policies covering trading in Pubco's securities to which the applicable Redeeming Holder is subject, which period restricts the ability of such Redeeming Holder to immediately resell Pubco Shares to be delivered to such Redeeming Holder in connection with a Share Settlement.

d. **"Board of Directors"** means the board of directors of the Corporation.

e. **"Business Day"** means any day other than a Saturday or a Sunday or a day on which the principal securities exchange on which the Pubco Shares are traded or quoted is closed or banks located in Toronto, Ontario, Canada or Los Angeles, California generally are authorized or required by law to close.

f. **"Cash Settlement"** means immediately available funds in U.S. dollars in an amount equal to the Redeemed Shares Equivalent.

g. **"Closing Date"** means the date on which the business combination between Pubco and the Corporation is completed.

h. **"Exchange Act"** means Securities Exchange Act of 1934.

i. **"Excluded Transaction"** means a sale of Class B Common Shares to Pubco or any of its subsidiaries, including the Corporation.

j. **"Governmental Entity"** means (a) the United States of America, (b) any other sovereign nation, (c) any state, province, district, territory or other political subdivision of (a) or (b) of this definition, including any county, municipal or other local subdivision of the foregoing, or (d) any entity exercising executive, legislative, judicial, regulatory or administrative functions of government on behalf of (a), (b) or (c) of this definition.

k. **"Person"** means any individual, corporation, partnership, firm, joint venture, association, joint-stock company, trust, unincorporated organization or other entity, including any governmental entity.

l. **"Pubco"** means Mezzotin Minerals, Inc. (to be renamed Indus Holdings, Inc. on or about the Closing Date), a corporation existing under the laws of British Columbia, and any successors thereto.

m. **"Pubco Share"** means an issued and outstanding share of capital stock of Pubco defined as a "Subordinate Voting Share" under the Notice of Articles and Articles of Pubco.

n. **"Purchaser"** means any Person or group (within the meaning of Section 13(d)(3) of the Exchange Act), together with all Affiliates of such Person or of any member of such group.

o. **"Redeemed Shares Equivalent"** means the product of (a) the Share Settlement and (b) the Share Redemption Price.

p. **"Share Redemption Price"** means the volume weighted average price for a Pubco Share on the principal securities exchange on which the Pubco Shares are traded or quoted, as reported by Bloomberg, L.P., or its successor, for each of the five consecutive full Trading Days ending on and including the last full Trading Day immediately prior to the Redemption Date, subject to appropriate and equitable adjustment for any stock splits, reverse splits, stock dividends or similar events affecting the Pubco Shares. If the Pubco Shares no longer trade on a securities exchange or automated or electronic quotation system, then the Corporation shall determine the Share Redemption Price in good faith.

q. **"Share Settlement"** means a number of Pubco Shares equal to the number of Redeemed Shares, subject to appropriate and equitable adjustment for any stock splits, reverse splits, stock dividends or similar events affecting the Class B Common Shares or the Pubco Shares.

r. **"Trading Day"** means a day on which the principal securities exchange on which the Pubco Shares are traded or quoted is open for the transaction of business (unless such trading shall have been suspended for the entire day).

V.

A. To the fullest extent permitted by the DGCL, as the same exists or as may hereafter be amended, a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director.

B. To the fullest extent permitted by applicable law, the Corporation is authorized to provide indemnification of (and advancement of expenses to) directors, officers and agents of the Corporation (and any other persons to which applicable law permits the Corporation to provide indemnification) through Bylaw provisions, agreements with such agents or other persons, vote of stockholders or disinterested directors or otherwise in excess of the indemnification and advancement otherwise permitted by Section 145 of the DGCL. If the DGCL or any other law of the State of Delaware is amended after approval by the stockholders of this Article V to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director to the Corporation shall be eliminated or limited to the fullest extent permitted by the DGCL as so amended.

C. Any repeal or modification of this Article V shall only be prospective and shall not affect the rights or protections or increase the liability of any director under this Article V in effect at the time of the alleged occurrence of any action or omission to act giving rise to liability.

D. In the event that a member of the Board who is also a partner or employee of an entity that is a holder of capital stock of the Corporation and that is in the business of investing and reinvesting in other entities, or an employee of an entity that manages such an entity (each, a "**Fund**") acquires knowledge of a potential transaction or other matter in such individual's capacity as a partner or employee of the Fund or the manager or general partner of the Fund (and other than directly in connection with such individual's service as a member of the Board) and that may be an opportunity of interest for both the Corporation and such Fund (a "**Corporate Opportunity**"), then the Corporation (a) renounces any expectancy that such director or Fund offer an opportunity to participate in such Corporate Opportunity to the Corporation and (b) to the fullest extent permitted by law, waives any claim that such opportunity constituted a Corporate Opportunity that should have been presented by such director or Fund to the Corporation or any of its affiliates; provided, however, that such director acts in good faith.

VI.

For the management of the business and for the conduct of the affairs of the Corporation, and in further definition, limitation and regulation of the powers of the Corporation, of its directors and of its stockholders or any class thereof, as the case may be, it is further provided that:

A. The management of the business and the conduct of the affairs of the Corporation shall be vested in its Board. The number of directors which shall constitute the whole Board shall be fixed by the Board in the manner provided in the Bylaws, subject to any restrictions which may be set forth in this Restated Certificate.

B. The Board is expressly empowered to adopt, amend or repeal the Bylaws of the Corporation, subject to any restrictions that may be set forth in this Restated Certificate.

C. The directors of the Corporation need not be elected by written ballot unless the Bylaws so provide.

* * * *

FOUR: This Seventh Amended and Restated Certificate of Incorporation has been duly approved by the Board.

FIVE: This Seventh Amended and Restated Certificate of Incorporation was approved by the holders of the requisite number of shares of said corporation in accordance with Section 228 of the DGCL. This Seventh Amended and Restated Certificate of Incorporation has been duly adopted in accordance with the provisions of Sections 242 and 245 of the DGCL by the stockholders of the Corporation.

In Witness Whereof, Indus Holding Company has caused this Seventh Amended and Restated Certificate of Incorporation to be signed by its Chief Executive Officer as of __, 2019.

INDUS HOLDING COMPANY,
a Delaware corporation

By:/s/ Robert Weakley
Robert Weakley, Chief Executive Officer

SCHEDULE E
SUPER VOTING SHARE TERMS

(1) An unlimited number of Super Voting Shares, without nominal or par value, having attached thereto the rights, privileges, restrictions and conditions as set forth below:

(a) **Voting Rights**. Holders of Super Voting Shares shall be entitled to notice of and to attend at any meeting of the shareholders of the Corporation, except a meeting of which only holders of another particular class or series of shares of the Corporation shall have the right to vote. At each such meeting holders of Super Voting Shares shall be entitled to 1,000 votes in respect of each Super Voting Share held.

(b) **Alteration to Rights of Super Voting Shares**. As long as any Super Voting Shares remain outstanding, the Corporation will not, without the consent of the holders of the Super Voting Shares by separate special resolution, prejudice or interfere with any right or special right attached to the Super Voting Shares. Consent of the holders of a majority of the outstanding Super Voting Shares shall be required for any action that authorizes or creates shares of any class having preferences superior to or on a parity with the Super Voting Shares. In connection with the exercise of the voting rights contained in this paragraph (b) each holder of Super Voting Shares will have one vote in respect of each Super Voting Share held.

(c) **Dividends**. Holders of Super Voting Shares shall not be entitled to receive dividends.

(d) **Liquidation, Dissolution or Winding-Up**. In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the Corporation will distribute its assets firstly and in priority to the rights of holders of any other class of shares of the Corporation (including the holders of the Subordinate Voting Shares of the Corporation ("**Subordinate Voting Shares**")) to return the issue price of the Super Voting Shares to the holders thereof and if there are insufficient assets to fully return the issue price to the holders of the Super Voting Shares such holders will receive an amount equal to their pro rata share in proportion to the issue price of their Super Voting Shares along with all other holders of Super Voting Shares. The holders of Super Voting Shares shall not be entitled to receive directly or indirectly as holders of Super Voting Shares any other assets or property of the Corporation and their sole rights in respect of assets or property of the Corporation will be to the return of the issue price of such Super Voting Shares in accordance with this paragraph (d).

(e) **Subdivision or Consolidation**. No subdivision or consolidation of the Super Voting Shares shall occur unless, simultaneously, the Super Voting Shares and the Subordinate Voting Shares are subdivided or consolidated in the same manner, or such other adjustment is made, so as to maintain and preserve the relative rights (including voting rights) of the holders of the shares of each of the said classes.

(f) **Rights to Subscribe; Pre-Emptive Rights**. The holders of Super Voting Shares are not entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Subordinate Voting Shares, bonds, debentures or other securities of the Corporation not convertible into Super Voting Shares, now or in the future.

(g) **Transfer Restrictions**. Super Voting Shares may be transferred by the holder thereof only in accordance with the terms of an Investment Agreement (the "**Investment Agreement**") to be entered into between the Corporation and Robert Weakley ("**Weakley**"). The Investment Agreement will provide that Super Voting Shares may be transferred only (i) among a permitted transferee group (the "**Permitted Transferee Group**") consisting of (A) Weakley, specified family members, entities controlled by Weakley or any such specified family members, trusts the sole beneficiaries of which are Weakley and/or any such specified family members, and affiliates of any such permitted non-individual transferees and (B) persons and entities who stand in such a relationship to a transferee of Super Voting Shares pursuant to clause (A) or this clause (B) or (ii) with the consent of the Corporation.

(h) **Redemption Rights**. The Corporation will have the right to redeem all or some of the Super Voting Shares from a holder of Super Voting Shares according to the terms of the Investment Agreement. The Investment Agreement will provide that the Corporation may redeem (i) any or all of the Super Voting Shares in the event (A) Weakley resigns all of his positions with the Corporation and its subsidiaries other than for Good Reason, as defined in the Investment Agreement or (B) the Permitted Transferee Group holds less than 50% of the total number of outstanding Convertible Shares (as such term is defined in the Investment Agreement) and Subordinate Voting Shares held by Weakley and the other members of the Permitted Transferee Group as of the closing of the Business Combination (as such term is defined in the Investment Agreement) and (ii) any Super Voting Shares that are transferred in contravention of the Investment Agreement. The Corporation will also be required to redeem the Super Voting Shares in connection with a change in control transaction, as defined in the Investment Agreement, for their original purchase price.

In the event of a redemption of the Super Voting Shares, the Corporation shall provide two days prior written notice to the holder or holders of such Super Voting Shares and make a payment to the holder of an amount equal to the original purchase price for each Super Voting Share, payable in cash to the holders of the Super Voting Shares so redeemed. The Corporation need not redeem Super Voting Shares on a pro-rata basis among the holders of Super Voting Shares. Holders of Super Voting Shares to be redeemed by the Corporation shall surrender the certificate or certificates representing such Super Voting Shares to the Corporation at its records office duly assigned or endorsed for transfer to the Corporation (or accompanied by duly executed share transfers relating thereto). Each surrendered certificate shall be cancelled, and the Corporation shall thereafter make payment of the applicable redemption amount by certified cheque, bank draft or wire transfer to the registered holder of such certificate; *provided that*, if less than all the Super Voting Shares represented by a surrendered certificate are redeemed then a new share certificate representing the unredeemed balance of Super Voting Shares represented by such certificate shall be issued in the name of the applicable registered holder of the cancelled share certificate. If on the applicable redemption date the redemption price is paid (or tendered for payment) for any of the Super Voting Shares to be redeemed then on such date all rights of the holder in the Super Voting Shares so redeemed and paid or tendered shall cease and such redeemed Super Voting Shares shall no longer be deemed issued and outstanding, regardless of whether or not the holder of such Super Voting Shares has delivered the certificate(s) representing such securities to the Corporation, and from and after such date the certificate formerly representing the retracted Super Voting Shares shall evidence only the right of the former holder of such Super Voting Shares to receive the redemption price to which such holder is entitled.

Exhibit 3.1

Number: C1206300

CERTIFICATE

OF

CONTINUATION

BUSINESS CORPORATIONS ACT

I Hereby Certify that Mezzotin Minerals Inc. , has continued into British Columbia from the Jurisdiction of ONTARIO, under the Business Corporations Act, with the name INDUS HOLDINGS, INC. on April 25, 2019 at 10:21 AM Pacific Time.

ELECTRONIC CERTIFICATE

Issued under my hand at Victoria, British Columbia
On April 25, 2019

/s/ Carol Prest

Carol Prest
Registrar of Companies
Province of British Columbia
Canada

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

CAROL PREST

Notice of Articles

BUSINESS CORPORATIONS ACT

This Notice of Articles was issued by the Registrar on: April 25, 2019 10:21 AM Pacific Time

Incorporation Number: **C1206300**

Recognition Date and Time: *Continued into British Columbia on April 25, 2019 10:21 AM Pacific Time*

NOTICE OF ARTICLES

Name of Company:
INDUS HOLDINGS, INC

REGISTERED OFFICE INFORMATION

Mailing Address:
2200 HSBC BUILDING, 885 WEST GEORGIA ST.
VANCOUVER BC V6C 3E8
CANADA

Delivery Address:
2200 HSBC BUILDING, 885 WEST GEORGIA ST.
VANCOUVER BC V6C 3E8
CANADA

RECORDS OFFICE INFORMATION

Mailing Address:
2200 HSBC BUILDING, 885 WEST GEORGIA ST.
VANCOUVER BC V6C 3E8
CANADA

Delivery Address:
2200 HSBC BUILDING, 885 WEST GEORGIA ST.
VANCOUVER BC V6C 3E8
CANADA

DIRECTOR INFORMATION

Last Name, First Name, Middle Name:
Ainsworth, Mark

Mailing Address:
2200 HSBC BUILDING, 885 WEST GEORGIA ST.
VANCOUVER BC V6C 3E8
CANADA

Delivery Address:
2200 HSBC BUILDING, 885 WEST GEORGIA ST.
VANCOUVER BC V6C 3E8
CANADA

Last Name, First Name, Middle Name:
Maxwell, Arthur

Mailing Address:
2200 HSBC BUILDING, 885 WEST GEORGIA ST.
VANCOUVER BC V6C 3E8
CANADA

Delivery Address:
2200 HSBC BUILDING, 885 WEST GEORGIA ST.
VANCOUVER BC V6C 3E8
CANADA

Last Name, First Name, Middle Name:
Harkness, Stephanie

Mailing Address:
2200 HSBC BUILDING, 885 WEST GEORGIA ST.
VANCOUVER BC V6C 3E8
CANADA

Delivery Address:
2200 HSBC BUILDING, 885 WEST GEORGIA ST.
VANCOUVER BC V6C 3E8
CANADA

Last Name, First Name, Middle Name:
Anton, Bill

Mailing Address:
2200 HSBC BUILDING, 885 WEST GEORGIA ST.
VANCOUVER BC V6C 3E8
CANADA

Delivery Address:
2200 HSBC BUILDING, 885 WEST GEORGIA ST.
VANCOUVER BC V6C 3E8
CANADA

Last Name, First Name, Middle Name:
Weakley, Robert

Mailing Address:
2200 HSBC BUILDING, 885 WEST GEORGIA ST.
VANCOUVER BC V6C 3E8
CANADA

Delivery Address:
2200 HSBC BUILDING, 885 WEST GEORGIA ST.
VANCOUVER BC V6C 3E8
CANADA

Last Name, First Name, Middle Name:
Tramiel, Sam

Mailing Address:
2200 HSBC BUILDING, 885 WEST GEORGIA ST.
VANCOUVER BC V6C 3E8
CANADA

Delivery Address:
2200 HSBC BUILDING, 885 WEST GEORGIA ST.
VANCOUVER BC V6C 3E8
CANADA

Last Name, First Name, Middle Name:
Maloney, Tina

Mailing Address:
2200 HSBC BUILDING, 885 WEST GEORGIA ST.
VANCOUVER BC
CANADA

Delivery Address:
2200 HSBC BUILDING, 885 WEST GEORGIA ST.
VANCOUVER BC V6C 3E8
CANADA

AUTHORIZED SHARE STRUCTURE

1. No Maximum	Subordinate Voting Shares	Without Par Value With Special Rights or Restrictions attached
2. No Maximum	Super Voting Shares	Without Par Value With Special Rights or Restrictions attached

TABLE OF CONTENTS

Incorporation Number C1206300

ARTICLES

OF

INDUS HOLDINGS, INC.

(the "Company")

The Company will have as its Articles upon continuation the following Articles.

Full name and signature of Director	Date of Signing
/s/ Lawrence Schreiner	April 25, 2019

PART 1
INTERPRETATION

1.1 Definitions

In these Articles (the "**Articles**"), unless the context otherwise requires:

(1) "appropriate person" has the meaning assigned in the *Securities Transfer Act*;

(2) "**board of directors**", "**directors**" and "**board**" mean the directors of the Company for the time being;

(3) "***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;

(4) "***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;

(5) "**legal personal representative**" means the personal or other legal representative of a shareholder;

(6) "**protected purchaser**" has the meaning assigned in the *Securities Transfer Act*;

(7) "**registered address**" of a shareholder means the shareholder's address as recorded in the central securities register;

(8) "**seal**" means the seal of the Company, if any;

(9) "***Securities Act***" means the *Securities 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;

(10) "**securities legislation**" means statutes concerning the regulation of securities markets and trading in securities and the regulations, rules, forms and schedules under those statutes, all as amended from time to time, and the blanket rulings and orders, as amended from time to time, issued by the securities commissions or similar regulatory authorities appointed under or pursuant to those statutes; and "**Canadian securities legislation**" means the securities legislation in any province or territory of Canada and includes the *Securities Act*; and;

(11) "***Securities Transfer Act***" means the *Securities Transfer 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.

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 an enactment. 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.

PART 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

Unless the shares of which the shareholder is the registered owner are uncertificated shares within the meaning of the *Business Corporations Act*, each shareholder is entitled, 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 an 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. If a shareholder is the registered owner of uncertificated shares, the Company must send to that holder a written notice containing the information required by the Act within a reasonable time after the issue or transfer of the shares.

2.4 Delivery by Mail

Any share certificate or non-transferable written acknowledgment of a shareholder's right to obtain a share certificate 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 (including the Company's legal counsel or transfer agent) is liable for any loss to the shareholder because the share certificate or acknowledgement is lost in the mail or stolen.

2.5 Replacement of Worn Out or Defaced Certificate or Acknowledgement

If the Company is 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, it must, on production to it of the share certificate or acknowledgment, as the case may be, and on such other terms, if any, as it thinks 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, Destroyed or Wrongfully Taken Certificate

If a person entitled to a share certificate claims that the share certificate has been lost, destroyed or wrongfully taken, the Company must issue a new share certificate, if that person:

(1) so requests before the Company has notice that the share certificate has been acquired by a protected purchaser;

(2) provides the Company with an indemnity bond sufficient in the Company's judgement to protect the Company from any loss that the Company may suffer by issuing a new certificate; and

(3) satisfies any other reasonable requirements imposed by the Company.

A person entitled to a share certificate may not assert against the Company a claim for a new share certificate where a share certificate has been lost, apparently destroyed or wrongfully taken if that person fails to notify the Company of that fact within a reasonable time after that person has notice of it and the Company registers a transfer of the shares represented by the certificate before receiving a notice of the loss, apparent destruction or wrongful taking of the share certificate.

2.7 Recovery of New Share Certificate

If, after the issue of a new share certificate, a protected purchaser of the original share certificate presents the original share certificate for the registration of transfer, then in addition to any rights under any indemnity bond, the Company may recover the new share certificate from a person to whom it was issued or any person taking under that person other than a protected purchaser.

2.8 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 represented by the share certificate so surrendered, the Company must cancel the surrendered share certificate and issue replacement share certificates in accordance with that request.

2.9 Certificate Fee

There must be paid to the Company, in relation to the issue of any share certificate under Articles 2.5, 2.6 or 2.8, the amount, if any and which must not exceed the amount prescribed under the *Business Corporations Act*, determined by the directors.

2.10 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.

PART 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 value of the consideration received by the Company equals or exceeds 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 and rights upon such terms and conditions as the directors determine, which share purchase warrants, options 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.

PART 4
SHARE REGISTERS

4.1 Central Securities Register

As required by and subject to the *Business Corporations Act*, the Company must maintain a central securities register, which may be kept in electronic form.

4.2 Appointment of Agent

The directors may, subject to the *Business Corporations Act*, appoint an agent to maintain the central 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.

If the Company has appointed a transfer agent, references in Articles 2.4, 2.5, 2.6, 2.7, 2.8, 2.9, and 5.7 to the Company include its transfer agent.

4.3 Closing Register

The Company must not at any time close its central securities register.

PART 5
SHARE TRANSFERS

5.1 Registering Transfers

The Company must register a transfer of a share of the Company if either:

(1) the Company or the transfer agent or registrar for the class or series of share to be transferred has received:

(a) in the case where the Company has issued a share certificate in respect of the share to be transferred, that share certificate and a written instrument of transfer (which may be on a separate document or endorsed on the share certificate) made by the shareholder or other appropriate person or by an agent who has actual authority to act on behalf of that person;

(b) in the case of a share that is not represented by a share certificate (including an uncertificated share within the meaning of the *Business Corporations Act* and including the case where the Company has issued a non-transferable written acknowledgement of the shareholder's right to obtain a share certificate in respect of the share to be transferred), a written instrument of transfer, made by the shareholder or other appropriate person or by an agent who has actual authority to act on behalf of that person; and

(c) 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, that the written instrument of transfer is genuine and authorized and that the transfer is rightful or to a protected purchaser; or

(2) all the preconditions for a transfer of a share under the *Securities Transfer Act* have been met and the Company is required under the *Securities Transfer Act* to register the transfer.

5.2 Waivers of Requirements for Transfer

The Company may waive any of the requirements set out in Article 5.1(1) and any of the preconditions referred to in Article 5.1(2).

5.3 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 by the Company or the transfer agent for the class or series of shares to be transferred.

5.4 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.

5.5 Signing of Instrument of Transfer

If a shareholder or other appropriate person or an agent who has actual authority to act on behalf of that person, 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 but share certificates are deposited with the instrument of transfer, all the shares represented by such share certificates:

(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.

5.6 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.

5.7 Transfer Fee

Subject to the applicable rules of any stock exchange on which the shares of the Company may be listed, there must be paid to the Company, in relation to the registration of any transfer, the amount, if any, determined by the directors.

PART 6
TRANSMISSION OF SHARES

6.1 Legal Personal Representative Recognized on Death

In the 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 a shareholder, the directors may require the original grant of probate or letters of administration or a court certified copy of them or the original or a court certified or authenticated copy of the grant of representation, will, order or other instrument or other evidence of the death under which title to the shares or securities is claimed to vest.

6.2 Rights of Legal Personal Representative

The legal personal representative of a shareholder has the rights, privileges and obligations that attach to the shares held by the shareholder, including the right to transfer the shares in accordance with these Articles and applicable securities legislation, if appropriate evidence of appointment or incumbency within the meaning of the *Securities Transfer Act* and the documents required by the 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.

PART 7
ACQUISITION OF COMPANY'S SHARES

7.1 Company Authorized to Purchase or Otherwise Acquire Shares

Subject to Article 7.2, the special rights or restrictions attached to the shares of any class or series of shares, the *Business Corporations Act* and applicable securities legislation, the Company may, if authorized by the directors, purchase or otherwise acquire any of its shares at the price and upon the terms determined by the directors.

7.2 No Purchase, Redemption or Other Acquisition 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 Sale and Voting of Purchased, Redeemed or Otherwise Acquired Shares

If the Company retains a share redeemed, purchased or otherwise acquired by it, the Company may sell 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.

PART 8
BORROWING POWERS

8.1 Borrowing Powers

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 the directors 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, hypothecate, 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, including property that is movable or immovable, corporeal or incorporeal.

8.2 Delegation

The directors may from time to time delegate to such one or more of the directors or officers of the Company as may be designated by the board of directors all or any of the powers conferred on the board by Article 8.1 or by the Act to such extent and in such manner as the directors shall determine from time to time.

8.3 Additional Powers

The powers conferred under this Part 8 shall be deemed to include the powers conferred on a company by Division VII of the *Act Respecting the Special Powers of Legal Persons* being chapter P-16 of the Revised Statutes of Quebec, and every statutory provision that may be substituted therefor or for any provision therein.

PART 9
ALTERATIONS

9.1 Alteration of Authorized Share Structure

Subject to Articles 9.2 and 9.3, the special rights or restrictions attached to the shares of any class or series of shares and the *Business Corporations Act*, the Company may:

(1) by ordinary resolution:

(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 out 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) 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;

(d) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value; or

(e) otherwise alter its shares or authorized share structure when required or permitted to do so by the *Business Corporations Act*;

and, if applicable, alter its Notice of Articles and Articles accordingly; or

(2) by resolution of the directors:

(a) subdivide or consolidate all or any of its unissued, or fully paid issued, shares; or

(b) alter the identifying name of any of its shares;

and if applicable, alter its Notice of Articles and, if applicable, its Articles accordingly.

9.2 Special Rights or Restrictions

Subject to the special rights or restrictions attached to any class or series of shares and the *Business Corporations Act*, the Company may by ordinary resolution:

(1) create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares, whether or not any or all of those shares have been issued; or

(2) vary or delete any special rights or restrictions attached to the shares of any class or series of shares, whether or not any or all of those shares have been issued;

and alter its Articles and Notice of Articles accordingly.

9.3 No Interference with Class or Series Rights without Consent

A right or special right attached to issued shares must not be prejudiced or interfered with under the *Business Corporations Act*, the Notice of Articles or these Articles unless the holders of shares of the class or series of shares to which the right or special right is attached consent by a special separate resolution of the holders of such class or series of shares.

9.4 Change of Name

The Company may by directors' resolution or ordinary resolution authorize an alteration to its Notice of Articles in order to change its name.

9.5 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 ordinary resolution alter these Articles.

PART 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 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, whether in or outside of British Columbia, as may be determined by the directors.

10.2 Calling of Meetings of Shareholders

The directors may, at any time, call a meeting of shareholders, to be held at such time and place, whether in or outside of British Columbia, as may be determined by the directors.

10.3 Notice for Meetings of Shareholders

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 ordinary 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 21 days before the meeting.

10.4 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 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.

10.5 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 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.

10.6 Class Meetings and Series Meetings of Shareholders

Unless otherwise specified in these Articles, the provisions of these Articles relating to a meeting of shareholders will apply, with the necessary changes and so far as they are applicable, to a class meeting or series meeting of shareholders holding a particular class or series of shares.

10.7 Electronic Meetings

The directors may determine that a meeting of shareholders shall be held entirely by means of telephone, electronic or other communication facilities that permit all participants to communicate with each other during the meeting. A meeting of shareholders may also be held at which some, but not necessarily all, persons entitled to attend may participate by means of such communication facilities, if the directors determine to make them available. A person participating in a meeting by such means is deemed to be present at the meeting.

10.8 Electronic Voting

Any vote at a meeting of shareholders may be held entirely or partially by means of telephone, electronic or other communication facilities, if the directors determine to make them available, whether or not persons entitled to attend participate in the meeting by means of communication facilities.

10.9 Advance Notice Provisions

(1) Nomination of Directors

Subject only to the *Business Corporations Act* and these Articles, only persons who are nominated in accordance with the procedures set out in this Article 10.9 shall be eligible for election as directors to the board of directors of the Company. Nominations of persons for election to the board may only be made at an annual meeting of shareholders, or at a special meeting of shareholders called for any purpose at which the election of directors is a matter specified in the notice of meeting, as follows:

(a) by or at the direction of the board (or any duly authorized committee thereof) or an authorized officer of the Company, including pursuant to a notice of meeting;

(b) by or at the direction or request of one or more shareholders pursuant to a valid proposal made in accordance with the provisions of the *Business Corporations Act* or a valid requisition of shareholders made in accordance with the provisions of the *Business Corporations Act*; or

(c) by any person entitled to vote at such meeting (a "**Nominating Shareholder**"), who:

(i) is, at the close of business on the date of giving notice provided for in this Article 10.9 and on the record date for notice of such meeting, either entered in the securities register of the Company as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting and provides evidence of such beneficial ownership to the Company; and

(ii) has given timely notice in proper written form as set forth in this Article 10.9.

(2) Exclusive Means

For the avoidance of doubt, this Article 10.9 shall be the exclusive means for any person to bring nominations for election to the board before any annual or special meeting of shareholders of the Company.

(3) Timely Notice

In order for a nomination made by a Nominating Shareholder to be timely notice (a "**Timely Notice**"), the Nominating Shareholder's notice must be received by the corporate secretary of the Company at the principal executive offices or registered office of the Company:

(a) in the case of an annual meeting of shareholders (including an annual and special meeting), not later than 5:00 p.m. (Vancouver time) on the 60th day before the date of the meeting; provided, however, if the first public announcement made by the Company of the date of the meeting (each such date being the "**Notice Date**") is less than 50 days before the meeting date, notice by the Nominating Shareholder may be given not later than the close of business on the 20th day following the Notice Date; and

(b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for any purpose which includes the election of directors to the board, not later than the close of business on the 15th day following the Notice Date;

provided that, in either instance, if notice-and-access (as defined in National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer*) is used for delivery of proxy related materials in respect of a meeting described in Article 10.9(3)(a) or 10.9(3)(b), and the Notice Date in respect of the meeting is not less than 50 days before the date of the applicable meeting, the notice must be received not later than the close of business on the 40th day before the date of the applicable meeting.

(4) Proper Form of Notice

To be in proper written form, a Nominating Shareholder's notice to the corporate secretary must comply with all the provisions of this Article 10.9 and disclose or include, as applicable:

(a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director (a "**Proposed Nominee**"):

(i) the name, age, business and residential address of the Proposed Nominee;

(ii) the principal occupation/business or employment of the Proposed Nominee, both presently and for the past five years;

(iii) the number of securities of each class of securities of the Company beneficially owned, or controlled or directed, directly or indirectly, by the Proposed Nominee, as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice;

(iv) full particulars of any relationships, agreements, arrangements or understandings (including financial, compensation or indemnity related) between the Proposed Nominee and the Nominating Shareholder, or any affiliates or associates of, or any person or entity acting jointly or in concert with, the Proposed Nominee or the Nominating Shareholder;

(v) any other information that would be required to be disclosed in a dissident proxy circular or other filings required to be made in connection with the solicitation of proxies for election of directors pursuant to the *Business Corporations Act* or applicable securities law; and

(vi) a written consent of each Proposed Nominee to being named as nominee and certifying that such Proposed Nominee is not disqualified from acting as director under the provisions of subsection 124(2) of the *Business Corporations Act*; and

(b) as to each Nominating Shareholder giving the notice, and each beneficial owner, if any, on whose behalf the nomination is made:

(i) their name, business and residential address;

(ii) the number of securities of the Company or any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by the Nominating Shareholder or any other person with whom the Nominating Shareholder is acting jointly or in concert with respect to the Company or any of its securities, as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice;

(iii) their interests in, or rights or obligations associated with, any agreement, arrangement or understanding, the purpose or effect of which is to alter, directly or indirectly, the person's economic interest in a security of the Company or the person's economic exposure to the Company;

(iv) any relationships, agreements or arrangements, including financial, compensation and indemnity related relationships, agreements or arrangements, between the Nominating Shareholder or any affiliates or associates of, or any person or entity acting jointly or in concert with, the Nominating Shareholder and any Proposed Nominee;

(v) full particulars of any proxy, contract, relationship arrangement, agreement or understanding pursuant to which such person, or any of its affiliates or associates, or any person acting jointly or in concert with such person, has any interests, rights or obligations relating to the voting of any securities of the Company or the nomination of directors to the board;

(vi) a representation that the Nominating Shareholder is a holder of record of securities of the Company, or a beneficial owner, entitled to vote at such meeting, and intends to appear in person or by proxy at the meeting to propose such nomination;

(vii) a representation as to whether such person intends to deliver a proxy circular and/or form of proxy to any shareholder of the Company in connection with such nomination or otherwise solicit proxies or votes from shareholders of the Company in support of such nomination; and

(viii) any other information relating to such person that would be required to be included in a dissident proxy circular or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to the *Business Corporations Act* or as required by applicable securities law.

Reference to "**Nominating Shareholder**" in this Article 10.9(4) shall be deemed to refer to each shareholder that nominated or seeks to nominate a person for election as director in the case of a nomination proposal where more than one shareholder is involved in making the nomination proposal.

(5) Currency of Nominee Information

All information to be provided in a Timely Notice pursuant to this Article 10.9 shall be provided as of the date of such notice. The Nominating Shareholder shall provide the Company with an update to such information forthwith so that it is true and correct in all material respects as of the date that is 10 business days before the date of the meeting, or any adjournment or postponement thereof.

(6) Delivery of Information

Notwithstanding Part 23 of these Articles, any notice, or other document or information required to be given to the corporate secretary pursuant to this Article 10.9 may only be given by personal delivery to the Company's registered office (or such other email address as stipulated from time to time by the Company for the purposes of such notice) and shall be deemed to have been given and made on the date of delivery if it is a business day and the delivery was made prior to 5:00 p.m. in the city where the Company's registered office is located and otherwise on the next business day.

(7) Defective Nomination Determination

The chair of any meeting of shareholders of the Company shall have the power to determine whether any proposed nomination is made in accordance with the provisions of this Article 10.9, and if any proposed nomination is not in compliance with such provisions, must as soon as practicable following receipt of such nomination and prior to the meeting declare that such defective nomination shall not be considered at any meeting of shareholders.

(8) Failure to Appear

Despite any other provision of this Article 10.9, if the Nominating Shareholder (or a duly appointed proxy holder for the Nominating Shareholder or representative of the Nominating Shareholder appointed under Article 12.5) does not appear at the meeting of shareholders of the Company to present the nomination, such nomination shall be disregarded, notwithstanding that proxies in respect of such nomination may have been received by the Company.

(9) Waiver

The board may, in its sole discretion, waive any requirement in this Article 10.9.

(10) Definitions

For the purposes of this Article 10.9, "**public announcement**" means disclosure in a news release disseminated by the Company through a national news service in Canada, or in a document filed by the Company for public access under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com.

PART 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 election or appointment of directors;

(e) the appointment of an auditor;

(f) the setting of the remuneration of an auditor;

(g) business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution; and

(h) any non-binding advisory vote (i) proposed by the Company, (ii) required by the rules of any stock exchange on which securities of the Company are listed, or (iii) required by applicable Canadian securities legislation.

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 or restrictions attached to the shares of any class or series of shares, a quorum for the transaction of business at a meeting of shareholders is present if at least two shareholders who, in the aggregate, hold or represent in aggregate not less than 20% of the issued shares entitled to be voted at the meeting are present in person or represented by proxy, irrespective of the number of persons actually present at the meeting.

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 officers, 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 proxy holder 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 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 time and place determined by the chair of the board or by the directors.

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 person or persons present and being or representing by proxy one or more shareholders entitled to attend at vote at the meeting constitute a quorum.

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,

(1) there is no chair of the board or president present within 15 minutes after the time set for holding the meeting, or

(2) if the chair of the board and the president are unwilling to act as chair of the meeting, or

(3) if the chair of the board and the president have advised the corporate secretary, if any, or any director present at the meeting, that they will not be present at the meeting,

the directors present must choose one of their number to be chair of the meeting or if all of the directors present decline to take the chair or fail to so choose or if no director is present, 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 45 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 or the functional equivalent of a show of hands by means of electronic, telephonic or other communications facility, 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 its functional equivalent) 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 the case of an equality of votes, the chair of a meeting of shareholders does not, either on a show of hands or on a poll, have a second or casting vote in addition to the vote or votes to which the chair may be entitled as a shareholder or proxyholder.

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 the 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 or its agent 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 proxyholder entitled to vote at the meeting. At the end of such three month period, the Company or its agent may destroy such ballots and proxies.

PART 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 is entitled, in respect of each share entitled to be voted on the matter and held by that shareholder, to one vote 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, 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 or postponed meeting; or

(b) at the meeting or any adjourned or postponed meeting, by the chair of the meeting or adjourned or postponed meeting or by a person designated by the chair of the meeting or adjourned or postponed 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 or its transfer agent by written instrument, fax or any other method of transmitting legibly recorded messages.

12.6 When Proxy Provisions Do Not Apply to the Company

If and for so long as the Company is a public company, Articles 12.7 to 12.13 apply only insofar as they are not inconsistent with any Canadian securities legislation applicable to the Company, or any rules of an exchange on which securities of the Company are listed.

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 one or more 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 Deposit of Proxy

A proxy for a meeting of shareholders must, subject to any determination by the chair under Article 12.14:

(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;

(2) unless the notice provides otherwise, be received, at the meeting or any adjourned meeting, by the chair of the meeting or adjourned meeting or by a person designated by the chair of the meeting or adjourned meeting; or

(3) be received in any other manner determined by the board or the chair of the meeting.

A proxy may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages or by using such available internet or telephone voting services as may be approved by the directors.

12.10 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 has been taken.

12.11 Form of Proxy

A proxy, whether for a specified meeting or otherwise, must be in the form approved by the directors or the chair of the meeting.

12.12 Revocation of Proxy

Subject to Article 12.13, 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.

12.13 Revocation of Proxy Must Be Signed

An instrument referred to in Article 12.12 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.

12.14 Chair May Determine Validity of Proxy.

The chair of any meeting of shareholders may determine whether or not a proxy deposited for use at the meeting, which may not strictly comply with the requirements of this Part 12 as to form, execution, accompanying documentation, time of filing or deposit or otherwise, shall be valid for use at the meeting, and any such determination made in good faith shall be final, conclusive and binding upon the meeting.

12.15 Production of Evidence of Authority to Vote

The board or chair of any meeting of shareholders may, but need not, at any time (including prior to, at or subsequent to the meeting), ask questions of, and request the production of evidence from, a shareholder (including a beneficial owner), the transfer agent or such other person as they, he or she considers appropriate for the purposes of determining a person's share ownership position as at the relevant record date and authority to vote. For greater certainty, the board or the chair of any meeting of shareholders may, but need not, at any time, inquire into the legal or beneficial share ownership of any person as at the relevant record date and the authority of any person to vote at the meeting and may, but need not, at any time, request from that person production of evidence as to such share ownership position and the existence of the authority to vote. Such request by the directors or the chair of any meeting shall be responded to as soon as reasonably possible.

PART 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 Act. The number of directors, excluding additional directors appointed under Article 14.8, is set at:

(1) subject to Article 13.1(2), the number of directors that is equal to the number of the Company's first directors; or

(2) the greater of three and the most recently set of:

(a) the number of directors set by a resolution of the directors (whether or not previous notice of the resolution was given); and

(b) the number of directors in the office pursuant to Article 14.4.

13.2 Change in Number of Directors

If the number of directors is set under Article 13.1(2)(a) :

(1) the shareholders may elect or appoint the directors needed to fill any vacancies in the board of directors up to that number; or

(2) if the shareholders do not elect or appoint the directors needed to fill any vacancies in the board of directors up to that number then the directors, subject to Article 14.8, may appoint directors to fill those vacancies.

No decrease in the number of directors will shorten the term of an incumbent director.

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 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.

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, or not in his or her capacity as, 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, 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 who has held any salaried office or place of profit with the Company 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.

PART 14
ELECTION AND REMOVAL OF DIRECTORS

14.1 Election at Annual General Meeting

At every annual general meeting:

(1) the shareholders entitled to vote at the annual general meeting for the election of directors must elect a board of directors consisting of the number of directors for the time being set by the directors under these Articles; and

(2) all the directors cease to hold office immediately before the election under paragraph (1), but are eligible for re-election, subject to being nominated in accordance with Article 10.9.

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*; or

(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.

14.3 Failure to Elect or Appoint Directors

If:

(1) the Company fails to hold an annual general meeting 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 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 re¬elected 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 but their term of office shall expire when 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 any 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 Article 13.2, between annual general meetings 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 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 reappointment, subject to being nominated in accordance with Article 10.9.

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 shareholders may remove any director before the expiration of his or her term of office by ordinary 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 in accordance with the *Business Corporations Act* and does not promptly resign, and the directors may appoint a director to fill the resulting vacancy.

PART 15
POWERS AND DUTIES OF DIRECTORS

15.1 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.

15.2 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.

PART 16
INTERESTS OF DIRECTORS AND OFFICERS

16.1 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*.

16.2 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.

16.3 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.

16.4 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*.

16.5 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.

16.6 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.

16.7 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.

16.8 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.

PART 17
PROCEEDINGS OF DIRECTORS

17.1 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.

17.2 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.

17.3 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; or

(2) in the absence of the chair of the board, the president, if any, if the president is a director; or

(3) any other director chosen by the directors if:

(a) neither the chair of the board nor the president, if a director, 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, if a director, is willing to chair the meeting; or

(c) the chair of the board and the president, if a director, has advised the corporate secretary, if any, or any other director, that he or she will not be present at the meeting.

17.4 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) 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 17.4 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.

17.5 Calling of Meetings

Any two directors or the chair may call a meeting of the directors, and any one director or the corporate secretary or an assistant corporate secretary of the Company, if any, shall send notice to the directors upon request of the chair or the two directors calling such meeting.

17.6 Notice of Meetings

Other than for meetings held at regular intervals as determined by the directors pursuant to Article 17.1 or as provided in Article 17.7, a minimum of 24 hours' advance notice of each meeting of the directors, specifying the place, day and time of that meeting must be given to each of the directors by any method set out in Article 23.1 or orally or by telephone conversation with a director.

17.7 When Notice Not Required

It is not necessary to give notice of a meeting of the directors to a 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 has waived notice of the meeting.

17.8 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, does not invalidate any proceedings at that meeting.

17.9 Waiver of Notice of Meetings

Any 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 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.

Attendance of a director or alternate director at a meeting of the 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.

17.10 Quorum

The quorum necessary for the transaction of the business of the directors is a majority of the number of directors in office or such greater number as the directors may determine from time to time.

17.11 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.

17.12 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 17.12 may be by any written instrument, e-mail or any other method of transmitting legibly recorded messages in which the consent of the director is evidenced, whether or not the signature of the director is included in the record. 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 17.12 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 the 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.

PART 18
BOARD COMMITTEES

18.1 Appointment and Powers of Committees

The directors may, by resolution:

(1) appoint one or more committees 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 or appoint additional directors;

(c) the power to set the number of directors;

(d) the power to create a committee of directors, create or modify the terms of reference for a committee of the directors, or change the membership of, or fill vacancies in, any committee of the directors;

(e) the power to appoint or remove officers appointed by the directors; and

(3) make any delegation permitted by paragraph (2) subject to the conditions set out in the resolution or any subsequent directors' resolution.

18.2 Obligations of Committees

Any committee appointed under Article 18.1, 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 as the directors may require.

18.3 Powers of Board

The directors may, at any time, with respect to a committee appointed under Article 18.1:

(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.

18.4 Committee Meetings

Subject to Article 18.2(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 Article 18.1:

(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 the case of an equality of votes, the chair of the meeting does not have a second or casting vote.

PART 19
OFFICERS

19.1 Directors To Appoint Officers

The directors may, from time to time, appoint such officers as the directors determine. The directors may, at any time, terminate any such appointment.

19.2 Functions, Duties and Powers of Officers

The directors may, for each officer:

(1) determine the functions and duties of the officer;

(2) delegate to 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.

19.3 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. The individual appointed as the chair of the board must be a director. Any other officer need not be a director.

19.4 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 think 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.

PART 20
INDEMNIFICATION

20.1 Definitions

In this Part 20:

(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 or former director or an officer or former officer of the Company (each, 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 officer 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*;

(4) "**officer**" means an officer appointed by the board of directors.

20.2 Mandatory Indemnification of Directors and Officers

Subject to the *Business Corporations Act*, the Company must indemnify an eligible party 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 to the fullest extent permitted by the *Business Corporations Act*.

20.3 Deemed Contract

Each director and officer is deemed to have contracted with the Company on the terms of the indemnity contained in Article 20.2.

20.4 Permitted Indemnification

Subject to any restrictions in the *Business Corporations Act*, the Company may indemnify any person, including directors, officers, employees, agents and representatives of the Company.

20.5 Non-Compliance with Business Corporations Act

The failure of a director or officer of the Company to comply with the *Business Corporations Act* or these Articles does not invalidate any indemnity to which he or she is entitled under this Part 20.

20.6 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, officer, employee or agent of the Company;

(2) is or was a 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, officer, employee or agent of a corporation or of a partnership, trust, joint venture or other unincorporated entity;

(4) at the request of the Company, holds or held a position equivalent to that of a director or officer of a partnership, trust, joint venture or other unincorporated entity;

against any liability incurred by him or her as such director, officer, employee or agent or person who holds or held such equivalent position.

PART 21
DIVIDENDS

21.1 Payment of Dividends Subject to Special Rights

The provisions of this Part 21 are subject to the rights, if any, of shareholders holding shares with special rights as to dividends.

21.2 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 consider appropriate.

21.3 No Notice Required

The directors need not give notice to any shareholder of any declaration under Article 21.2.

21.4 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.

21.5 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.

21.6 Settlement of Difficulties

If any difficulty arises in regard to a distribution under Article 21.5, the directors may settle the difficulty as they deemed 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 fixe din order to adjust the rights of all parties; and

(3) vest any such specific assets in trustees for the persons entitled to the dividend.

21.7 When Dividend Payable

Any dividend may be made payable on such date as is fixed by the directors.

21.8 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.

21.9 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.

21.10 Dividend Bears No Interest

No dividend bears interest against the Company.

21.11 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.

21.12 Payment of Dividends

Any dividend or other distribution payable in money in respect of shares may be paid;

(1) 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; or

(2) by electronic transfer, if so authorized by the shareholder.

The mailing of such cheque or the forwarding by electronic transfer will, to the extent of the sum represented by the cheque or transfer (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.

21.13 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.

21.14 Unclaimed Dividends

Any dividend unclaimed after a period of three years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Company. The Company shall not be liable to any person in respect of any dividend which is forfeited to the Company or delivered to any public official pursuant to any applicable abandoned property, escheat or similar law.

PART 22
ACCOUNTING RECORDS AND AUDITOR

22.1 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*.

22.2 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.

22.3 Remuneration of Auditor

The directors may set the remuneration of the auditor of the Company.

PART 23
NOTICES

23.1 Method of Giving Notice

Unless the *Business Corporations Act* or these Articles provide otherwise, a notice, statement, report or other 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;

(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;

(c) in any other case, the delivery address of the intended recipient;

(3) unless the intended recipient is the Company or the auditor of the Company, 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) unless the intended recipient is the auditor of the Company, sending the record by e-mail to the e-mail address provided by the intended recipient for the sending of that record or records of that class;

(5) physical delivery to the intended recipient;

(6) creating and providing a record posted on or made available through a general accessible electronic source and providing written notice by any of the foregoing methods as to the availability of such record; or

(7) as otherwise permitted by applicable securities legislation.

23.2 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 23.1 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 23.1 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 23.1 is deemed to be received by the person to whom it was e-mailed on the day it was e-mailed; and

(4) delivered in accordance with Section 23.1(6), is deemed to be received by the person on the day such written notice is sent.

23.3 Certificate of Sending

A certificate signed by the corporate 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 23.1 is conclusive evidence of that fact.

23.4 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.

23.5 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.

23.6 Undelivered Notices

If, on two consecutive occasions, a notice, statement, report or other record is sent to a shareholder pursuant to Article 23.1 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.

PART 24
SEAL

24.1 Who May Attest Seal

Except as provided in Articles 24.1(2) and 24.1(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.

24.2 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 24.1, 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.

24.3 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 24.1 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.

PART 25
EXECUTION OF INSTRUMENTS

25.1 Cheques, Drafts, Notes, Etc.

All cheques, drafts or orders for the payment of money and all notes, acceptances and bills of exchange shall be signed by such director or directors, officer or officers or other person or persons, whether or not officers of the Company, and in such manner as the directors, or such officer or officers as may be delegated authority by the directors to determine such matters, may from time to time designate.

25.2 Execution of Contracts, Etc.

(1) Contracts, documents or instruments in writing requiring the signature of the Company may be signed by any two of the officers and directors of the Company and all contracts, documents or instruments in writing so signed shall be binding upon the Company without any further authorization or formality. The directors are authorized from time to time by resolution to appoint any officer or officers or any other person or persons on behalf of the Company either to sign contracts, documents or instruments in writing generally or to sign specific contracts, documents or instruments in writing.

(2) In particular, without limiting the generality of Article 25.2(1), any two of the officers and directors of the Company are authorized to sell, assign, transfer, exchange, convert or convey all securities owned by or registered in the name of the Company and to sign and execute (under the seal of the Company or otherwise) all assignments, transfers, conveyances, powers of attorney and other instruments that may be necessary for the purpose of selling, assigning, transferring, exchanging, converting or conveying any such securities.

PART 26
FORUM SELECTION

26.1 Forum for Adjudication of Certain Disputes

Unless the Company consents in writing to the selection of an alternative forum, the Supreme Court of the Province of British Columbia, Canada and the appellate Courts therefrom, shall, to the fullest extent permitted by law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Company; (ii) any action or proceeding asserting a claim of breach of a fiduciary duty owed by any director, officer, or other employee of the Company to the Company; (iii) any action or proceeding asserting a claim arising pursuant to any provision of the *Business Corporations Act* or these Articles (as either may be amended from time to time); or (iv) any action or proceeding asserting a claim otherwise related to the relationships among the Company, its affiliates and their respective shareholders, directors and/or officers, but this paragraph (iv) does not include any action or proceeding related to the business carried on by the Company or such affiliates, which action or proceeding may be brought in another jurisdiction, as appropriate.

PART 27
SPECIAL RIGHTS AND RESTRICTIONS OF SHARES

27.1 Subordinate Voting Shares

The Subordinate Voting Shares shall have attached thereto the following special rights and restrictions:

(1) Voting Rights. Holders of Subordinate Voting Shares shall be entitled to notice of and to attend at any meeting of the shareholders of the Company, except a meeting of which only holders of another particular class or series of shares of the Company shall have the right to vote. At each such meeting holders of Subordinate Voting Shares shall be entitled to one vote in respect of each Subordinate Voting Share held.

(2) Alteration to Rights of Subordinate Voting Shares. As long as any Subordinate Voting Shares remain outstanding, the Company will not, without the consent of the holders of the Subordinate Voting Shares by separate special resolution, prejudice or interfere with any right or special right attached to the Subordinate Voting Shares.

(3) Dividends. Holders of Subordinate Voting Shares shall be entitled to receive as and when declared by the directors, dividends in cash or property of the Company.

(4) Liquidation, Dissolution or Winding-Up. In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, the holders of Subordinate Voting Shares shall, subject to the rights of the holders of any shares of the Company ranking in priority to the Subordinate Voting Shares (including, without restriction, the Super Voting Shares) be entitled to participate rateably along with all other holders of Subordinate Voting Shares.

(5) Rights to Subscribe; Pre-Emptive Rights. The holders of Subordinate Voting Shares are not entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Subordinate Voting Shares, or bonds, debentures or other securities of the Company now or in the future.

(6) Subdivision or Consolidation. No subdivision or consolidation of the Subordinate Voting Shares shall occur unless, simultaneously, the Subordinate Voting Shares and the Super Voting Shares are subdivided or consolidated in the same manner or such other adjustment is made, so as to maintain and preserve the relative rights (including voting rights) of the holders of the shares of each of the said classes.

27.2 Super Voting Shares

The Super Voting Shares shall have attached thereto the following special rights and restrictions:

(1) Voting Rights. Holders of Super Voting Shares shall be entitled to notice of and to attend at any meeting of the shareholders of the Company, except a meeting of which only holders of another particular class or series of shares of the Company shall have the right to vote. At each such meeting holders of Super Voting Shares shall be entitled to 1,000 votes in respect of each Super Voting Share held.

(2) Alteration to Rights of Super Voting Shares. As long as any Super Voting Shares remain outstanding, the Company will not, without the consent of the holders of the Super Voting Shares by separate special resolution, prejudice or interfere with any right or special right attached to the Super Voting Shares. Consent of the holders of a majority of the outstanding Super Voting Shares shall be required for any action that authorizes or creates shares of any class having preferences superior to or on a parity with the Super Voting Shares. In connection with the exercise of the voting rights contained in this Article 27.2(2) each holder of Super Voting Shares will have one vote in respect of each Super Voting Share held.

(3) Dividends. Holders of Super Voting Shares shall not be entitled to receive dividends.

(4) Liquidation, Dissolution or Winding-Up. In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, the Company will distribute its assets firstly and in priority to the rights of holders of any other class of shares of the Company (including the holders of the Subordinate Voting Shares of the Company (the "**Subordinate Voting Shares**")) to return the issue price of the Super Voting Shares to the holders thereof and if there are insufficient assets to fully return the issue price to the holders of the Super Voting Shares such holders will receive an amount equal to their pro rata share in proportion to the issue price of their Super Voting Shares along with all other holders of Super Voting Shares. The holders of Super Voting Shares shall not be entitled to receive directly or indirectly as holders of Super Voting Shares any other assets or property of the Company and their sole rights in respect of assets or property of the Company will be to the return of the issue price of such Super Voting Shares in accordance with this Article 27.2(4).

(5) Subdivision or Consolidation. No subdivision or consolidation of the Super Voting Shares shall occur unless, simultaneously, the Super Voting Shares and the Subordinate Voting Shares are subdivided or consolidated in the same manner, or such other adjustment is made, so as to maintain and preserve the relative rights (including voting rights) of the holders of the shares of each of the said classes.

(6) Rights to Subscribe; Pre-Emptive Rights. The holders of Super Voting Shares are not entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Subordinate Voting Shares, bonds, debentures or other securities of the Company not convertible into Super Voting Shares, now or in the future.

(7) Transfer Restrictions. Super Voting Shares may be transferred by the holder thereof only in accordance with the terms of an Investment Agreement (the "**Investment Agreement**") to be entered into between the Company and Robert Weakley ("**Weakley**"). The Investment Agreement will provide that Super Voting Shares may be transferred only (i) among a permitted transferee group (the "**Permitted Transferee Group**") consisting of (A) Weakley, specified family members, entities controlled by Weakley or any such specified family members, trusts the sole beneficiaries of which are Weakley and/or any such specified family members, and affiliates of any such permitted non-individual transferees and (B) persons and entities who stand in such a relationship to a transferee of Super Voting Shares pursuant to clause (A) or this clause (B) or (ii) with the consent of the Company.

(8) Redemption Rights. The Company will have the right to redeem all or some of the Super Voting Shares from a holder of Super Voting Shares according to the terms of the Investment Agreement. The Investment Agreement will provide that the Company may redeem (i) any or all of the Super Voting Shares in the event (A) Weakley resigns all of his positions with the Company and its subsidiaries other than for Good Reason, as defined in the Investment Agreement or (B) the Permitted Transferee Group holds less than 50% of the total number of outstanding Convertible Shares (as such term is defined in the Investment Agreement) and Subordinate Voting Shares held by Weakley and the other members of the Permitted Transferee Group as of the closing of the Business Combination (as such term is defined in the Investment Agreement) and (ii) any Super Voting Shares that are transferred in contravention of the Investment Agreement. The Company will also be required to redeem the Super Voting Shares in connection with a change in control transaction, as defined in the Investment Agreement, for their original purchase price.

In the event of a redemption of the Super Voting Shares, the Company shall provide two days prior written notice to the holder or holders of such Super Voting Shares and make a payment to the holder of an amount equal to the original purchase price for each Super Voting Share, payable in cash to the holders of the Super Voting Shares so redeemed. The Company need not redeem Super Voting Shares on a pro-rata basis among the holders of Super Voting Shares. Holders of Super Voting Shares to be redeemed by the Company shall surrender the certificate or certificates representing such Super Voting Shares to the Company at its records office duly assigned or endorsed for transfer to the Company (or accompanied by duly executed share transfers relating thereto). Each surrendered certificate shall be cancelled, and the Company shall thereafter make payment of the applicable redemption amount by certified cheque, bank draft or wire transfer to the registered holder of such certificate; provided that, if less than all the Super Voting Shares represented by a surrendered certificate are redeemed then a new share certificate representing the unredeemed balance of Super Voting Shares represented by such certificate shall be issued in the name of the applicable registered holder of the cancelled share certificate. If on the applicable redemption date the redemption price is paid (or tendered for payment) for any of the Super Voting Shares to be redeemed then on such date all rights of the holder in the Super Voting Shares so redeemed and paid or tendered shall cease and such redeemed Super Voting Shares shall no longer be deemed issued and outstanding, regardless of whether or not the holder of such Super Voting Shares has delivered the certificate(s) representing such securities to the Company, and from and after such date the certificate formerly representing the retracted Super Voting Shares shall evidence only the right of the former holder of such Super Voting Shares to receive the redemption price to which such holder is entitled.

Exhibit 3.2

Number: C1206300

CERTIFICATE

OF

CHANGE OF NAME

BUSINESS CORPORATIONS ACT

I Hereby Certify that INDUS HOLDINGS, INC. changed its name to LOWELL FARMS INC. on March 1, 2021 at 11:04 AM Pacific Time.

Issued under my hand at Victoria, British Columbia
On March 1, 2021

/s/ Carol Prest

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

CAROL PREST

Notice of Articles

BUSINESS CORPORATIONS ACT

This Notice of Articles was issued by the Registrar on: March 1, 2021 11:04 AM Pacific Time

Incorporation Number: **C1206300**

Recognition Date and Time: Continued into British Columbia on April 25, 2019 10:21 AM Pacific Time

NOTICE OF ARTICLES

Name of Company:

LOWELL FARMS INC.

REGISTERED OFFICE INFORMATION

Mailing Address:
2200 HSBC BUILDING, 885 WEST GEORGIA ST.
VANCOUVER BC V6C 3E8
CANADA

Delivery Address:
2200 HSBC BUILDING, 885 WEST GEORGIA ST.
VANCOUVER BC V6C 3E8
CANADA

RECORDS OFFICE INFORMATION

Mailing Address:
2200 HSBC BUILDING, 885 WEST GEORGIA ST.
VANCOUVER BC V6C 3E8
CANADA

Delivery Address:
2200 HSBC BUILDING, 885 WEST GEORGIA ST.
VANCOUVER BC V6C 3E8
CANADA

DIRECTOR INFORMATION

Last Name, First Name, Middle Name:
Shure, Brian

Mailing Address:
2200 HSBC BUILDING
885 WEST GEORGIA STREET
VANCOUVER BC V6C 3E8
CANADA

Delivery Address:
2200 HSBC BUILDING
885 WEST GEORGIA STREET
VANCOUVER BC V6C 3E8
CANADA

Last Name, First Name, Middle Name:
McGrath, Kevin

Mailing Address:
2200 HSBC BUILDING
885 WEST GEORGIA STREET
VANCOUVER BC V6C 3E8
CANADA

Delivery Address:
2200 HSBC BUILDING
885 WEST GEORGIA STREET
VANCOUVER BC V6C 3E8
CANADA

Last Name, First Name, Middle Name:
Allen, George

Mailing Address:
2200 HSBC BUILDING
885 WEST GEORGIA STREET
VANCOUVER BC V6C 3E8
CANADA

Delivery Address:
2200 HSBC BUILDING
885 WEST GEORGIA STREET
VANCOUVER BC V6C 3E8
CANADA

Last Name, First Name, Middle Name:
Gates, Bruce

Mailing Address:
2200 HSBC BUILDING
885 WEST GEORGIA STREET
VANCOUVER BC V6C 3E8
CANADA

Delivery Address:
2200 HSBC BUILDING
885 WEST GEORGIA STREET
VANCOUVER BC V6C 3E8
CANADA

Last Name, First Name, Middle Name:
Ainsworth, Mark

Mailing Address:
2200 HSBC BUILDING, 885 WEST GEORGIA ST.
VANCOUVER BC V6C 3E8
CANADA

Delivery Address:
2200 HSBC BUILDING, 885 WEST GEORGIA ST.
VANCOUVER BC V6C 3E8
CANADA

Last Name, First Name, Middle Name:
Harkness, Stephanie

Mailing Address:
2200 HSBC BUILDING, 885 WEST GEORGIA ST.
VANCOUVER BC V6C 3E8
CANADA

Delivery Address:
2200 HSBC BUILDING, 885 WEST GEORGIA ST.
VANCOUVER BC V6C 3E8
CANADA

Last Name, First Name, Middle Name:
Anton, Bill

Mailing Address:
2200 HSBC BUILDING, 885 WEST GEORGIA ST.
VANCOUVER BC V6C 3E8
CANADA

Delivery Address:
2200 HSBC BUILDING, 885 WEST GEORGIA ST.
VANCOUVER BC V6C 3E8
CANADA

AUTHORIZED SHARE STRUCTURE

1.	No Maximum	Subordinate Voting Shares	Without Par Value With Special Rights or Restrictions attached
2.	No Maximum	Super Voting Shares	Without Par Value With Special Rights or Restrictions attached

Exhibit 4.1

THIS DEBENTURE AND THE SECURITIES ISSUABLE UPON THE CONVERSION HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT"), AS AMENDED, OR UNDER THE SECURITIES LAWS OF ANY STATE. THESE SECURITIES MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED EXCEPT AS PERMITTED UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OR AN EXEMPTION THEREFROM. THE ISSUER OF THESE SECURITIES MAY REQUIRE AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE ISSUER THAT SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION OTHERWISE COMPLIES WITH THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

INDUS HOLDING COMPANY

SENIOR SECURED CONVERTIBLE DEBENTURE

$[ ] April 10, 2020

FOR VALUE RECEIVED, Indus Holding Company, a Delaware corporation (the "***Company***"), promises to pay to [ ], in lawful money of the United States of America the principal sum of $[ ], or such lesser amount as shall equal the outstanding principal amount hereof, together with interest from the date of this Senior Secured Convertible Debenture (this "***Debenture***") on the unpaid principal balance at a rate equal to 5.5% per annum, computed on the basis of the actual number of days elapsed and a year of 365 days. All unpaid principal, together with any then unpaid and accrued interest and other amounts payable hereunder, shall be due and payable on the earlier of (i) five business days following the demand of the Required Holders (as defined in Section 5 hereof) made at any date on or after the 42 month anniversary of the Initial Closing Date (such fifth business day, the "***Maturity Date***"), or (ii) when, upon the occurrence and during the continuance of an Event of Default (as defined in Section 3 hereof), such amounts are declared due and payable by the Required Holders or made automatically due and payable, in each case, in accordance with the terms hereof. This Debenture is one of the Senior Secured Convertible Debentures issued pursuant to that certain Debenture and Warrant Purchase Agreement, dated April 10, 2020 (as amended from time to time, the "***Purchase Agreement***"), by and among the Company and the Purchasers listed on Schedule I of the Purchase Agreement.

The following is a statement of the rights of Holder (as defined in Section 5 hereof) and the conditions to which this Debenture is subject, and to which Holder, by the acceptance of this Debenture, agrees:

1. **Payments.**

(a) Interest. Accrued interest on this Debenture shall be payable in arears on a quarterly basis on the last day of each calendar quarter after the date hereof, with any remaining accrued but unpaid interest payable on the Maturity Date.

(b) Voluntary Prepayment. This Debenture may be prepaid by the Company in whole at any time or in part from time to time without penalty or premium; *provided* that (i) any prepayment prior to the 24 month anniversary of the Initial Closing Date may be made only with the prior written consent of the Required Holders, (ii) any prepayment of this Debenture may only be made in connection with the prepayment of all Debentures on a *pro rata* basis, based on the respective aggregate outstanding principal amounts of each such Debenture, and (iii) any such prepayment shall be applied first to interest accrued on this Debenture and second, if the amount of prepayment exceeds the amount of all such accrued interest, to the payment of principal of this Debenture; *provided further* that no consent of the Required Holders shall be required for a prepayment (i) following the occurrence of an Event of Default if such Event of Default has not been waived by the Required Purchasers and the exercise of remedies with respect thereto is not subject to a written deferral by the Required Purchasers of at least 60 days from the date such Indebtedness is incurred or (ii) in connection with a Change of Control.

2. **Conversion**.

(a) Conversion into Class C Common Shares.

(i) Conversion by Holder. At any time on or after July 1, 2020 (or earlier if in connection with the consummation of a Change of Control) and on or prior to the Maturity Date, upon the election of the Holder, in its sole discretion, all or any portion of the outstanding principal and accrued but unpaid interest hereon shall convert into a number of fully paid and nonassessable Class C Common Shares of the Company ("***Class C Common Shares***") determined pursuant to the formula set forth in Section 2(a)(iii).

(ii) Conversion by the Company. At any time on or after (A) the 18-month anniversary of the Initial Closing Date (as defined in the Purchase Agreement) and prior to the 24-month anniversary of the Initial Closing Date, and provided that (I) the closing price for the subordinate voting shares of Indus Holdings, Inc. has been at least 4 times the Conversion Price (as defined below) on each trading day of the immediately preceding 30-trading day period and (II) the daily volume of the subordinate voting shares multiplied by the weighted average trading price of the subordinate voting shares has been at least $250,000 on each trading day of such period and (B) the 24-month anniversary of the Initial Closing Date, and provided that (I) the closing price for the subordinate voting shares of Indus Holdings, Inc. has been at least 3 times the Conversion Price (as defined below) on each trading day of the immediately preceding 30-trading day period and (II) the daily volume of the subordinate voting shares multiplied by the weighted average trading price of the subordinate voting shares has been at least $150,000 on each trading day of such period, the Company may deliver a written notice to each Holder of a Debenture requiring that this Debenture be converted into Class C Common Shares. Effective as of the fifth business day following delivery of such Notice, this Debenture shall be converted into a number of Class C Common Shares determined pursuant to the formula set forth in Section 2(a)(iii).

(iii) Conversion Formula. The total number of Class C Common Shares that Holder shall be entitled to receive upon conversion of this Debenture pursuant to the this Section 2(a) shall be equal to the number obtained by dividing (A) all or such portion of the principal and accrued but unpaid interest under such Debenture specified by the Holder by (B) $0.20 per share (the "***Conversion Price***"), subject to adjustment as set forth in Section 2(d) hereof.

(b) Conversion on Change of Control. If the Company consummates a Change of Control (as defined in Section 5 hereof) prior to the earlier to occur of the payment in full or conversion of this Debenture and the Maturity Date, the Company shall provide written notice to the Holder of such Change of Control and a period of at least five (5) business days to permit Holder to exercise its conversion rights pursuant to Section 2(a)(i) hereof.

(c) Conversion Procedure.

(i) Conversion Mechanics. If this Debenture is to be converted pursuant to this Section 2, Holder shall deliver to the Company written notice to the Company of the conversion to be effected, specifying the principal amount of the Debenture to be converted, together with all accrued and unpaid interest, the date on which such conversion shall occur and surrendering this Debenture to the Company. The Company shall, as soon as practicable thereafter, and in no event later than the date specified in such notice, issue and deliver to Holder a certificate or certificates for the number of shares to which Holder shall be entitled upon such conversion.

(ii) Fractional Shares. Notwithstanding anything herein contained, the Company shall in no case be required to issue fractional Class C Common Shares upon the conversion of this Debenture. If any fractional interest in a Class C Common Share would, except for the provisions of this 2(c)(ii), be deliverable upon the conversion of this Debenture, the aggregate number of Class C Common Shares to which such holder shall be entitled shall be rounded down to the nearest whole number if the fraction is less than 0.5 and rounded up to the nearest whole number if the fraction is 0.5 or greater.

(d) Adjustments to Conversion Price and Class C Common Shares. Subject to the requirements of the Canadian Securities Exchange (or such other exchange on which the Class C Common Shares are then listed), the Conversion Price and Class C Common Shares shall be subject to adjustment from time to time as follows:

(i) If and whenever at any time prior to the Maturity Date the outstanding Class C Common Shares shall be subdivided, redivided or changed into a greater or consolidated into a lesser number of Class C Common Shares or reclassified into different shares of capital stock of the Company (a "***Reclassification***"), or the Company shall issue additional Class C Common Shares (or securities convertible into additional Class C Common Shares or different shares of capital stock of the Company) to the holders of all or substantially all of its outstanding Class C Common Shares by way of a stock dividend or otherwise (other than an issue of additional Class C Common Shares to holders of Class C Common Shares who have elected to receive dividends in the form of Class C Common Shares in lieu of receiving cash dividends paid in the ordinary course) (a "***Stock Dividend***"), Holder shall be entitled to receive and shall accept, upon the exercise of such right at any time on the effective date of such Reclassification or Stock Dividend or thereafter, in lieu of the number of Class C Common Shares to which he was theretofore entitled upon conversion, the aggregate number of Class C Common Shares, different shares of capital stock of the Company and/or securities convertible into Class C Common Shares or different shares of capital stock of the Company that Holder would have held immediately following such Reclassification or Stock Dividend had he been the registered holder of the number of Class C Common Shares to which he was theretofore entitled upon conversion as of the applicable record date or effective date for such action.

(ii) If and whenever at any time prior to the Maturity Date the Company shall issue rights, options or warrants to all or substantially all the holders of its outstanding Class C Common Shares entitling them to subscribe for or purchase additional Class C Common Shares, different shares of capital stock of the Company or securities convertible into Class C Common Shares or different shares of capital stock of the Company, and if such issuance has or is reasonably likely to have a material adverse effect on the conversion privilege or right of Holder hereunder, then the conversion rights (including, as applicable, the Conversion Price) shall be adjusted appropriately as determined by the directors of the Company, acting reasonably. If all such rights, options or warrants are not exercised prior to the expiration thereof, the Conversion Price shall be readjusted based upon the number of additional Class C Common Shares, different shares of capital stock of the Company or securities convertible into Class C Common Shares or different shares of capital stock of the Company actually issued upon the exercise of such rights, options or warrants, as the case may be.

(iii) No adjustments of the Conversion Price shall be made pursuant to Section 2(d)(i) or Section 2(d)(ii) if the Holder is permitted to participate in such Reclassification or Stock Dividend or in the issue of such options, rights or warrants, as the case may be, as though and to the same effect as if it had converted the principal amount outstanding under this Debenture into Class C Common Shares prior to the applicable record date or effective date for such Reclassification or Stock Dividend or the issue of such options, rights or warrants, as the case may be.

(iv) The adjustments provided for in this Section 2(d) are cumulative and shall be computed to the nearest one-tenth of one cent and will be made successively whenever an event referred to therein occurs. Notwithstanding the foregoing, no adjustment of the Conversion Price shall be made in any case in which the resulting increase or decrease in the Conversion Price would be less than one percent of the then prevailing Conversion Price. Any adjustment that would otherwise have been required to be made, but for the minimum percentage threshold, shall be carried forward and made at the time of and together with the next subsequent adjustment to the Conversion Price which, together with any and all such adjustments so carried forward, shall result in an increase or decrease in the Conversion Price by not less than one percent.

(e) Notices of Record Date. In the event of:

(i) Any taking by the Company of a record of the holders of any class of securities of Company for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution or any right to subscribe for, purchase or otherwise acquire any shares of stock of any class or any other securities or property, or to receive any other right; or

(ii) Any capital reorganization of the Company, any reclassification or recapitalization of the capital stock of the Company or any transfer of all or substantially all of the assets of the Company to any other Person or any consolidation or merger involving the Company; or

(iii) Any voluntary or involuntary dissolution, liquidation or winding-up of the Company,

the Company shall deliver to Holder at least 10 business days prior to the earliest date specified therein, a notice specifying (A) the date on which any such record is to be taken for the purpose of such dividend, distribution or right and the amount and character of such dividend, distribution or right; and (B) the date on which any such reorganization, reclassification, transfer, consolidation, merger, dissolution, liquidation or winding-up is expected to become effective and the record date for determining stockholders entitled to vote thereon.

3. **Events of Default**. The occurrence of any of the following shall constitute an "***Event of Default***" under this Debenture:

(a) Failure to Pay. The Company shall fail to pay (i) when due any principal payment on the Maturity Date therefor or (ii) any interest payment required under the terms of this Debenture on the date due and such payment shall not have been made within five business days of the Company's receipt of written notice by the Required Holders of such failure to pay; or

(b) Breaches of Covenants. The Company shall fail to observe or perform any other covenant, obligation, condition or agreement contained in this Debenture (other than those specified in Section 3(a) hereof), the Purchase Agreement or any other Transaction Document (other than the Voting Agreement), including, without limitation, the negative covenants set forth in Section 6(a) of the Purchase Agreement and, in the event of such failure is susceptible to cure, such failure shall not have been cured by the Company within thirty (30) days after written notice to the Company by the Required Holders of such failure; or

(c) Voluntary Bankruptcy or Insolvency Proceedings. The Company shall (i) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian of itself or of all or a substantial part of its property, (ii) admit in a writing approved by the Company's board of directors its inability to pay its debts generally as they mature, (iii) make a general assignment for the benefit of its creditors, (iv) be dissolved or liquidated under any bankruptcy, insolvency or other similar law now or hereafter in effect, (v) commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or consent to any such relief or to the appointment of or taking possession of its property by any official in an involuntary case or other proceeding commenced against it, or (vi) enter into any agreement (other than for the engagement of legal or financial advisors) for the purpose of effecting any of the foregoing; or

(d) Involuntary Bankruptcy or Insolvency Proceedings. Proceedings for the appointment of a receiver, trustee, liquidator or custodian of the Company, or of all or a substantial part of the property thereof, or an involuntary case or other proceedings seeking liquidation, reorganization or other relief with respect to the Company or any of its subsidiaries, if any, or the debts thereof under any bankruptcy, insolvency or other similar law now or hereafter in effect shall be commenced and an order for relief entered or such proceeding shall not be dismissed or discharged within 60 days of commencement.

4. **Rights of Holder upon Default**. Upon the occurrence of any Event of Default (other than an Event of Default described in Section 3(c) or Section 3(d)) hereof and at any time thereafter during the continuance of such Event of Default, the Required Holders may, by written notice to the Company, declare all outstanding obligations payable by the Company hereunder to be immediately due and payable without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived. Upon the occurrence of any Event of Default described in Section 3(c) and Section 3(d) hereof, immediately and without notice, all principal and accrued and unpaid interest hereunder shall automatically become immediately due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived. In addition to the foregoing remedies, upon the occurrence and during the continuance of any Event of Default, the Required Holders may exercise any other right power or remedy permitted to the Holders by law, either by suit in equity or by action at law, or both.

5. **Definitions**. As used in this Debenture, the following capitalized terms shall have the following meanings:

"***Change of Control***" means the occurrence of (i) any transaction or series of related transactions to which Parent, the Company or one of its Subsidiaries is a party that results in a "person" or "group" (within the meaning of Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), becoming the "beneficial owner" (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended), directly or indirectly, of outstanding voting securities of Parent having the right to cast more than 50% of the votes for the election of members of the Board of Directors of Parent, (ii) any reorganization, merger or consolidation of Parent, other than a transaction or series of related transactions in which the holders of the voting securities of Parent outstanding immediately prior to such transaction or series of related transactions retain, immediately after such transaction or series of related transactions, at least a majority of the total voting power represented by the outstanding voting securities of Parent or such other surviving or resulting entity or (iii) a sale, lease or other disposition of all or substantially all of the assets of Parent and its Subsidiaries taken as a whole.

"***Debentures***" means each of the Debentures issued pursuant to the Purchase Agreement.

"***Event of Default***" has the meaning given in Section 3 hereof.

"***Holder***" or "***Holder of this Debenture***" means the Person specified in the introductory paragraph of this Debenture or any Person who at the time in question is the registered holder of this Debenture and "***Holders***" means, at the time in question, collectively, the registered holders of the Debentures.

"***Person***" means an individual, a partnership, a corporation (including a business trust), a joint stock company, a limited liability company, an unincorporated association, a joint venture or other entity or a governmental authority.

"***Required Holders***" means the Holders holding a majority of the aggregate outstanding principal due under the Debentures.

"***Securities Act***" means the Securities Act of 1933, as amended.

"***Subsidiary***" shall have the meaning assigned to such term in the Purchase Agreement.

6. **Miscellaneous**.

(a) Successors and Assigns; Transfer of this Debenture or Securities Issuable on Conversion Hereof.

(i) Subject to the restrictions on transfer described in this Section 6(a), the rights and obligations of the Company and Holder shall be binding upon and benefit the successors, assigns, heirs, administrators and transferees of the Company and Holder.

(ii) With respect to any offer, sale or other disposition of this Debenture or securities into which such Debenture may be converted, Holder shall give written notice to the Company prior thereto, describing briefly the manner thereof, together with a written opinion of Holder's counsel or other evidence reasonably satisfactory to the Company, to the effect that such offer, sale or other distribution may be effected without registration or qualification (under any federal or state law then in effect). Upon receiving such written notice and reasonably satisfactory opinion or other evidence if so requested, the Company, as promptly as practicable, shall notify Holder that Holder may sell or otherwise dispose of this Debenture or such securities, all in accordance with the terms of the notice delivered to the Company. If a determination has been made pursuant to this Section 6(a) that the opinion of counsel for Holder, or other evidence, is not reasonably satisfactory to the Company, the Company shall so notify Holder promptly after such determination has been made. Each Debenture thus transferred and each certificate representing the securities thus transferred shall bear a legend as to the applicable restrictions on transferability in order to ensure compliance with the Securities Act, unless in the opinion of counsel for the Company such legend is not required in order to ensure compliance with the Securities Act. The Company may issue stop transfer instructions to its transfer agent in connection with such restrictions. Subject to the foregoing, transfers of this Debenture shall be registered upon registration books maintained for such purpose by or on behalf of the Company. Prior to presentation of this Debenture for registration of transfer, the Company shall treat the registered holder hereof as the owner and holder of this Debenture for the purpose of receiving all payments of principal and interest hereon and for all other purposes whatsoever, whether or not this Debenture shall be overdue and the Company shall not be affected by notice to the contrary.

(iii) Neither this Debenture nor any of the rights, interests or obligations hereunder may be assigned, by operation of law or otherwise, in whole or in part, by the Company without the prior written consent of Holder, provided that the Company may assign this Debenture without the consent of Holder to an acquiror of all or a substantial portion of the Company's business and assets (however structured).

(b) Waiver and Amendment. Any provision of this Debenture may be amended, waived or modified only upon the written consent of the Company and the Required Holders. Any amendment or waiver effected in accordance with this paragraph shall be binding upon all holders of Debentures.

(c) Notices. All notices, requests, demands, consents, instructions or other communications required or permitted hereunder shall be made in accordance with Section 7(g) of the Purchase Agreement.

(d) Pari Passu Debentures. Holder acknowledges and agrees that the payment of all or any portion of the outstanding principal amount of this Debenture and all interest hereon shall be *pari passu* in right of payment and in all other respects to the other Debentures, and is *pari passu* in right of payment and in all other respects to other indebtedness of the Company. In the event Holder receives payments in excess of its pro rata share of the Company's payments to the Holders of all of the Debentures, then Holder shall hold in trust all such excess payments for the benefit of the Holders of the other Debentures and shall pay such amounts held in trust to such other holders upon demand by such holders.

(e) Payment. Unless converted into the Company's equity securities pursuant to the terms hereof, payment shall be made in United States dollars.

(f) Usury. In the event any interest is paid on this Debenture which is deemed to be in excess of the then legal maximum rate, then that portion of the interest payment representing an amount in excess of the then legal maximum rate shall be deemed a payment of principal and applied against the principal of this Debenture.

(g) Governing Law and Venue.

(i) This Debenture and all actions arising out of or in connection with this Debenture shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to its internal rules governing the conflict of laws.

(ii) Each of the Company and the Holder hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of any Delaware State court or Federal court of the United States of America sitting in Delaware, in Wilmington, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Debenture or the transactions contemplated hereby or for recognition or enforcement of any judgment relating hereto, and each of the Company and the Holder hereby irrevocably and unconditionally (a) agrees not to commence any such action or proceeding except in such courts; (b) agrees that any claim in respect of any such action or proceeding may be heard and determined in such courts; (c) waives any objection or defense which it may now or hereafter have based on personal jurisdiction; (d) waives any objection which it may now or hereafter have to the laying of venue of any such action or proceeding in any such court; and (e) waives the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court. Each of the Company and the Holder agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Each of the Company and the Holder irrevocably consents to service of process in the manner provided for notices in Section 7(g) of the Purchase Agreement.

(iii) EACH OF THE COMPANY AND THE HOLDER HEREBY IRREVOCABLY WAIVES ALL RIGHTS TO TRIAL BY JURY IN ANY PROCEEDING BROUGHT TO RESOLVE ANY DISPUTE BETWEEN THE COMPANY AND THE HOLDER (WHETHER ARISING IN CONTRACT, TORT OR OTHERWISE) ARISING OUT OF, CONNECTED WITH, RELATED TO OR INCIDENTAL TO THIS DEBENTURE, THE TRANSACTIONS CONTEMPLATED HEREBY OR THE RELATIONSHIPS ESTABLISHED BETWEEN THE COMPANY, THE HOLDER, ANY OTHER HOLDER(S) OF DEBENTURES AND/OR THE COLLATERAL AGENT HEREUNDER.

[Remainder of page intentionally left blank.]

The Company has caused this Debenture to be issued as of the date first written above.

INDUS HOLDING COMPANY

By: _____

Signature page to Senior Secured Convertible Debenture

Accepted by:

[If entity:]

PURCHASER:

[Purchaser]

By: _____]

[Name]
[Title] _____]

[If individual:]

PURCHASER:

_____
[Purchaser]

Exhibit 9.1

VOTING AGREEMENT

THIS VOTING AGREEMENT (this "**Agreement**"), is made and entered into as of this 10th day of April, 2020, by and among Indus Holdings, Inc., a British Columbia corporation (the "**Company**"), each holder of a senior secured convertible debenture (a "**Debenture**") that was issued as part of a series of senior secured convertible debentures (collectively, the "**Debentures**"), issued pursuant to the Purchase Agreement (as defined below) and as listed on Schedule A (together with any subsequent investors, or transferees, who become parties hereto as "Investors" pursuant to Subsections 4.1 or 4.2 below, the "**Investors**") and Robert Weakley (together with an person who becomes his successor pursuant to Subsection 4.2 below, "**Weakley**") (together with the Investors, the "**Voting Parties**").

RECITALS

A. Concurrently with the execution of this Agreement, the Company is issuing the Debentures to Investors pursuant to that certain Debenture and Warrant Purchase Agreement, dated on or about the date hereof, by and among the Company and the Investors (the "**Purchase Agreement**"), and in connection with such issuance the parties desire to provide the Investors with the right, among other rights, to designate the election of certain members of the board of directors of the Company (the "**Board**") in accordance with the terms of this Agreement.

B. Weakley, the holder of the Company's issued and outstanding Super Voting Shares (the "**Weakley Shares**"), has agreed to vote the Weakley Shares as directed by a majority of the Board. Such agreement is being modified in connection with Weakley's entry into this Agreement to permit Weakley to vote the Weakley Shares in accordance with the terms hereof (as so modified, the "**Weakley Agreement**").

NOW, THEREFORE, the parties agree as follows:

1. Voting Provisions Regarding the Board.

1.1 Size of the Board. Each Voting Party agrees there will be seven (7) directors and that it shall take all necessary action within its control to cause the size of the Board to be fixed at seven (7) directors. For purposes of this Agreement, the term "**Shares**" shall mean and include any securities of the Company that the holders of which are entitled to vote for members of the Board, including without limitation, the Weakley Shares, by whatever name called, now owned or subsequently acquired by a Voting Party, however acquired, whether through stock splits, stock dividends, reclassifications, recapitalizations, similar events or otherwise.

1.2 Board Composition. Each Voting Party agrees to vote, or cause to be voted, all Shares owned by such Voting Party, or over which such Voting Party has voting control, from time to time and at all times, at each annual or special meeting of the shareholders of the Company at which an election of directors is held or pursuant to any written consent of the shareholders of the Company, subject to Section 3(a), to elect the following persons and any persons designated for election pursuant to Section 1.3 or Section 1.4:

(a) Three (3) persons designated ("**Investor Directors**") by the Investors holding a majority of the equity securities of the Company issued or issuable upon conversion of the Debentures (the "**Required Investors**"), who shall initially be George Allen, Brian Shure and Kevin McGrath;

(b) Three (3) persons designated by a majority of the Indus Directors or, in the event no Indus Director is then serving as a member of the Board, Weakley. As used herein, "**Indus Directors**" means (i) members of the Board serving in such capacity as of immediately prior to the initial closing of the transactions contemplated by the Purchase Agreement, (ii) directors designated by such directors and/or other directors designated pursuant to this Section 1.2(b) and (iii) directors designated by Robert Weakley pursuant to the immediately preceding sentence; and

(c) One (1) person designated by mutual agreement of (i) a majority of the directors designated pursuant to Section 1.2(a) and (ii) a majority of the directors designated pursuant to Section 1.2(b).

1.3 Failure to Designate a Board Member. In the absence of any designation from the Persons or groups with the right to designate a director as specified above, the director previously designated by them and then serving shall be redesignated if still eligible and willing to serve as provided herein and otherwise, such Board seat shall remain vacant.

1.4 Removal of Board Members. Each Voting Party also agrees to vote, or cause to be voted, all Shares owned by such Voting Party, or over which such Voting Party has voting control, from time to time and at all times, and to take all necessary actions within such Voting Party's control to ensure that:

(a) no director elected pursuant to Subsections 1.2 of this Agreement is removed from office unless such removal is directed or approved by the affirmative vote of the Person(s) entitled under Subsection 1.2 to designate that director;

(b) any vacancies created by the resignation, removal or death of a director elected pursuant to Subsections 1.2 shall be filled by the Person(s) entitled to designate or approve such director pursuant to the provisions of this Section 1; and

(c) upon the request of any party entitled to designate a director as provided in Subsection 1.2 to remove such director, such director shall be removed.

All Voting Parties agree to execute any written consents required to perform the obligations of this Section 1, and the Company agrees at the request of any Person or group entitled to designate directors to call a special meeting of shareholders for the purpose of electing directors.

1.5 Subsidiary Board Composition. Each Voting Party agrees to vote, or cause to be voted, all Shares owned by such Voting Party, or over which such Voting Party has voting control, from time to time and at all times, at each annual or special meeting of the stockholders of the Company at which an election of directors is held or pursuant to any written consent of the stockholders of the Company, subject to Section 3(a), to cause the composition of the board of directors of each subsidiary of the Company to be composed of the directors elected to and serving on the Board in accordance with Sections 1.2 through Section 1.4.

1.6 Committee Composition. Each Voting Party agrees to take all necessary action within its control to cause the following committees of the Board to be maintained (and to cause any corresponding committees of the board of directors of any subsidiary of the Company to be maintained in the same manner):

(a) an audit committee consisting of an equal number of non-employee Investor Directors and Indus Directors;

(b) a compensation committee consisting of an equal number of non-employee Investor Directors and Indus Directors; and

(c) a corporate governance committee consisting of an equal number of non-employee Investor Directors and Indus Directors.

1.7 Special Committee Processes. Each Investor agrees that matters involving any transaction between the Company or any of its subsidiaries, on the one hand, and any Investor or Affiliate of an Investor, on the other (including any determination by the Company to repay or refinance the Debentures (as defined in the Purchase Agreement), to seek any modification, waiver or termination with respect to any of the Transaction Documents (as defined in the Purchase Agreement), or to increase the maximum offering amount under the Purchase Agreement), shall not be consummated unless approved by a majority of the members of a special committee of the Board constituted in accordance with this Section 1.7 (the "***Special Committee***"). The Special Committee shall consist of three directors who are not Investor Directors (or such less number of such directors who are then serving) and who are not interested in the matter to be considered. The parties agree that, notwithstanding any to the contrary under the Company's charter documents or applicable law, the Special Committee's determination shall be final and not subject to review, revocation or alteration by the full Board and that the Board shall not have the right to override a decision made by the Special Committee. The Special Committee shall have the right to, and the Company shall use its best efforts to make available the resources to, engage independent legal counsel and an independent financial advisor (but shall not be obligated to do so). For a period of three years from the date hereof, each Investor agrees not to, and to cause its Affiliates not to, without the consent of the Special Committee, unless the Special Committee shall have publicly announced, or authorized the Company to publicly announce, its support for or recommendation to shareholders of a business combination transaction with a party other than an Investor or an Affiliate of an Investor, make any proposal for a "going private" transaction or other business combination between the Company or any of its subsidiaries, on the one hand, and any Investor(s) and their Affiliates, on the other, or assist any other Person with respect to the foregoing.

1.8 No Liability for Election of Recommended Directors. No Voting Party, nor any Affiliate of any Voting Party, shall have any liability as a result of designating a person for election as a director for any act or omission by such designated person in his or her capacity as a director of the Company, nor shall any Voting Party have any liability as a result of voting for any such designee in accordance with the provisions of this Agreement. For purposes of this Agreement, an individual, firm, corporation, partnership, association, limited liability company, trust or any other entity (collectively, a "**Person**") shall be deemed an "**Affiliate**" of another Person who, directly or indirectly, controls, is controlled by or is under common control with such Person, including, without limitation, any general partner, managing member, officer, director or trustee of such Person, or any venture capital fund or registered investment company now or hereafter existing that is controlled by one or more general partners, managing members or investment advisers of, or shares the same management company or investment adviser with, such Person.

1.9 No "Bad Actor" Designees. Each Person with the right to designate or participate in the designation of a director as specified above hereby represents and warrants to the Company that, to such Person's knowledge, none of the "bad actor" disqualifying events described in Rule 506(d)(1)(i)-(viii) under the Securities Act of 1933, as amended (the "**Securities Act**") (each, a "**Disqualification Event**"), is applicable to such Person's initial designee named above except, if applicable, for a Disqualification Event as to which Rule 506(d)(2)(ii) or (iii) or (d)(3) is applicable. Any director designee to whom any Disqualification Event is applicable, except for a Disqualification Event to which Rule 506(d)(2)(ii) or (iii) or (d)(3) is applicable, is hereinafter referred to as a "Disqualified Designee". Each Person with the right to designate or participate in the designation of a director as specified above hereby covenants and agrees (A) not to designate or participate in the designation of any director designee who, to such Person's knowledge, is a Disqualified Designee and (B) that in the event such Person becomes aware that any individual previously designated by any such Person is or has become a Disqualified Designee or the Canadian Securities Exchange objects to such Person being a director of the Company, such Person shall as promptly as practicable take such actions as are necessary to remove such Disqualified Designee from the Board and designate a replacement designee who is not a Disqualified Designee.

2. Remedies.

2.1 Covenants of the Company. The Company agrees to use its best efforts, within the requirements of applicable law, to ensure that the rights granted under this Agreement are effective and that the parties enjoy the benefits of this Agreement. Such actions include, without limitation, the use of the Company's best efforts to cause the nomination and election of the directors as provided in this Agreement.

2.2 Specific Enforcement. Each party acknowledges and agrees that each party hereto will be irreparably damaged in the event any of the provisions of this Agreement are not performed by the parties in accordance with their specific terms or are otherwise breached. Accordingly, it is agreed that each of the Company and the Investors shall be entitled to an injunction to prevent breaches of this Agreement, and to specific enforcement of this Agreement and its terms and provisions in any action instituted in any court of the Province of British Columbia.

2.3 Irrevocable Proxy and Power of Attorney. Each party to this Agreement hereby constitutes and appoints as the proxies of the party and hereby grants a power of attorney to each of Weakley and George Allen, and hereby authorizes each of them to represent and vote, if and only if another party (i) fails to vote, or (ii) attempts to vote (whether by proxy, in person or by written consent), in a manner which is inconsistent with the terms of Section 1 of this Agreement, any of such party's Shares in favor of the election of persons as members of the Board determined pursuant to and in accordance with the terms and provisions of this Agreement. Each of the proxy and power of attorney granted pursuant to this Section 2.3 is given in consideration of the agreements and covenants of the Company and the parties in connection with the transactions contemplated by this Agreement and, as such, each is coupled with an interest and shall be irrevocable unless and until this Agreement terminates or expires pursuant to Section 4.8 hereof. Each party hereto hereby revokes any and all previous proxies or powers of attorney with respect to the Shares and shall not hereafter, unless and until this Agreement terminates or expires pursuant to Section 4.8 hereof, purport to grant any other proxy or power of attorney with respect to any of the Shares, deposit any of the Shares into a voting trust or enter into any agreement (other than this Agreement and the Weakley Agreement), arrangement or understanding with any person, directly or indirectly, to vote, grant any proxy or give instructions with respect to the voting of any of the Shares, in each case, with respect to any of the matters set forth herein.

2.4 Remedies Cumulative. All remedies, either under this Agreement or by law or otherwise afforded to any party, shall be cumulative and not alternative.

3. "Bad Actor" Matters.

3.1 Definitions. For purposes of this Agreement:

(a) "**Company Covered Person**" means, with respect to the Company as an "issuer" for purposes of Rule 506 promulgated under the Securities Act, any Person listed in the first paragraph of Rule 506(d)(1).

(b) "**Disqualified Designee**" means any director designee to whom any Disqualification Event is applicable, except for a Disqualification Event as to which Rule 506(d)(2)(ii) or (iii) or (d)(3) is applicable or who is not eligible to serve as a director under the *Business Corporations Act* (British Columbia).

(c) "**Disqualification Event**" means a "bad actor" disqualifying event described in Rule 506(d)(1)(i)-(viii) promulgated under the Securities Act.

(d) "**Rule 506(d) Related Party**" means, with respect to any Person, any other Person that is a beneficial owner of such first Person's securities for purposes of Rule 506(d) under the Securities Act.

3.2 Representations.

(a) Each Person with the right to designate or participate in the designation of a director pursuant to this Agreement hereby represents that (i) such Person has exercised reasonable care to determine whether any Disqualification Event is applicable to such Person, any director designee designated by such Person pursuant to this Agreement or any of such Person's Rule 506(d) Related Parties, except, if applicable, for a Disqualification Event as to which Rule 506(d)(2)(ii) or (iii) or (d)(3) is applicable and (ii) no Disqualification Event is applicable to such Person, any Board member designated by such Person pursuant to this Agreement or any of such Person's Rule 506(d) Related Parties, except, if applicable, for a Disqualification Event as to which Rule 506(d)(2)(ii) or (iii) or (d)(3) is applicable. Notwithstanding anything to the contrary in this Agreement, each Investor makes no representation regarding any Person that may be deemed to be a beneficial owner of the Company's voting equity securities held by such Investor solely by virtue of that Person being or becoming a party to (x) this Agreement, as may be subsequently amended, or (y) any other contract or written agreement to which the Company and such Investor are parties regarding (1) the voting power, which includes the power to vote or to direct the voting of, such security; and/or (2) the investment power, which includes the power to dispose, or to direct the disposition of, such security.

(b) The Company hereby represents and warrants to the Investors that no Disqualification Event is applicable to the Company or, to the Company's knowledge, any Company Covered Person, except for a Disqualification Event as to which Rule 506(d)(2)(ii–iv) or (d)(3) is applicable.

3.3 Covenants.

(a) Each Person with the right to designate or participate in the designation of a director pursuant to this Agreement covenants and agrees (i) not to designate or participate in the designation of any director designee who, to such Person's knowledge, is a Disqualified Designee, (ii) to exercise reasonable care to determine whether any director designee designated by such person is a Disqualified Designee, (iii) that in the event such Person becomes aware that any individual previously designated by any such Person is or has become a Disqualified Designee or that the Canadian Securities Exchange objects to such Person from being a director of the Company, such Person shall as promptly as practicable take such actions as are necessary to remove such Disqualified Designee from the Board and designate a replacement designee who is not a Disqualified Designee, and (iv) to notify the Company promptly in writing in the event a Disqualification Event becomes applicable to such Person or any of its Rule 506(d) Related Parties, or, to such Person's knowledge, to such Person's initial designee named in Section 1, except, if applicable, for a Disqualification Event as to which Rule 506(d)(2)(ii) or (iii) or (d)(3) is applicable.

(b) For so long as this Agreement remains in effect:

(i) As soon as practicable, but in any event within thirty (30) days after the date of this Agreement and the beginning of each fiscal year thereafter, the Company shall adopt a comprehensive expense budget forecasting the Company's expenses on a month-to-month basis for the remainder of the 2020 fiscal year and each such upcoming fiscal year thereafter (the "**Budget**").

(ii) without the approval of the Board, including at least one Investor Director (provided an Investor Director is then serving), the Company shall not (A) hire, fire or materially change the compensation of any executive officer; (B) issue incentive equity compensation in the Company or any subsidiary to any employee, consultant, officer or director, including, without limitation, pursuant to an equity incentive plan or (C) deviate by more than 10% in the aggregate or with respect to any particular item set forth in the Budget.

4. Miscellaneous.

4.1 Additional Parties. Notwithstanding anything to the contrary contained herein, if the Company issues additional Debentures after the date hereof, as a condition to the issuance of such Debentures the Company shall require that any purchaser of such Debentures become a party to this Agreement by executing and delivering a counterpart signature page hereto agreeing to be bound by and subject to the terms of this Agreement as an Investor hereunder. In either event, each such person shall thereafter be deemed an Investor for all purposes under this Agreement.

4.2 Transfers. Each Successor Transferee of any Debentures, Warrants (as defined in the Purchase Agreement) or Shares shall be subject to the terms hereof, and, as a condition precedent to the Company's recognition of any transfer of Debentures, Warrants or Shares to a Successor Transferee, each Successor Transferee shall agree in writing to be subject to each of the terms of this Agreement by executing and delivering a counterpart signature page hereto. Upon the execution and delivery of a counterpart signature page by any Successor Transferee, such Successor Transferee shall be deemed to be a party hereto as if such Successor Transferee were the transferor and such Successor Transferee's signature appeared on the signature pages of this Agreement and, if a Successor Transferee of an Investor, shall be deemed to be an Investor. Each certificate instrument, or book entry representing the Debentures, Warrants or Shares subject to this Agreement if issued on or after the date of this Agreement shall be notated by the Company with the legend set forth in Subsection 4.4. As used herein, "**Successor Transferee**" means any Affiliate of a transferor, in the case of an individual transferor, means any family member or estate planning vehicle of such transferor, and in the case of Weakley, means any Person approved by the Company pursuant to Section 27.2(7) of the Company's Articles, which approval shall be granted or withheld by the Company solely as directed by a majority of the Indus Directors. Each Voting Party shall use its best efforts to cause its Successor Transferees to comply with the terms of this Agreement with respect to all Shares held by such Successor Transferee, however acquired. For the avoidance of doubt, an acquiror of Shares in an unsolicited brokerage transaction on the Canadian Securities Exchanges or another stock exchange on which such Shares are listed will not be deemed to be a Successor Transferee.

4.3 Successors and Assigns. Subject to Section 4.2, the terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

4.4 Governing Law. This Agreement shall be governed by the internal law of the Province of British Columbia, without regard to conflict of law principles that would result in the application of any law other than the law of the Province of British Columbia and the Parties irrevocably attorn to the non-exclusive jurisdiction of the courts of the Province of British Columbia.

EACH PARTY HEREBY IRREVOCABLY WAIVES ALL RIGHTS TO TRIAL BY JURY IN ANY PROCEEDING BROUGHT TO RESOLVE ANY DISPUTE BETWEEN ANY OF THE PARTIES (WHETHER ARISING IN CONTRACT, TORT OR OTHERWISE) ARISING OUT OF, CONNECTED WITH, RELATED TO OR INCIDENTAL TO THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS, THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY OR THE RELATIONSHIPS ESTABLISHED AMONG THE PARTIES HEREUNDER OR THEREUNDER.

4.5 Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, *e.g.*, www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

4.6 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

4.7 Notices. All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given upon the earlier of actual receipt or (a) personal delivery to the party to be notified, (b) when sent, if sent by electronic mail or facsimile during normal business hours of the recipient, and if not sent during normal business hours, then on the recipient's next business day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) business day after the business day of deposit with a nationally recognized overnight courier, freight prepaid, specifying next business day delivery, with written verification of receipt. All communications shall be sent to the respective parties at their address as set forth on Schedule A hereto, or to such email address, facsimile number or address as subsequently modified by written notice given in accordance with this Subsection 4.7. If notice is given to the Company, it shall be sent to 19 Quail Run Circle, Salinas, CA 93907, steve@indusholdingco.com (Attention: Steve Neil); and a copy (which shall not constitute notice) shall also be sent to Akerman LLP, 666 Fifth Avenue, 20th Floor, New York, New York 10103, kenneth.alberstadt@akerman.com (Attention: Kenneth G. Alberstadt).

4.8 Consent Required to Amend, Modify, Terminate or Waive. This Agreement may be amended, modified or terminated and the observance of any term hereof may be waived (either generally or in a particular instance and either retroactively or prospectively) only by a written instrument executed by (a) the Company; (b) in the case of Section 1.7, a majority of the Indus Directors; and (c) Investors beneficially owning (within the meaning of Section 13(d) under the Securities Exchange Act and the rules and regulations thereunder) at least 50% of the equity securities of the Company (adjusted for splits, reverse splits, recombinations and other similar events) beneficial ownership of which was sold pursuant to the Purchase Agreement. Notwithstanding the foregoing:

(a) this Agreement may not be amended, modified or terminated and the observance of any term of this Agreement may not be waived with respect to any Investor without the written consent of such Investor unless such amendment, modification, termination or waiver applies to all Investors, as the case may be, in the same fashion;

(b) subject to Section 1.7, any provision hereof may be waived by the waiving party on such party's own behalf, without the consent of any other party; and

(c) this Agreement shall terminate when Investors cease to beneficially own (within the meaning of Section 13(d) under the Securities Exchange Act and the rules and regulations thereunder) at least 50% of the equity securities of the Company (adjusted for splits, reverse splits, recombinations and other similar events) beneficial ownership of which was sold pursuant to the Purchase Agreement.

The Company shall give prompt written notice of any amendment, modification, termination, or waiver hereunder to any party that did not consent in writing thereto. Any amendment, modification, termination, or waiver effected in accordance with this Subsection 4.8 shall be binding on each party and all of such party's successors and permitted assigns, whether or not any such party, successor or assignee entered into or approved such amendment, modification, termination or waiver.

4.9 Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to any party under this Agreement, upon any breach or default of any other party under this Agreement, shall impair any such right, power or remedy of such non-breaching or non-defaulting party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default previously or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party of any breach or default under this Agreement, or any waiver on the part of any party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by law or otherwise afforded to any party, shall be cumulative and not alternative.

4.10 Severability. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision.

4.11 Entire Agreement. This Agreement (including the Exhibits hereto) and the other Transaction Documents (as defined in the Purchase Agreement) constitute the full and entire understanding and agreement between the parties with respect to the subject matter hereof, and any other written or oral agreement relating to the subject matter hereof existing between the parties is expressly canceled.

4.12 Stock Splits, Stock Dividends, etc. In the event of any issuance of Shares or the voting securities of the Company hereafter to any of the Voting Parties (including, without limitation, in connection with any stock split, stock dividend, recapitalization, reorganization, or the like), such Shares shall become subject to this Agreement.

4.13 Manner of Voting. The voting of Shares pursuant to this Agreement may be effected in person, by proxy, by written consent or in any other manner permitted by applicable law. For the avoidance of doubt, voting of the Shares pursuant to the Agreement need not make explicit reference to the terms of this Agreement.

4.14 Further Assurances. At any time or from time to time after the date hereof, the parties agree to cooperate with each other, and at the request of any other party, to execute and deliver any further instruments or documents and to take all such further action as the other party may reasonably request in order to carry out the intent of the parties hereunder.

4.15 Costs of Enforcement. If any party to this Agreement seeks to enforce its rights under this Agreement by legal proceedings, the non-prevailing party shall pay all costs and expenses incurred by the prevailing party, including, without limitation, all reasonable attorneys' fees.

4.16 Aggregation of Stock. All Shares held or acquired by an Investor and/or its Affiliates shall be aggregated together for the purpose of determining the availability of any rights under this Agreement, and such Affiliated persons may apportion such rights as among themselves in any manner they deem appropriate.

4.17 Disclosure. The parties hereto hereby consent to the disclosure of the substance of this Agreement in any news release required by applicable laws or any circular relating to a meeting of shareholders of the Company and to the public filing of this Agreement on the System for Electronic Document Analysis and Retrieval (SEDAR) as may be required pursuant to applicable laws; provided, however, that any such news release or disclosure shall be provided to counsel for the Investors in advance of any public filing and any comments thereto shall be considered in good faith.

[*Signature Pages Follows*]

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

COMPANY:

INDUS HOLDINGS INC.

By: /s/ Robert Weakley
Name: Robert Weakley
Title: CEO

Exhibit 9.2

Indus Holdings, Inc.
20 Quail Run Circle, Unit B
Salinas, CA 93907

Letter Agreement

April 10, 2020

Mr. Robert Weakley
906 Villa Dorado Estates
Dorado, Puerto Rico 00646

Re: Delivery of Certain Agreements in Escrow

Dear Mr. Weakley:

Reference is made to that certain "Letter Agreement" dated January 8, 2020 among Indus Holdings, Inc. (the "Company"), Edible Management, LLC and you (the "Prior Agreement"). Capitalized terms used and not otherwise defined in this letter agreement have the meanings assigned to them in the Prior Agreement.

This will confirm our agreement as follows:

(a) The Separation Agreement shall be released and be effective for all purposes as of the initial closing (the "Initial Closing") under the Debenture and Warrant Purchase Agreement, dated on or about the date hereof, by and among the Company, Indus Holding Company and the investors signatory thereto (the "Purchase Agreement"). Notwithstanding the foregoing, the Separation Agreement is amended hereby to provide that (i) your resignation as chief executive officer ("CEO") shall be effective immediately following the Initial Closing, (ii) you shall not be required to resign from the board of directors of the Company or any of its subsidiaries, and your resignation of such positions shall not be effective by reason of the Separation Agreement, and (iii) the foregoing amendments shall not affect your right to the severance payments and other benefits provided to you under the Separation Agreement.

(b) The Notice of Redemption and the Redemption Waiver and Notice are cancelled and shall be of no force or effect, The Company's super voting shares (the "Super Voting Shares") shall remain outstanding and shall be subject to the Voting Agreement (as defined in the Purchase Agreement).

(c) The Termination Agreement is cancelled and shall be of no force or effect.

(d) The Investment Agreement dated as of April 26, 2019 relating to the Super Voting Shares (the "Investment Agreement") shall remain in full force and effect. Section 3.1 of the Investment Agreement is hereby amended to provided that your resignation as CEO pursuant to the Separation Agreement shall not give rise to a right of the Company to redeem the Super Voting Shares.

(e) The agreement between the Company and you dated December 14, 2019 relating to the voting of the Super Voting Shares is hereby terminated and in lieu thereof the Company and you agree that (i) the Super Voting Shares shall at all times be voted by you in accordance with the Voting Agreement, (ii) with respect to matters within the scope of Section 1.7 of the Voting Agreement, the Super Voting Shares shall at all times be voted by you as directed by (or in accordance with the recommendation of) the Special Committee (as defined in the Voting Agreement) and (iii) except as provided in the preceding clauses (i) and (ii), the Super Voting Shares shall at all times be voted by you as directed by the board of directors of the Company.

This Agreement shall be binding on and inure to the benefit of the parties hereto and their respective successors and assigns. You shall cause any transferee of the Super Voting Shares to assume your obligations under paragraph (e) above pursuant to a written instrument reasonably satisfactory to the board of directors of the Company.

This Agreement shall be governed by, and construed in accordance with, the laws of the Province of British Columbia and the laws of Canada applicable in that Province and the parties irrevocably attorn to the exclusive jurisdiction of the courts of the Province of British Columbia. This letter 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 letter delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this letter agreement.

[SIGNATURES ON FOLLOWING PAGE]

Please indicate your agreement to the foregoing by countersigning this letter below.

Sincerely,

INDUS HOLDINGS, INC.

By: /s/ Mark Ainsworth
Name: Mark Ainsworth
Title: COO

Agreed to and Accepted:

/s/ Robert Weakley
Name: Robert Weakley

EDIBLE MANAGEMENT, LLC

By /s/ Mark Ainsworth
Name: Mark Ainsworth
Title: COO

Exhibit 10.1

LEASE AGREEMENT

139 ZABALA ROAD
SALINAS, CALIFORNIA

LANDLORD:

TINHOUSE, LLC,
a Delaware limited liability company,
d/b/a Tinhouse Partners, LLC

"Landlord"

TENANT:

CYPRESS HOLDING COMPANY, LLC
a Delaware limited liability company

"Tenant"

GUARANTORS:

INDUS HOLDING COMPANY,
a Delaware corporation
&
EDIBLE MANAGEMENT, LLC,
a California limited liability company

"Guarantors"

LEASE AGREEMENT

TABLE OF CONTENTS

EXHIBITS

ADDENDA

LEASE AGREEMENT

1. BASIC LEASE PROVISIONS.

The words and figures set forth in this Section 1 are part of this "**Lease**" wherever reference is made thereto, except to the extent (if any) that they are expressly modified elsewhere in this Lease.

1.1 Date of Lease. April 1, 2017

1.2 Landlord. Tinhouse, LLC, a Delaware limited liability company, d/b/a Tinhouse Partners, LLC

1.3 Tenant. Cypress Holding Company, LLC, a Delaware limited liability company.

1.4 Guarantors. Indus Holding Company, a Delaware corporation and Edible Management, LLC, a California limited liability company

1.5 Description and Address of Leased Premises.

Real property consisting of approximately four hundred forty-five thousand, three hundred eleven (445,311) square feet of land (hereinafter referred to as the "**Leased Premises**") improved with (i) greenhouses containing approximately two hundred twenty-seven thousand three hundred fifty-six (227,356) square feet (the "**Greenhouses**"), and (ii) a warehouse /shop/office building containing approximately six thousand thee hundred seventy-five (6,375) square feet (the "**Warehouse**" and together with the Greenhouses the "**Buildings**") as shown on the building floor plan (the "**Building Floor Plan"**) attached hereto as **Exhibit A**, commonly referred to as 139 Zabala Road in the County of Monterey ("**County**"), and State of California (the "**State**"), assessor's parcel nwnber 107-051-003-000. The Leased Premises also contains hoop houses containing approximately twenty-three thousand eight hundred eight (23,808) square feet ("**Hoop Houses**''). The Greenhouses and Warehouse collectively comprise approximately two hundred thirty-three thousand seven hundred thirty-one (233,731) square feet ("**Rentable Square Feet**" or "**Rentable Square Footage**''). The parties hereby agree that the Hoop Houses shall not be included in the Rentable Square Footage and hereby agree and stipulate as to the Rentable Square Footage of the Buildings (i.e., 233,731) and agree that neither party shall have the right to remeasure the Leased Premises.

"**Greenhouse #2**" shall mean the approximately sixty-seven thousand, eight hundred sixty-nine (67,869) square foot greenhouse located on the Leased Premises, and depicted on **Exhibit A** attached hereto, and "**Studio**" shall mean that certain portion of the Warehouse depicted on **Exhibit A** attached hereto.

1.6 Use of Leased Premises. The Leased Premises shall be used for the following "**Permitted Use**" and for no other use whatsoever without Landlord's prior written consent, which Landlord may withhold in its sole and absolute discretion: any lawful use including medical marijuana commercial activity, provided the same is expressly subject to and in strict compliance with California State laws and regulations and City and/or Monterey County (as applicable) zoning, registration, licensing requirements and applicable rules and regulations for medical marijuana commercial activity. Notwithstanding anything to the contrary herein, under no circumstances shall the Permitted Use include any activities related or incidental to, or involve, or include, either directly or indirectly, activities relating to marijuana or cannabis for recreational (as opposed to medicinal) purposes, whether pursuant to the 2016 Adult Use of Marijuana Act or otherwise. At all times, Tenant shall abide by the California Attorney General's "Guidelines for the Security and Non-Diversion of Marijuana Grown for Medical Use" dated August 2008. Tenant may not use volatile solvents under the Permitted Use. To the extent any part of the Permitted Use shall be deemed illegal by City, County or State laws or regulations, Tenant shall be obligated to cease such use immediately in accordance with Section 54, and any continued unlawful use thereafter shall subject Tenant to the indemnification provisions set forth in Section 3.7d hereof. Furthermore, Tenant shall only commence and conduct the Permitted Use at the Leased Premises upon receipt of applicable permits, entitlements and conditional use variances (to the extent that any of the foregoing are required presently or in the future by the City or County) and any applicable licenses from the State pursuant to the Medical Marijuana Regulation and Safety Act (California Business & Professions Code Sec. 19300, *et seq.;* the "**MMRSA**") to conduct such operations (collectively, the "**Licenses**"). Prior to Tenant's commencement of the Permitted Use, Tenant shall be required to provide to Landlord evidence of Tenant's receipt of all necessary Licenses and shall provide to Landlord evidence of timely receipt of any renewals of all such Licenses during the Term. Any failure to provide timely evidence of Tenant's receipt and the effectiveness of the Licenses shall constitute a default under the Lease. Licenses granted to Tenant by State, City, and/or County agencies or authorities shall not immunize Tenant from its obligation to comply with California Health and Safety Code sections governing medical marijuana, case law interpreting the same, or the MMRSA. Prior to Tenant's commencement of the Permitted Use, Tenant shall be obligated to provide Landlord with a general business plan detailing the lawful nature of the Permitted Use under State and local laws and regulations, that also includes the permitting process for the same (the "**Business Plan**"). Tenant's deviation from the Business Plan during the Term in any material respect without first securing Landlord's express written permission shall constitute a default under the Lease.

1.7 Compliance with MMRSA and Monterey County Medical Marijuana Laws and Regulations. At all times during the Term, Tenant shall comply with all applicable present and future MMRSA and Monterey County medical marijuana laws, regulations, and ordinances including, but not limited to, Tenant's responsibility to pay all Monterey County taxes assessed against Tenant based on the Permitted Use. Specifically, in order to commence and engage in the Permitted Use under this Lease, Tenant shall secure:

a. Subsequent to the operative date of Monterey County Code Chapter 21.67 and in accordance with any applicable deadlines therein, all permits, licenses or entitlements required thereunder;

b. Subsequent to the operative date of Monterey County Code Chapter 21.67 and in accordance with any applicable deadlines therein, a commercial medical cannabis permit pursuant to Monterey County Code Chapter 7.90; and

c. Upon implementation of the MMRSA, state license(s) to conduct the Permitted Use.

Prior to Tenant's submission to Monterey County or to any California State agency of any applications for any permits, licenses, or entitlements required under Monterey County Code Chapters 21.67 or 7.90 or under the MMRSA, Tenant shall first submit such applications to Landlord for Landlord's review and audit ("**Applications**"). Tenant may only submit such Applications to Monterey County or to any California State agency upon Landlord's express written approval and consent to the same.

At Landlord's request, Tenant shall provide Landlord with true and accurate copies of:

a. All Applications;

b. All written correspondences between Tenant and Monterey County and/or any California State agency governing any aspect of the Permitted Use;

c. Tenant's business and operational plans including, but not limited to, any and all security measures used by Tenant on or at the Leased Premises, Tenant's operational manuals, if any, governing the Permitted Use, and Tenant's financial and tax reports and/or filings; and

d. Any written notices of violation or warnings regarding the same related to the Permitted Use and Tenant's compliance with State or local laws and regulations issued to Tenant by Monterey County or by any California State agency, including any State or local law enforcement agencies, governing the Permitted Use and/or Tenant's occupancy of the Leased Premises.

Tenant shall immediately notify Landlord in writing of any notification of any kind to Tenant from either Monterey County or any California State agency regarding the Permitted Use that could adversely impact Tenant's ability to continue the Permitted Use on the Leased Premises, Tenant's corporate structure, Landlord's ability to lease the Leased Premises to Tenant for the Permitted Use, Landlord's ownership of the Leased Premises, Landlord's investors, the Leased Premises itself, or Landlord's lender(s). At Landlord's request, Tenant shall provide Landlord with written copies of any written notifications regarding any of the foregoing adverse impacts.

1.8 Lease Term. This Lease shall be effective as of April 1, 2017 (the "**Effective Date**"). Landlord shall deliver the Premises to Tenant on the Effective Date (the "**Delivery Date**")**.**This Lease shall terminate on December 31, 2027 (the "**Termination Date**"). The period from the Effective Date until the termination date and any extension thereof will be referred to herein as the "**Initial Term**", "**Lease Term**" or "**Term**". As a confirmation of said Effective Date, the parties shall execute an Acknowledgment of Commencement as set forth in the form attached as **Exhibit B.**

1.9 Rent and Security Deposit.

a. Minimum Monthly Rent. Minimum Monthly Rent shall initially be assessed at a rate of Seven Dollars ($7.34) per Rentable Square Foot of Buildings included in the Leased Premises per annum [One Hundred Forty-Two Thousand Nine Hundred Sixty-Five and 46/100 Dollars ($142,965.46), per month].

b. Rent Commencement Date. The accrual of Minimum Monthly Rent shall commence on April 1, 2017 (the "**Rent Commencement Date**").

c. Aged Rents. As June 13, 2017, Tenant owes to Landlord for Impositions in the sum of Eleven Thousand Seven Hundred Seventy and 001100th Dollars ($11,770.00).

d. Security Deposit. One Hundred Sixteen Thousand Eight Hundred Sixty-Five and 501100th Dollars ($116,865.50) which sum is currently being held by Landlord as a portion of the Security Deposit required hereunder.

e. Reimbursement of Professional Services. As Additional Rent, Tenant shall pay to Landlord within three (3) business days after the Effective Date the sum of Nineteen Thousand Seven Hundred Twenty-Nine and 001100th Dollars ($19,729.00) attributable to the following professional service expenses incurred by Landlord in connection with facilitating obtaining Tenant's permits and entitlements required for Tenant's Permitted Use(a) Mil Des Wright - Architecture/Design ($8,850), (b) Whitson Engineers - Civil Engineering ($7,179.40), and (c) Miracles Unlimited - Electrical Engineering ($4,000). Landlord may credit a commensurate amount of the Tenant Allowance due to Tenant for payment of these Services.

1.10 Extension Option. Tenant shall have five (5) options (the "**Extension Options**") to extend the Initial Term of the Lease each for an additional period of five (5) years (the "**Extension Term(s)**"), on the same terms and conditions contained herein, except for adjustment of the Minimum Monthly Rent as provided below. If this Lease is still in full force and effect and if Tenant shall not then be in default beyond applicable notice and cure periods, then Tenant shall exercise the Extension Option, if at all, by giving written notice of its exercise thereof no later than one hundred eighty (180) days prior to the Termination Date as to the first Extension Option and no later than one hundred eighty (180) days prior to the expiration of the each succeeding Extension Term. Notwithstanding the foregoing, Tenant shall not forfeit an Extension Option prior to the expiration of the then-current Lease Term, unless Landlord shall provide notice to Tenant of such Extension Option following the 180th day prior to the expiration of the then-current Lease Term and Tenant shall fail to exercise such Extension Option within ten (10) days after such notice. If Tenant is in default beyond any applicable notice and cure periods at the time the Extension Term(s) are to commence, then Landlord shall have the right, in its sole discretion, to declare Tenant's Extension Option(s) null and void and shall have the right to immediately terminate this Lease. If the Extension Options are exercised pursuant to the terms hereof, then the Initial Term together with the Extension Terms shall be deemed the "**Lease Term**" or "**Term**".

1.11 Landlord's Mailing Address, Telephone, and Facsimile Num hers for Payment of Rent (Including Additional Rent Under Section 15) and for Notices and All Other Correspondence:

Tinhouse Partners, LLC
[Redacted - Address, Telephone and Facismile Numbers, and Email Address]

1.12 Tenant's Mailing Address, Telephone, Facsimile Numbers, and E-mail address for Notices:

Cypress Holding Company, LLC
[Redacted - Address, Telephone and Facismile Numbers, and Email Address]

1.13 Lease Year.

The term "**Lease Year**" shall be defined to mean that period commencing on the first day of the month next following the Delivery Date (unless the Delivery Date is the first day of the month, in which case commencing on the Delivery Date) and continuing for a period of one year, and each year thereafter (except that the final Lease Year may be less than a full Lease Year if the Lease shall terminate or otherwise expire prior thereto).

2. LEASED PREMISES.

Landlord hereby leases to Tenant, and Tenant hereby hires from Landlord, the Leased Premises as described in Section 1.5 of the Basic Lease Provisions. By accepting possession of the Leased Premises, Tenant shall be deemed to have accepted the Leased Premises as being in "as-is" condition. Tenant acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty with respect to the Leased Premises or with respect to the suitability of the Leased Premises for the conduct of Tenant's business, nor has Landlord agreed to undertake any modification, alteration or improvement to the Leased Premises except as expressly provided in this Lease. Notwithstanding anything in this Lease to the contrary, Tenant shall have the right, in its sole discretion and at its sole cost and expense, to remove the Hoop Houses.

3. USES.

3.1 Permitted Uses. The Leased Premises shall be used solely for the purpose(s) set forth in Section 1.6 of the Basic Lease Provisions, and for no other purpose.

3.2 Covenant of Continuous Operation. Tenant shall keep its Leased Premises in a neat, clean and orderly condition. If the Leased Premises are destroyed or partially condemned and this Lease remains in full force and effect, Tenant shall continue operation of its business at the Leased Premises to the extent reasonably practical from the standpoint of good business judgment during any period of reconstruction. To the extent reasonably practical, Tenant shall not permit the Leased Premises to become vacant or unoccupied.

3.3 Liens. Tenant shall pay for all labor and services performed for, and all materials used by or furnished to Tenant or Tenant's agents and keep the Leased Premises free from any liens arising out of work performed, materials furnished, Tenant's use of the Leased Premises or obligations incurred by Tenant or with respect to the Leased Premises. Tenant shall indemnify, hold harmless and defend Landlord, Landlord's agents, members, principals and employees from and against any liens, demands, claims, judgments or encumbrances (including all attorneys' fees) arising out of any work or services performed for or materials used by or furnished to Tenant or with respect to Tenant's use of the Leased Premises. If any such lien shall at any time be filed against the Leased Premises, or any portion thereof, Tenant shall either cause the same to be discharged of record or bonded over within ten (10) business days after the date of notice to Tenant of the same. If Tenant shall fail to discharge such lien within such period or fail to furnish such security, then, in addition to any other right or remedy of Landlord resulting from Tenant's said default, Landlord may, but shall not be obligated to, discharge the same either by paying the amount claimed to be due or by procuring the discharge of such lien by giving security or in such other manner as is, or may be, prescribed by law. Tenant shall repay to Landlord on demand all sums disbursed or deposited by Landlord pursuant to the foregoing provisions of this Section 3.3, including Landlord's costs, expenses and reasonable attorneys' fees incurred by Landlord in connection therewith, with interest thereon at the Interest Rate.

In the event Tenant in any way violates or fails to comply with State or local laws or regulations governing the Permitted Use which results in a lien or liens of any kind assessed against the Leased Premises or Landlord, including any failure by Tenant to timely pay all applicable State and/or local taxes associated with the Permitted Use, Tenant shall repay to Landlord on demand all sums disbursed or deposited by Landlord in satisfaction of the lien(s) including Landlord's cost, expenses and reasonable attorneys' fees incurred by Landlord in connection therewith, with interest thereon at the Interest Rate.

3.4 Rules and Regulations.

a. Rules and Regulations. In addition to such use restrictions as may be set forth in any documents described in Section 1.7 above, Tenant shall strictly abide by the following rules and regulations:

(1) The sidewalks, exits, and entrances shall not be obstructed by Tenant or used for any purpose other than for ingress to and egress from the Leased Premises. The exits, entrances, and roof are not for the use of the general public and the Landlord shall in all cases retain the right to control and prevent access thereto by all persons whose presence (as determined at the sole discretion of Landlord) shall be prejudicial to the safety, character, reputation and interests of the Building and its tenants, provided that nothing herein contained shall be construed to prevent such access to persons with whom the Tenant normally deals in the ordinary course of Tenant's business unless such persons are engaged in illegal activities;

(2) If Tenant alters any lock or installs any new or additional locks or any bolts on any door of the Leased Premises, then Tenant shall promptly provide Landlord with key(s) for any such new locks;

(3) The toilet rooms, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed and no foreign substance of any kind whatsoever shall be thrown therein; the expense of any breakage, storage, or damage resulting from the violation of this rule shall be borne by the Tenant who, or whose employees or invitees, shall have caused it;

(4) Tenant shall not overload the floor of the Leased Premises;

(5) Tenant shall not use, keep or permit to be used or kept any noxious, toxic or volatile gasses or substances in the Leased Premises, or permit or suffer the Leased Premises to be occupied or used in a manner offensive or objectionable to the Landlord by reason of noise, odors and/or vibrations. Tenant shall not make or permit to be made any unseemly or disturbing noises or disturb or interfere with neighbors;

(6) Tenant shall not use or keep in the Leased Premises any kerosene, gasoline or inflammable, volatile or combustible fluid or similar material, if unrelated to the Pe1mitted Use;

(7) Landlord will direct electricians as to where and how telephone, cable, and electrical wires are to be introduced;

(8) Tenant upon termination of its tenancy, shall deliver to the Landlord the keys of the offices;

(9) Tenant agrees that it shall comply with all fire and security regulations that may be issued from time to time by Landlord;

(10) Tenant shall not do or permit: (i) the use or maintenance of any objectionable noises, odors, or other nuisances in, on or about the Leased Premises; or (ii) the commission of any waste in or upon the Leased Premises;

(11) Tenant shall not do or permit anything on the Leased Premises that will: (i) cause damage to the Building, or (ii) cause the Leased Premises to be overloaded; and

(12) Tenant shall not install any exterior lighting or plumbing fixtures, shades, or awnings, or make any exterior decoration, penetration, painting, installation of a satellite dish or similar devices on the roof or exterior walls of the Leased Premises, or make any changes to the front of the Building, without the prior written consent of the Landlord.

b. Exterior Sales and Solicitations. Tenant shall not, without the prior written consent of the Landlord:

(1) Place, construct or maintain, in or on the Leased Premises, any advertising media including but not limited to neon lights, search lights, flashing lights, loud speakers, phonographs or other similar visual or audio media that is visible or audible outside of the Leased Premises; or

(2) Solicit business in, on, or about or display or sell merchandise outside the Leased Premises or otherwise violate the provisions of the documents described in Section 1.7.

3.5 Signage. Tenant shall not, without the prior written consent of Landlord, which shall be subject to its sole discretion, place, construct, maintain, or hang on, or within thirty-six inches (36") of the glass panes or supports of the windows of the Leased Premises, the doors, or the exterior walls or roof of the Building, or on any portion of the Leased Premises outside of the Building, any signs (including, but not limited to, '"going out of business" signs), neon lighting, advertisements, names, insignias, trademarks, descriptive material, neon or flashing lights, or any other similar advertising item directed to an exterior audience. Any exterior signage or other items described in the preceding sentence shall: (i) be installed and maintained at Tenant's sole expense; (ii) match existing site signage in color, material, size, shape and style; (iii) comply with the applicable provisions (if any) of the documents described in Section 1.7; (iv) be subject to Landlord's prior written approval; and (v) be subject to approval by any applicable government agencies, including local law agencies. Landlord or its representative shall have the right to remove any signs or other matter installed without Landlord's or its representatives' permission, without being liable to Tenant by reason of such removal, and to charge the cost of removal to Tenant as additional rent hereunder, payable within ten (10) days of written demand by Landlord. Notwithstanding the foregoing, Tenant shall be allowed to have Tenant's business name affixed to the Building and/or in addition to having it affixed to a freestanding sign, if any, in accordance with the current governmental regulations, ordinances and laws for the City of Salinas (if applicable) and County of Monterey. The cost of the production and installation of any signage shall be borne solely by the Tenant. However, Landlord reserves the right to direct the production and materials of the signage and to determine by whom the sign(s) shall be produced.

3.6 Compliance with Insurance Requirements. No use shall be made or permitted to be made of the Leased Premises, and no acts done therein, which will increase the existing rate of insurance upon the Leased Premises in which said Leased Premises may be located (once said rate is established), or cause the cancellation of any insurance policy covering said Leased Premises or any part thereof, nor shall Tenant permit to be kept, used or sold in or about said Leased Premises any article which may be prohibited by standard form of fire insurance policies. Tenant shall, at its sole cost, comply with any and all requirements pertaining to the use of said Leased Premises, of any insurance organization or company necessary for the maintenance of reasonable fire and commercial general liability insurance covering said Leased Premises and the Building. If applicable and if requested by Landlord, and if required by any insurance organization or governmental agency, Tenant agrees to install and maintain in good order an Ansul system and such other adequate fire protection systems as Landlord may deem necessary.

3.7 Hazardous Materials.

a. Definition of Hazardous Materials. As used herein, "**Hazardous Materials**" shall mean any oil, petroleum products, carcinogens, reproductive toxins, flammable or explosive materials, asbestos, pollutants, contaminants, urea formaldehyde, Freon, or other radioactive, hazardous, toxic, or infectious wastes, or other materials or substances defined in any applicable laws or regulations as hazardous, toxic, or controlled substances.

b. Use of Hazardous Materials. Tenant shall not use, suffer, or permit any Hazardous materials to be used, stored, produced, transported, or disposed of on or from the Leased Premises. Notwithstanding the preceding sentence, Tenant shall be entitled to use, store, and dispose of such Hazardous Materials as may be customarily employed in connection with Tenant's intended use permitted under Section 1.6 of the Basic Lease Provisions; provided that Tenant's use of such Hazardous Materials is: (i) reasonably and directly related to Tenant's operations at the Leased Premises (and not to Tenant's operations in other locations); (ii) in full compliance with all applicable laws, regulations, ordinances, or guidelines concerning the management, use, handling, generation, storage, transpiration, presence, discharge or disposal of any Hazardous Materials ("**Hazardous Materials Laws**"), which compliance shall be at Tenant's sole expense; and (iii) subject to Landlord's prior written consent, issued subject to Landlord's sole discretion. Landlord may withdraw its consent to such activities or the presence of any Hazardous materials at any time for any reason; provided, however, if Tenant operates the Leased Premises in a lawful manner under the Permitted Use and does not subject Landlord to any liability associated with such use, Landlord hereby consents to the presence of the Hazardous materials that accompany the Permitted Use. For purposes of clarification, should Landlord become aware, including but not limited to receipt of notification from any Federal, State or local agency indicating that Tenant's operation is unlawful or subjecting the Leased Premises to potential forfeiture, Landlord may withdraw its consent hereunder.

Tenant shall at its own expense procure, maintain in effect and comply with all conditions of any and all permits, licenses and other governmental and regulatory approvals required for Tenant's use or storage of Hazardous materials at the Leased Premises. Tenant shall cause any and all Hazardous materials to be taken away or removed from the Leased Premises, which shall be transpo1ted solely by duly-licensed haulers to duly-licensed facilities for final disposal of such material and wastes, and shall deliver to Landlord copies of any Uniform Hazardous Waste Manifests associated with such disposal. Prior to expiration or earlier termination of this Lease, Tenant shall cause all Hazardous materials in any way caused or associated with Tenant to be removed from the Leased Premises and transported for use, storage, or disposal in accordance and in compliance with all applicable Hazardous Materials Laws.

Tenant is hereby advised that there are certain notice requirements under Hazardous materials Laws (including, not by way of limitation, Proposition 65) that may be applicable to Tenant, compliance with which shall be Tenant's sole responsibility. Tenant should consult its counsel with respect to its responsibilities under Hazardous materials Laws.

c. Notices to Landlord Regarding Hazardous Materials. Prior to the Effective Date, Tenant shall provide to Landlord a written list of any Hazardous Material that will or may be present at the Leased Premises, and copies of any and all material Safety Data Sheets associated therewith. Tenant shall update said list on a regular basis (no less frequently than annually), disclosing any changes in the types or amounts of such Hazardous materials.

Tenant shall immediately notify Landlord in writing of: (i) any release or suspected release of Hazardous materials on, in, under, about, from or around the Leased Premises, whether caused by Tenant or any other person; (ii) any remedial or mitigation action Tenant institutes or proposes with respect to any Hazardous Materials in any way connected with the Leased Premises; (iii) any enforcement, cleanup, removal, remedial or other governmental or regulatory action instituted, completed or threatened pursuant to any Hazardous Materials Laws; (iv) any claims made or threatened by any person against Tenant of the Leased Premises relating to damage, contribution, cost recovery compensation, loss or injury resulting from or claimed to result from any Hazardous Materials; and (v) any reports made to or by any governmental agency or any lender arising out of or in connection with any complaints, notices, warnings or asserted violations in connection therewith and any reports made by any environmental consultants or engineers which pertain to the Leased Premises or the property on which it is located. Tenant shall also supply to Landlord as promptly as possible, and in any event within five (5) business days after Tenant first receives or sends the same, copies of all claims, reports, complaints, notices, warnings or asserted violations relating in any way to the use or presence of Hazardous Material on the Leased Premises.

Tenant shall not take any remedial action in response to the presence of any Hazardous Materials in or about the Leased Premises, and shall not enter into any settlement agreement, consent, decree, or other compromise(s) in respect to any claims relating to any Hazardous Materials or Hazardous Materials Laws in any way connected with the Leased Premises without first notifying Landlord of Tenant's intention to do so and affording Landlord ample opportunity to appear, intervene or otherwise appropriately assert and protect Landlord's interest with respect thereto.

d. Indemnification of Landlord. Tenant shall indemnify, defend (by counsel reasonably acceptable to Landlord), protect, and hold Landlord, and each of Landlord's partners, members, shareholders, officers, employees, agents, consultants, attorneys, successors and assigns, free and harmless from and against any and all claims, liabilities, penalties, forfeitures, losses or expenses (including reasonable attorney's fees) for Tenant's violation of present and future State and/or local laws and regulations, including applicable provisions of Monterey County Code, governing the Permitted Use, and for death of or injury to any person or damage to any property whatsoever, arising from or caused in whole or in part, directly or indirectly, by Tenant or its employees, agents, assignees, contractors, subcontractors or other(s) acting for or on behalf of Tenant (whether or not their acts or omissions are negligent, intentional, willful or unlawful) and related to (i) the presence in, on, under, around or about the Leased Premises or the discharge or release in or from the Leased Premises of any Hazardous Materials due to the use, analysis, storage, transportation, disposal, release, discharge or generation of Hazardous Materials to, in, on, under, around, about or from the Leased Premises; (ii) Tenant's failure to comply with any Hazardous Materials Laws, including losses from State or Federal prosecution, local ordinance violations, and losses from any illegal conduct of Tenant, or its agents, contractors, employee or patrons; or (iii) any and all other claims, liabilities, penalties, forfeitures, losses or expenses (including reasonable attorney's fees) for death of or injury to any person or damage to or taking of any property whatsoever, arising from or caused in whole or in part, directly or indirectly, by Tenant or its employees, agents, assignees, contractors, subcontractors or other(s) acting for or on behalf of Tenant (whether or not their acts or omissions are negligent, intentional, willful or unlawful). Tenant's obligations hereunder shall include, without limitation, and whether foreseeable or unforeseeable, all costs associated with any applicable penalties, fines, and/or legal action(s) that may be assessed or brought against Landlord under State and/or local laws and regulations, including under Monterey County Code, governing the Permitted Use, and all costs of any required or necessary repair, cleanup, detoxification, or decontamination of the Leased Premises, and the preparation and implementation of any closure remedial action to other required plans in connection therewith. Notwithstanding any other provision of this Lease, said obligations shall survive the expiration or earlier termination of the term of this Lease.

e. Additional Insurance or Financial Capacity. If at any time it reasonably appears to Landlord that Tenant is not maintaining sufficient insurance or other means of financial capacity to enable Tenant to fulfill its obligations to Landlord hereunder regarding Hazardous Materials (whether or not such obligations are accrued, liquidated, conditional or contingent), then Tenant shall procure and thereafter maintain in full force and effect such insurance or other form of financial assurance, with or from companies or persons and in forms reasonably acceptable to Landlord, as Landlord may from time to time reasonably request.

f. Landlord's Representations. Landlord represents that, to the best of its knowledge, as of the date hereof the Leased Premises are in compliance with applicable Hazardous Materials Laws. Landlord shall be solely responsible for and shall indemnify, defend, and hold Tenant harmless from all costs and expenses incurred by Tenant or claims asserted against Tenant as a result of the knowing falsity of the foregoing representation. Except as expressly set forth in this Section, Tenant acknowledges and agrees that no representations or warranties (oral or written) have been made by or on behalf of Landlord with respect to the condition of the Leased Premises or the parcel of which they are a part, including (not by way of limitation) with respect to Hazardous Materials, all of which representations are expressly disclaimed by Landlord.

3.8 Compliance with Governmental Regulations. Tenant shall comply with and conform to all laws and ordinances, municipal, State and Federal, other than the specific exception of the Federal Controlled Substances Act, and any and all lawful requirements and orders of any properly constituted local, State or Federal authority, present or future, in any way relating to the condition, alteration, Permitted Use or occupancy of the Leased Premises throughout the entire term of this Lease and any holding over, and to the perfect exoneration from liability of Landlord, doing such work as may be required at Tenant's sole expense. Without limiting the foregoing, Tenant agrees that it will not at any time use or occupy the Leased Premises in violation of the certificate of occupancy issued with regard to the Leased Premises. Notwithstanding the foregoing, Landlord and Tenant acknowledge that it is the express intent of the parties that this Lease shall be interpreted and enforced pursuant to the laws of the State of California. The judgment or finding of any court of competent jurisdiction or the admission of Tenant in any action or proceeding against Tenant, whether Landlord be a party thereto or not, that Tenant has violated any of the foregoing laws, ordinances, requirements or orders in the use of the Leased Premises, shall be conclusive of that fact as between Landlord and Tenant.

4. TERM AND HOLDING OVER.

4.1 Initial Term and Extensions. The Lease Term shall be as set forth in Section 1.8 of the Basic Lease Provisions. Tenant shall have no right to renew or otherwise extend the term of this Lease.

4.2 Holding Over. If Tenant holds over after the expiration of the Lease Term hereof, with or without the express or implied consent of Landlord, such tenancy shall be tenancy at sufferance only, and shall not constitute a renewal hereof or an extension for any further term, and in such case Tenant shall pay two hundred percent (200%) of the Minimum Monthly Rent in effect just prior to expiration or termination, including Additional Rent and adjustments as hereinabove provided and otherwise upon the covenants and conditions in this Lease contained, until either party gives the other thirty (30) days written notice of termination, reciting therein the effective date of cancellation. In addition, should Tenant hold over after the expiration or sooner termination of this Lease, guarantors' (if applicable) obligations hereunder shall extend and apply with respect to the full and faithful performance and observance of all of the covenants, terms, and conditions of the Lease and of any such modification thereof. Landlord hereby expressly reserves the right to require Tenant to surrender possession of the Leased Premises to Landlord as provided in this Lease upon the expiration or other termination of this Lease. The provisions of this Section 4.2 shall not be deemed to limit or constitute a waiver of any other rights or remedies of Landlord provided herein or at law. If Tenant fails to surrender the Leased Premises upon the termination or expiration of this Lease, in addition to any other liabilities to Landlord accruing therefrom, Tenant shall protect, defend, indemnify and hold Landlord harmless from all loss, costs (including reasonable attorneys' fees) and liability resulting from such failure, including, without limiting the generality of the foregoing, any claims made by any succeeding tenant founded upon such failure to surrender, and any lost profits to Landlord resulting therefrom.

5. RENT.

Tenant agrees to pay the Rent herein reserved at the time herein set forth, without deduction or offset, prior notice or demand, in lawful money of the United States of America, to Landlord at the address set forth in Section 1.11 of the Basic Lease Provisions, or to such other person or at such other place, or both, as Landlord may from time to time designate in writing.

5.1 Minimum Monthly Rent. The "**Minimum Monthly Rent**" shall be as set forth in Section 1.9 of the Basic Lease Provisions, subject to adjustment as set forth in that Section. Tenant shall pay to Landlord the :Minimum Monthly Rent without offset or reduction, in advance, on the first day of each and every month of the Lease Term beginning on the Rent Commencement Date (as defined in Section 1.9b of the Basic Lease Provisions). If the Rent Commencement Date should fall on a date other than the first day of the month, then the first payment of Minimum Monthly Rent shall be payable on the Rent Commencement Date and prorated based on a 30-day month.

5.2 Prepaid Rent. Prior to the Effective Date, Tenant shall pay to Landlord the sum stated in Section 1.9c of the Basic Lease Provisions as "**Prepaid Rent**" for the months designated therein.

5.3 Definition of Rent. All of the payments described in the foregoing Sections 5.1 through 5.2 plus Impositions, Additional Rent, maintenance costs, and any other charges and reimbursements payable to Landlord under this Lease are hereinafter collectively referred to as "**Rent**."

5.4 Increases in Minimum Monthly Rent Due to Changes in Ownership/Control. Notwithstanding anything to the contrary in this Lease, in the event of a Change of Control of Cypress Manufacturing Company, or in the event of a Transfer (as defined in Section 8 below) to an entity of which Robert Weakley is not the Control Person, then Minimum Monthly Rent shall automatically increase as of the date of such Change of Control or Transfer (such date being referred to herein as the "**Rent Increase Trigger Date**") as follows:

a. If the Rent Increase Trigger Date occurs during the Initial Term, then Minimum Monthly Rent (MMR) shall increase by an amount calculated as follows: Two percent (2%) of Minimum Monthly Rent then in effect (calculated on an annually compounding basis at 2% per year) multiplied by the number of Lease Years (n) which have lapsed during the Initial Term prior to the Rent Increase Trigger Date.

Increased Minimum Monthly Rent= Original MMR * (1+2%)^(n)

By way of example, if the Rent Increase Trigger Date occurred during the fifth (5th) Lease Year, then Minimum Monthly Rent would increase to $129,028.93 ($1,548,347.20 per annum).

b. If the Rent Increase Trigger Date occurs during the Extension Terms, then Minimum Monthly Rent shall increase by an amount calculated as follows: Four percent (4%) of Minimum Monthly Rent then in effect (calculated on an annually compounding basis at 4% per year for each year of the Extension Term) multiplied by the number of Lease Years (n) which have lapsed during the Extension Term prior to the Rent Increase Trigger Date. By way of example, if the Rent Increase Trigger Date occurred during the fifteenth (15th) Lease Year (i.e., during the 5th Lease Year of the Extension Term), then Minimum Monthly Rent would increase to $142,184.73 ($1,706,216.80 per annum).

c. In the event Minimum Monthly Rent increases as set forth in Section 5.4.a or 5.4.b above, then on each anniversary of the Rent Increase Trigger Date, Minimum Monthly Rent shall increase by an additional two percent (2%) if the Rent Increase Trigger Date occurred during the Initial Term and by four percent (4%) if the Rent Increase Trigger Date occurred during the Extension Term.

As used herein, "**Change of Control**" means any change in ownership, whether occurring due to any equity transfer or other transaction, as a consequence of which Robert Weakley is not the Control Person. For purposes hereof, Robert Weakley shall be deemed to be the Control Person of Tenant for so long as Tenant is a California mutual benefit company and provided that Tenant is managed by an entity of which Robert Weakley is the Control Person. Robert Weakley shall be the "Control Person" of any entity of which he shall be the largest equity owner and actively engaged in the business.

6. POSSESSION.

Possession of the Leased Premises shall be tendered to Tenant on the Effective Date. If Landlord is unable to deliver possession of the Leased Premises by the date specified for the commencement of the term as a result of causes beyond its reasonable control and/or force majeure/Unavoidable Delay, Landlord shall not be liable for any damage caused for failing to deliver possession, and this Lease shall not be void or voidable.

7. PAYMENT OF TAXES AND ASSESSMENTS BY TENANT.

7.1 Tenant's Obligation to Pay Impositions. Tenant shall reimburse Landlord as more specifically provided in Section 15 below for all Impositions (as defined in Section 7.2 below), which are assessed, levied, imposed or become a lien upon the Leased Premises and which become payable during the term of this Lease, plus any extensions or any holding over.

7.2 Definition of Impositions. As used in this Lease, the term "**Impositions**" shall include, not by way of limitation, any taxes, fees, levies, assessments whether general or special, regular or supplemental, ordinary or extraordinary, unforeseen as well as foreseen, of any kind or nature, and/or reassessments, or other charges imposed as the result of a transfer, either partial or total, of Landlord's interest in the Leased Premises. "Impositions" shall also include Commercial Cannabis Business Taxes assessed pursuant to County Ordinance No. 5274 (Chapter 7.100 of the County Code) (the "**Cannabis Business Tax**") and any and all similar taxes, assessments or fees imposed on Tenant's Permitted Use. "Impositions" shall not include inheritance taxes levied on or computed by reference to Landlord's personal net income, or as a whole on all of Landlord's investments.

7.3 Personal Property Taxes. In addition to the Impositions to be paid by Tenant as provided in this Section 7 and Section 15 below, Tenant shall pay directly (or reimburse Landlord upon demand) any and all taxes levied, imposed or assessed upon the Collateral (as defined in Section 25) and any and all other personal property or inventory at the Leased Premises, whether State or local taxes, and upon issuance by the State of California and Monterey County of Tenant's license, permit, and/or entitlement to operate the Leased Premises for the Permitted Use, as applicable, plus the full amount of any sales or use taxes imposed on the Rent and/or Tenant's operation of its business in the Premises.

8. ASSIGNMENT AND SUBLETTING.

Landlord may assign this lease at any time upon notice to Tenant. The remainder of this Section shall apply to assignment and subletting by Tenant.

8.1 Definition of Transfer. As used herein, "**Transfer**" shall mean any one or more of the following:

a. any assignment, subletting, mortgage, pledge, hypothecation, or encumbrance, or other transfer of any interest in this Lease, or of all or any portion of Tenant's interest in the Leased Premises under this Lease;

b. suffering or permitting (whether by entry into any license, concession agreement, or otherwise) all or any part of the Leased Premises to be used by any third party other than Tenant, its authorized agents, employees, qualified patient members and/or caregivers, and invitees and visitors (who are not using any portion of the Leased Premises to conduct a business other than that of Tenant); or

c. if Tenant is an entity, the transfer (by sale, gift, inheritance, or otherwise, and voluntarily or by operation of law) of more than fifty percent (50%) of the partnership interests, voting stock, membership interests, management and/or directorship rights, or otherwise transfer of a controlling interest in such entity; provided, however, that a transfer of such an interest as part of a corporate merger or consolidation of related corporations shall not constitute a Transfer for purposes of this Lease; provided that the surviving corporation agrees in a writing delivered to Landlord (in form and content acceptable to Landlord) to assume all of Tenant's obligations under this Lease pursuant to Section 8.6 below.

8.2 Landlord's Consent Required. Tenant shall not, voluntarily, by operation of law or otherwise, make any Transfer without Landlord's prior written consent, and any attempted Transfer without such consent being first had and obtained shall be wholly void and shall, at Landlord's election, constitute a default under this Lease. Landlord may withhold its consent to any mortgage, pledge, hypothecation or encumbrance of the Lease (each, an "**Encumbrance**"), Tenant's leasehold interest or any interest therein in Landlord's sole and absolute discretion. Landlord's consent shall be evidenced by a writing signed by Landlord, and the acceptance of Rent by Landlord from any person other than Tenant, or other conduct by Landlord absent such a writing, shall not be deemed to be a waiver by Landlord of any provision of this Lease or to be a consent to any Transfer. Notwithstanding the foregoing, Landlord hereby consents to the sublease of the Leased Premises to Cypress Manufacturing Company, a California not-for-profit company ("**Cypress Manufacturing Company**") subject to and conditioned upon Cypress Manufacturing Company's written agreement to be bound by all terms and conditions under this Lease, including, without limitation, Sections 3 and 17 hereof.

8.3 Request for Consent to Transfer.

a. Contents of Request for Consent. Tenant shall submit in writing to Landlord for Landlord's review and approval sixty (60) days prior to the effective date of the proposed Transfer:

(1) The name and legal composition of the proposed transferee;

(2) The nature of the proposed transferee's business to be carried on in the Leased Premises;

(3) The terms and provisions of the proposed Transfer, including copies of the instrument(s) by which the Transfer is to be effected and any other agreements between Tenant and the proposed transferee concerning the Transfer; and

(4) Such financial information as Landlord may request concerning the proposed transferee, including without limitation, financial history, credit rating, and business experience.

By submission of its request for consent to the Transfer, Tenant agrees to reimburse Landlord for its actual out-of-pocket fees and costs incurred in conjunction with the review of any requested Transfer.

8.4 Reasonable Consent. Landlord shall not unreasonably withhold its consent to a proposed Transfer (except that Landlord may withhold its consent to any Encumbrance in its sole and absolute discretion).

a. Reasonable Grounds Regarding Landlord's Consent. Tenant acknowledges that Landlord has entered into this Lease in reliance on the particular skills, knowledge, and experience of Tenant and/or its principal officer with respect to the conduct of business in the Leased Premises, that Landlord has made a substantial investment in the Leased Premises, and that the willingness of Landlord to put that investment at risk under the terms of this Lease is based upon Landlord's judgment of Tenant's abilities and business prospects. Accordingly, Tenant agrees that the following shall constitute (not by way of limitation) reasonable grounds for Landlord's refusal to consent to a proposed Transfer:

(1) If Tenant fails to submit the request for consent to the Transfer, and the supporting information, as provided in Section 8.3;

(2) If Tenant is, or has been (as the case may be) in default under this Lease at any of the following-listed times: (i) when the request for approval of the Transfer is made or is being reviewed by Landlord, (ii) when the Transfer is to become effective, or (iii) more than five (5) times during the Lease Term prior to request for approval of the Transfer;

(3) If, in Landlord's sole judgment: (i) the quality of professional service or business is likely to be in any material way adversely affected during the term of this Lease; (ii) the proposed transferee (if an individual) does not have a good credit rating and FICA score of at least 700; (iii) the audited financial net worth of the proposed transferee for the previous fiscal year is less than $1,000,000.00 for an individual or $5,000,000 for a corporation, as verifiable in Landlord's reasonable business judgment; (iv) if, in the event that the proposed transferee is a corporation, proposed transferee has a Dunn & Bradstreet Rating Classification of "lA" orless and a D&B Composite Credit Appraisal of "2" or worse; (v) if, in the event that Tenant is a corporation or limited liability partnership, Tenant has not provided an acceptable personal guaranty of the Tenant's obligations under the Lease, or (vi) if Landlord's review of the proposed Transfer discloses other material information reasonably unsatisfactory to Landlord; and

(4) If the proposed use is different than the Permitted Use, unless approved by Landlord.

b. Conditions to Landlord's Consent. Anything to the contrary notwithstanding contained herein or elsewhere in this Lease, except in the event of a sublease of a portion of the Leased Premises by Tenant, Landlord, as additional consideration for approval of a proposed Transfer, shall be entitled:

(1) To receive any and all additional rent payable in connection therewith, and/or

(2) To require increases in :Minimum Monthly Rent payable to Landlord consistent with the then current Minimum Monthly Rent rate for a new lease for similar Leased Premises and to require that the transferee enter into a written amendment of this Lease accordingly increasing the Minimum Monthly Rent; and/or

(3) To modify such other provisions of this Lease as Landlord may require to bring this Lease into compliance with its current leasing practice, including without limitation cancellation of any options to extend the term granted hereunder, if any; and/or

(4) To assume the Lease and consummate the proposed Transfer on the same terms and conditions (excluding any differences in Rent or other financial terms) as specified in Tenant's notice of the proposed Transfer, such option to be exercised by Landlord within thirty (30) days after receipt of a written notice of proposed Transfer; and/or

(5) To require that the transferee post a Security Deposit in an amount to be reasonably determined by Landlord; and/or

(6) To terminate this Lease and recapture the Leased Premises, such option to be exercised by Landlord within thirty (30) business days after receipt of a written notice of proposed Transfer; provided, however, that in the event that Landlord elects to exercise the option set forth in this Section 8.4b(6), then Tenant may elect by written notice to Landlord given within ten (10) days of delivery of Landlord's notice of election to terminate to forego the proposed Transfer and to retain the Leased Premises for the balance of the term of this Lease on the terms and conditions herein set forth.

8.5 Effects of Transfer.

a. Tenant's Obligations. No consent by Landlord to any Transfer shall relieve Tenant or its guarantor (if any) of any obligation to be performed by Tenant under this Lease, whether occurring before or after such consent or such Transfer, unless otherwise agreed to by Landlord in writing; provided, however, that Landlord's assumption of the Lease pursuant to Section 8.4b(4), Landlord's written approval of the transfer pursuant to the criteria set forth in Section 8.4 above, or termination of the Lease pursuant to Section 8.4b(5), shall relieve Tenant and its guarantor (if any) of obligations accruing under this Lease after the effective date of such assumption or termination, with the exception of any obligations arising prior to such assumption or termination and not yet paid or otherwise resolved.

b. Consents Required for Other Transfers. Landlord's consent to one Transfer shall not be deemed to constitute consent to any other Transfer and shall not relieve Tenant or the transferee, as the case may be, from the obligation to obtain Landlord's written consent to any other Transfer.

c. Assignment of Rents. Tenant hereby irrevocably assigns to Landlord all Rent and other sums from any such Transfer and agrees that Landlord, as assignor and as attorney-infact for Tenant, or a receiver for Tenant appointed upon Landlord's application, may collect such Rent and other sums and apply the same as provided in Section 25 upon Tenant's default.

8.6 Documentation of Transfer. Each Transfer to which Landlord's consent has been given shall be effected by an instrument in writing in a form reasonably satisfactory to Landlord, which shall be executed by Tenant and each transferee. In such writing, each Transferee shall agree for the benefit of Landlord herein to assume, to be bound by the terms of this Lease (except for payment of Rent), and, in the event of a Transfer of all of Tenant's interest in this Lease, to assume and to perform all of the terms, covenants, and conditions of this Lease to be kept and performed by Tenant, including the payment directly to Landlord of all amounts due or to become due under this Lease and under the instruments of the Transfer. One fully executed counterpart of such written instrument shall be delivered to Landlord.

9. RIGHTS AND OBLIGATIONS UNDER THE BANKRUPTCY CODE.

Upon the filing of a petition by or against Tenant under the United States Bankruptcy Code, and in the absence of a Bankruptcy Court order directing otherwise, Tenant, as debtor in possession, and any trustee who may be appointed by the Bankruptcy Court, agree as follows: (i) to perform each and every obligation of Tenant under this Lease until such time as this Lease is either rejected or assumed pursuant to the provisions of United States Bankruptcy Code; (ii) to pay monthly in advance on the first day of each month as reasonable compensation for use and occupancy of the Leased Premises the sum set forth in the Basic Lease Provisions as Rent and all other charges otherwise due pursuant to this Lease; (iii) to reject or assume this Lease within sixty (60) days after the filing of a petition under any Chapter of the Bankruptcy Code; (iv) to give Landlord at least forty-five (45) days prior written notice of any abandonment of the Leased Premises, and that any such abandonment is to be deemed a rejection of this Lease; and (v) to do all other things of benefit to Landlord otherwise required under the Bankruptcy Code.

Included within and in addition to any other conditions or obligations imposed upon Tenant or its successor in the event of assumption and/or assignment made in connection with such a proceeding under the United States Bankruptcy Code are the following: (i) the cure of any monetary defaults and the reimbursement of any loss within not more than thirty (30) days of assumption and/or assignment; (ii) the deposit of an additional sum equal to three (3) months' Minimum Monthly Rent to be held as a security deposit; (iii) the use of the Leased Premises solely as set forth in Section 1.6 and Section 3 of this Lease, (iv) the reorganized debtor or assignee of such debtor in possession or of Tenant's trustee shall have demonstrated in writing that it has sufficient background (including, but not limited to, substantial business experience and financial ability) to operate a business in the Leased Premises in the manner contemplated in this Lease and to meet all other reasonable criteria of Landlord as did Tenant upon execution of this Lease; (v) the prior written consent of any mortgagee to which this Lease has been assigned as collateral security; and (vi) the Leased Premises, at all times, remains a single Leased Premises and business and no physical changes of any kind may be made to the Leased Premises unless in compliance with the applicable provisions of this Lease.

No default under this Lease by Tenant, either prior to or subsequent to the filing of such a petition, shall be deemed to have been waived unless expressly done so in writing by Landlord. The provisions of this Section 9 shall also apply to any guarantor of this Lease.

10. ALTERATIONS.

10.1 Restriction on Alterations. Tenant shall not make, or suffer to be made, any alterations of the Leased Premises, or any part thereof, without the prior written consent of Landlord, which consent shall not be unreasonably withheld. Landlord shall respond to any written request from Tenant for Landlord's consent to alterations within five (5) business days after receipt of such written request and in such response shall either grant its consent or provide the basis for Landlord withholding its consent. Notwithstanding the foregoing, Tenant shall be permitted to make non-structural interior alterations not exceeding $10,000.00 without the prior written consent of Landlord, provided that such improvements are in strict compliance with all applicable regulations, codes, laws and ordinances. Tenant agrees that all additions or improvements of whatsoever kind or nature made to the Leased Premises shall belong to and become the property of Landlord upon the completion thereof. Roof and/or exterior wall penetrations are expressly prohibited without Landlord's prior written consent. Tenant shall give Landlord written notice of any planned alterations, whether or not requiring Landlord's consent, at least fifteen (15) days prior to commencement of the work, so that Landlord may post appropriate notices of non-responsibility and Tenant shall keep the Leased Premises free and clear of mechanics' and materialmen's liens in connection with any work performed by or on behalf of Tenant, and Tenant shall indemnify, defend, and hold Landlord harmless against loss from any such work or any such lien. In the event that any such lien is filed against the Leased Premises, Tenant shall cause the same to be removed of record (by payment or by posting of an appropriate bond as provided by statute) within thirty (30) days after such filing.

10.2 Restoration of Leased Premises. Tenant shall remove such of its alterations as Landlord may specify in writing at the expiration or termination of this Lease, and shall repair any damage caused by such removal or by removal of any of the Collateral which Landlord directs Tenant to remove pursuant to Section 18 or which Tenant otherwise has the express right to remove as set forth herein, and Tenant shall, at Landlord's direction, restore the Leased Premises to substantially their condition when Tenant received possession, reasonable wear and tear excepted.

11. ABANDONMENT.

With the exception of Section 54, Tenant shall not vacate or abandon the Leased Premises at any time during the term hereof; and if Tenant shall abandon, vacate or surrender the Leased Premises, or be dispossessed by process of law or otherwise, such event shall, at Landlord's election, constitute a default under this Lease. Subject to Landlord's rights in the Collateral pursuant to Section 18, below, any personal property belonging to Tenant and left on said Leased Premises shall be deemed to be abandoned, at the option of Landlord, or Landlord may store the same, with the exception of any inventory belonging to Tenant, in the name of Tenant and at Tenant's expense. The term "abandon" as used herein shall include vacation of the Leased Premises for a period of more than ten (10) consecutive normal business days.

12. UTILITIES.

Tenant shall pay, prior to delinquency, any and all charges and/or assessments for gas, electricity, water, sewage, air conditioning, and telephone service or other services that may be used in or for the Leased Premises (including, but not limited to, all permit fees, water and sewer "hook-up", "capacity'', or "allocation" fees and utility assessments as described by Section 2.2.6 of **Exhibit C** attached hereto). Tenant shall reimburse Landlord for such utility charges in the same manner as payments of Additional Rent (as set forth in said Section 15).

13. CONDITION OF LEASED PREMISES.

13.1 Condition of Leased Premises upon Acceptance of Possession. Except as expressly set forth in this Lease and in the Condition of Leasehold Space exhibit attached hereto as **Exhibit C,** Landlord shall not be obligated to provide or pay for any improvement, remodeling or refurbishment work or services related to the improvement, remodeling or refurbishment of the Leased Premises, and Tenant shall accept the Leased Premises in its "AS IS" condition on the Effective Date.

13.2 Tenant's Maintenance and Repair Obligations. During the term of this Lease and any holding over, Tenant shall, at its sole cost and expense:

a. Keep the Leased Premises and every part thereof in a clean and wholesome condition;

b. Cause all health and police and state and local law regulations applicable to the Leased Premises and/or Tenant's operations thereon to be at all times fully complied with, including making any alterations or improvements to the Leased Premises necessitated by the Americans With Disabilities Act or similar state statutes, or as a result of other requirements of any statute or governmental authority;

c. Maintain and repair the Leased Premises including the Buildings and other improvements upon and about the Leased Premises, so as to keep the same in good, safe, and sanitary order and condition including, without limitation, the maintenance, repair and replacement, of any store front, doors, signs, entrances and exits, interior walls, ceilings, floors, fire sprinklers, window casements, glazing, heating and air conditioning system serving the Leased Premises (including contracting with a service company for the monthly maintenance thereof, and a copy of the service contract shall be furnished to Landlord within ninety (90) days of delivery of the Leased Premises), security system, plumbing, pipes, sewer and utility lines, electrical wiring and conduits, parking area, driveways, retaining walls, landscaped areas, loading docks, courts, ramps and sidewalks. If Tenant refuses to contract for said maintenance of heating and air conditioning equipment, Landlord may contract for this maintenance and bill Tenant for the cost plus twenty (20%) percent overhead, as additional rent and Tenant agrees to reimburse Landlord for these costs, as additional rent, within ten (10) days of Landlord's billing;

d. Maintain and repair all partitions, doors, door jambs, door closers, door hardware, fixtures, equipment and appurtenances thereof (including electrical, lighting, heating and plumbing, and plumbing fixtures, and any air conditioning system, including leaks around ducts, pipes, vents, or other parts of the air conditioning, heating or plumbing systems which protrude through the roof) in good order, condition and repair, including replacements (including reasonable periodic painting as determined by Landlord);

e. Replace all broken glass, and Tenant assumes all risk of glass breakage at the Leased Premises;

f. Repair any damages to the structural portions of the Buildings;

g. If applicable, install and maintain in good working order at all times devices as necessary to ensure that the sewage and drainage system shall not have stoppages; and in the event of stoppages created by Tenant's operations, Tenant shall pay or reimburse Landlord for the cost of clearing said stoppages; and

h. Make any repair or replacement necessary, at its sole cost and expense, for any and all damages caused by a forced entry or attempted forced entry.

13.3 Payment for Work Done for Tenant's Account. Tenant shall pay promptly when due all claims for work and materials furnished in connection with its maintenance, repair, restoration or alteration (pursuant to Section 10) of the Leased Premises. Tenant shall keep the Leased Premises and the property of which they are a part free and clear of mechanics' and materialmen's liens in connection therewith, and Tenant shall indemnify, defend, and hold Landlord harmless against loss from any such work or any such lien. In the event that any such lien is filed against the Leased Premises or the property of which they are a part, Tenant shall cause the same to be removed of record (by payment or by posting of an appropriate bond as provided by statute) within thirty (30) days after such filing.

13.4 Landlord's Maintenance and Repair Obligations. It being the intention of the parties that this Lease shall be what is commonly referred to as a ''triple net lease", and Tenant shall be responsible for all expenses of every kind and nature, including capital improvements as well as operating expenses, Landlord shall have absolutely no obligation to repair, maintain, restore or replace, as applicable any aspect of the Leased Premises or the Buildings located thereon.

14. SECURITY.

Tenant shall provide sufficient levels of security (in compliance with all present and future applicable State and local laws and regulations) for the Leased Premises twenty-four (24) hours per day, 365 days per year during the Term, which obligation shall include, without limitation, strict compliance with the California Attorney General's "Guidelines for the Security and Non-Diversion of Marijuana Grown for Medical Use" dated August 2008 pursuant to Section 1.6 above.

15. ADDITIONAL RENT.

In addition to the maintenance and repair obligations set forth in Section 13 above, and the Rent heretofore specified, Tenant shall pay to Landlord as "**Additional Rent**" the sums described in this Section 15.

15.1 Expenses.

a. From and after the Rent Commencement Date during the term, Tenant shall self- maintain the Leased Premises and directly pay for all of the following-listed expenses (except for those expenses incurred by Landlord, including but not limited to impositions and Landlord's insurance costs, in which case Tenant shall reimburse Landlord as set forth in this Lease):

(1) Parking lot repair or resurfacing expenses;

(2) Impositions, as provided in Section 7;

(3) Utility costs, as provided in Section 12;

(4) Insurance costs, as provided in Section 17;

(5) Exterior surfaces and roof of the Building; and

(6) All other items or services needed to maintain the Premises (including the Building and parking lot) in a neat, safe, and sanitary condition, including, without limitation, performance of Landlord's Compliance Inspections,

15.2 Tenant's Obligations. Additional Rent shall include all monetary items for which Tenant is responsible under this Lease, including, not by way of limitation, attorneys' fees, as provided in Section 24, and Landlord's expenses of curing Tenant's defaults, as provided in Sections 17.ld and 25.2c.b(2).

15.3 Payment of Cannabis Business Tax. Pursuant to the County's Commercial Cannabis Business Tax ordinance (i.e., Monterey County Code Chapter 7.100 - 7.100.300, as the same may be modified and amended from time to time, the "**Cannabis Tax Ordinance**"), the Cannabis Business Tax is imposed on a fiscal year basis (July 1 through June 30th of the following calendar year) and shall be due and payable in quarterly installments, or in the Treasurer-Tax Collector's discretion, such shorter report and payment periods for any taxpayer the Treasurer-Tax Collector deems necessary to insure collection of the Cannabis Business Tax (such shorter payment periods being referred to herein as the "**Shorter Cannabis Payment Period(s)**"). In order to ensure Tenant's timely payment of the Cannabis Business Tax, Tenant hereby agrees that notwithstanding anything to the contrary in this Lease, Tenant shall pay to Landlord, as Additional Rent, the Cannabis Business Taxes due throughout the Term as follows:

a. During the first two (2) fiscal quarters occurring during the Term for which the Cannabis Business Tax is due (i.e., January 1, 2017 - March 31, 2017 and April 1, 2017 - June 30, 2017), Tenant shall not be required to pay the Cannabis Business Tax due to Landlord in advance but rather shall pay such Cannabis Business Taxes directly to the County prior to delinquency and shall provide Landlord with written proof of payment in full of such Cannabis Business Taxes concurrent with Tenant's payment of such taxes to the County.

b. During the third (3rd) fiscal quarter during the Term for which the Cannabis Business Tax is due (i.e., July 1, 2017 - September 30, 2017), Tenant shall pay into an escrow account or other account pledged to the Landlord and as to which Tenant has no access other than to pay the required Cannabis Business Taxes to the County, which may be interest bearing or invested in cash equivalent investment reasonably acceptable to the Landlord (the "**Restricted Account**") in advance on the first day of each calendar month during such third (3rd) fiscal quarter, an amount equal to one-third (1/3) of the total estimated Cannabis Business Tax due for such third (3rd) fiscal quarter. Tenant shall provide to Landlord in writing Tenant's good faith calculation as to the estimated amounts due for the third (3rd) fiscal quarter, which shall be on the form prescribed by the Treasurer-Tax Collector pursuant to the Cannabis Tax Ordinance ("**Required Tax Payment Form**"). Within ten (10) days after the end of the third (3rd) fiscal quarter, Tenant shall provide to Landlord a completed and duly executed Required Tax Payment Form for the third (3rd) fiscal quarter together with the additional amount, if any, of Cannabis Business Taxes due for such third (3rd) fiscal quarter and Landlord shall (to the extent received from Tenant) deliver or authorize the escrow holder or administrator of the Restricted Account, as applicable, delivery of the Required Tax Payment Form and Cannabis Business Tax due to the County prior to delinquency.

c. After the third (3rd) fiscal quarter and continuing for the remainder of the Term for which the Cannabis Business Tax is due (i.e., from and after October 1, 2017), Tenant shall deposit into the Restricted Account in advance on the first day of each Minimum Assessment Period (as defined below), an amount equal to the total estimated Cannabis Business Tax due for such Minimum Assessment Period. Tenant shall provide to Landlord in writing Tenant's good faith calculation as to the estimated amount due for the Minimum Assessment Period, which shall be on the Required Tax Payment Form. Within ten (10) days after the end of the applicable fiscal quarter, Tenant shall provide to Landlord a completed and duly executed Required Tax Payment Form together with the additional amount, if any, of Cannabis Business Taxes due for such fiscal quarter and Landlord shall (to the extent received from Tenant) deliver or authorize the escrow holder or administrator of the Restricted Account, as applicable, delivery of the Required Tax Payment Form and Cannabis Business Tax due to the County prior to delinquency. As used herein, "**Minimum Assessment Period**" is the period of time for which the Cannabis Business Tax will be assessed and owed if cultivation (as defined in the Cannabis Tax Ordinance) occurs during any portion of such period, in adherence with the proration of Cannabis Business Taxes for a partial fiscal year pursuant to the Cannabis Tax Ordinance and including such shorter period as to which such assessment would apply in the event of any cessation and/or surrender or termination of the cultivation license and/or "County permit" (as defined in the Cannabis Tax Ordinance) during any applicable period. The parties agree to cooperate with one another in good faith to obtain clarification, through modification of the ordinance or official interpretive guidance from County officials, as to the period for which Landlord may be responsible for unpaid Cannabis Business Taxes, including by a lien on the Leased Premises, with respect to any period for which cultivation has ceased and/or the cultivation license and/or County permit, as applicable, has been surrendered or terminated, and to adjust the requirements with respect to the periodic deposit and advance payment of Cannabis Business Taxes into the Restricted Account accordingly.

d. If during the Term the Treasurer-Tax Collector institutes or permits a Shorter Cannabis Payment Period, then Tenant shall pay to Landlord the estimated Cannabis Business Taxes on the first day of each such Shorter Cannabis Payment Period in lieu of the applicable payment periods contemplated in Subsections 15.3(b) and (c), above.

If the estimated amounts of Cannabis Business Taxes paid by Tenant to Landlord exceed the actual amounts due, then Landlord shall hold such excess amount in trust for Tenant and shall credit such excess payments to the Cannabis Business Tax which shall be due for the following fiscal quarter to the amounts which shall otherwise be due and payable to Landlord by Tenant.

Tenant shall be solely responsible for all penalties and interest which may be levied by the County as a result of Tenant's failure to timely deliver the Cannabis Business Tax to Landlord as set forth herein. **Tenant agrees and acknowledges that time is of the essence with respect to its payment of the Cannabis Business Tax** and therefore, if Tenant fails to timely remit the Cannabis Business Tax to Landlord as required herein, the same shall constitute a default by Tenant hereunder (subject only to a five (5) business day cure period following notice from Landlord) and Landlord shall have the option, in its sole discretion, but without obligation, to pay such Cannabis Business Tax to the County on Tenant's behalf in which event Tenant shall reimburse Landlord for all such amounts paid by Landlord together with any late charges due pursuant to this Lease, any late penalties assessed by the County, and interest shall immediately begin to accrue at the Interest Rate upon payment of such amounts by Landlord and shall continue to accrue until Landlord is reimbursed in full. In addition, if Tenant fails to pay the Cannabis Business Tax due to Landlord within fifteen (15) days of the due date therefor as set forth in this Section 15.3, then Landlord shall have the right, and Tenant hereby expressly authorizes Landlord, to immediately enter upon the Leased Premises without terminating this Lease or the tenancy created hereby and without claim by Tenant for trespass or other cause of action relating to Landlord's entry, and to destroy and remove all Cannabis (as defined in the Cannabis Tax Ordinance) in order to cause all "cultivation" (as defined in the Cannabis Tax Ordinance) to cease and/or the County permit (as defined in the Cannabis Tax Ordinance) surrendered or terminated (to the extent such surrender or termination complies with applicable law) and therefore, to cease the continued accrual and assessment of the Cannabis Business Tax on the Permitted Use conducted at the Leased Premises.

Notwithstanding the foregoing to the contrary, if the Cannabis Tax Ordinance is ever amended such that, in Landlord's sole but good faith business judgment, liability for non-payment of the Cannabis Business Tax rests solely with Tenant and in no event shall Landlord, its partners, members, owners, lenders, agents, and employees be liable for Tenant's delinquent payment or non-payment of the Cannabis Business Tax and in no event shall the Leased Premises be subject to lien or foreclosure resulting from Tenant's failure to timely pay the Cannabis Business Tax, then Tenant's obligation to pay the Cannabis Business Tax to Landlord in advance as provided in this Section 15.3 shall cease and Tenant shall instead pay all Cannabis Business Taxes directly to the County as and when due; provided, however, if the Cannabis Tax Ordinance is ever further amended such that the County has recourse against Landlord or the Leased Premises in the event of non-payment of Cannabis Business Tax.es, then Tenant's obligation to pay to Landlord the Cannabis Business Taxes in advance as Additional Rent as set forth in this Section 15.3 shall be automatically reinstated.

16. ENTRY BY LANDLORD.

Landlord reserves the right to enter the Leased Premises for the following purposes:

a. At any and all reasonable times and with reasonable notice during business hours, provided the same does not unreasonably interfere with the Permitted Use activity nor threaten to violate Tenant's right to maintain its trade secrets: (i) to inspect the same, conduct tests, inspections and surveys concerning Hazardous Materials, and to monitor Tenant's compliance with its obligations concerning Hazardous Materials or other obligations under this Lease, or (ii) to post upon the exterior walls of the Leased Premises "for sale" signs and, during the last ninety (90) days of the Lease term, "for rent" signs, or (iii) to show the Leased Premises to prospective purchasers, lenders, investors or tenants (provided, with respect to other tenants, only during the last twelve (12) months of the Lease Term or such other time that Tenant is in default hereunder); and

b. During normal business hours, or in the event of an emergency, at any time to make any necessary repairs to the Leased Premises and perform any work therein which: (i) may be necessary to comply with any laws, ordinances, rules or regulations of any public authority or of the Insurance Commissioner or Landlord's Insurance Carrier or of any similar body, if Tenant does not make or cause such repairs to be made or performed or cause such work to be performed promptly after receipt of written demand from Landlord, or (ii) Landlord may deem necessary to prevent waste or deterioration in connection with the Leased Premises if Tenant does not make or cause such repairs to be made or performed or cause such work to be performed promptly after receipt of written demand from Landlord. Nothing herein contained shall create any duty on the part of Landlord to do any such work, which is to be performed by Tenant under any provision of this Lease, nor shall it constitute a waiver of Tenant's default in failing to do the same. No exercise by Landlord of any rights herein reserved shall entitle Tenant to any damage for any injury or inconvenience occasioned thereby nor to any abatement of Rent.

c. During normal business hours at any time to inspect the Leased Premises and Permitted Use to ensure Tenant's compliance with all present and future State and local medical marijuana laws and rules, including Monterey County Code laws and rules governing the Permitted Use (collectively, "**Landlord's Compliance Inspections**").

d. Immediately upon Tenant's failure to pay the required Cannabis Business Tax within fifteen (15) days of the date due pursuant to Section 15.3, above.

17. INSURANCE, LIABILITY, AND INDEMNIFICATION.

17.1 Tenant's Insurance. Tenant shall, at its sole cost and expense, cause to be placed in effect immediately prior to the Delivery Date, and shall maintain in full force and effect during the term of this Lease and any renewals thereof, policies of insurance as described in this Section 17.1. The provisions of this Section 17.1 are minimum insurance requirements, and to the extent (if any) that the documents referred to in Section 1.7 impose higher or additional requirements regarding insurance or to the extent that additional insurance is required pursuant to Section 3.7e, then Tenant's insurance shall satisfy such higher or additional requirements of those documents. Notwithstanding the requirements of this Section 17, the parties acknowledge that insurance coverage availability may be subject to limitations for the Permitted Use, and Tenant shall procure such required insurance coverages as shall be commercially available to Tenant.

a. Required Coverage. The insurance coverages required to be carried by Tenant are as follows:

(1) **Liability Insurance.** Commercial general liability ("**CGL**") insurance in an amount normally carried by Tenant in Tenant's normal "blanket" policy, but in any event not less than: (i) $5,000,000 combined single limit bodily injury and property damage for injury and/or death to any number of persons in any one accident and not less than $6,000,000 general aggregate, (ii) $2,000,000 Products and Completed Operations Aggregate, and (iii) $5,000,000 Personal & Advertising Injury Limit. Pesticide Applicator Endorsement coverage shall be maintained by Tenant. Annually, the policy limits of said commercial general liability insurance shall be reviewed and adjusted to a limit as recommended by Landlord's insurance carrier. Said limit shall be set at an amount which is reasonable given the nature of Tenant's use, but in no event shall said coverage be less than the minimum amounts set forth above. Such coverage can be satisfied through a combination of primary and excess/umbrella policies; provided, however, the general aggregate limit shall apply separately at each of Tenant's locations. The CGL carrier must provide a written guaranty that it will write the policy to insure losses to cannabis businesses in California and to the Tenant in particular. Notwithstanding the minimum amounts set forth above, if Tenant or its contractors maintain greater limits, then the specifications set forth herein shall not limit the amount of recovery available to Landlord. Legal defense costs incurred pursuant to Section 17.4 shall fall outside of the policy limits set forth herein.

Tenant's insurance carried hereunder shall not contain any of the following exclusions or endorsements: (i) Third Party Over Actions, (ii) Assault and Battery, (iii) Contractual Liability Limitation or its equivalent (coverage shall apply but not be limited to Tenant's liability obligations herein), (iv) amendment of lnsured Contract definition (CG 21 39 or its equivalent), (v) Limitation of Coverage to Designated Premises or Project (CG 21 44), (vi) any Insured vs. Insured exclusion.

(2) **Use Insurance**. Use, Occupancy and Contents Insurance, insurance covering all glass and windows, and, if liquor is to be sold on the Leased Premises, Dram Shop Insurance.

(3) **Workers' Compensation Insurance.** Workers' Compensation Insurance, covering employees working in the Leased Premises, as required by law. Where a PEO or leased employees are utilized, Tenant shall require its leasing company to provide worker's compensation insurance for said leased workers and such policy shall be endorsed to provide an Alternate Employer Endorsement.

(4) **Property Insurance**. The property insurance carried by Tenant hereunder shall insure all equipment (indoor and outdoor cultivation and manufacturing equipment) and other property used in connection with the Permitted Use including the Collateral (to the extent it is not deemed a fixture under California law), Business Personal Property, Trade Fixtures, Signs, stock and inventory, crop (indoor plants, seeds, seedlings/clones, vegetative, flowering and finished stock for their full replacement cost value, on an Agreed Amount basis. The property coverage contemplated herein shall be provided on an "All Risk" or Special Form Causes of Loss ISO Form CP 10 30 or its equivalent. Business Income and Extra Expense coverage shall be provided in an amount of not less than 80% of Tenant's gross annual income at the Leased Premises, less non continuing expenses and provided on an Agreed Value basis (ISO Special Form Causes of Loss). Boiler & Machinery coverage (Equipment Breakdown coverage) shall be provided on all operations at the Leased Premises on a comprehensive form endorsement (or its equivalent). Landlord shall be named as the loss payee under such policy.

(5) **Business Auto Liability**. Tenant shall maintain such coverage in the minimum amount of $2,000,000 Combined Single Limit with Symbol 1 - Any Auto.

(6) **Contractors and Independent Contractors.** Tenant shall require all contractors and independent contractors working at the Leased Premises (including, without limitation, any security personnel) to obtain the following insurance coverages in not less than the minimum amounts set forth below and shall provide certificates of insurance demonstrating such coverage is in effect to Landlord prior to said contractors and independent contractors' entry. All such contractors and independent contractors' insurance shall waive any right of recovery against an entity that is an Additional Insured.

Commercial General Liability (Occurrence Basis)
- $2,000,000 Products/Completed Operations Aggregate
- $2,000,000 General Aggregate
- $1,000,000 Each Occurrence
- $1,000,000 Personal & Advertising Injury
- Per Location Aggregate or Per Project Aggregate

Automobile Liability (Any Auto-Symbol 1)
- $1,000,000 Combined Single Limit

Workers' Compensation and Employer's Liability (Statutory Requirements)
- $1,000,000 Each Accident

- $1,000,000 Each Employee for Injury by Disease
- $1,000,000 Aggregate for Injury by Disease
- Where a PEO or leased employees are utilized, insurer will provide an Alternate Employer Endorsement.

Umbrella Liability

- $1,000,000 General Aggregate
- $1,000,000 Each Occurrence

Professional Liability (if ANY Professional Services are provided - Medical Provider, Attorney, CPA, Consultant, etc.)

- $1,000,000 Each Occurrence/Aggregate

Environmental Liability or Contractor's Pollution Liability (if exposure exists)

- $1,000,000 Each Occurrence/ Aggregate

Builder's Risk

- Total Contract Value

b. Required Attributes of Insurance. All of the insurance required to be carried by Tenant hereunder shall satisfy the following criteria:

(1) **Joint Coverage**. Such policies, except for workers' compensation insurance, shall be issued naming Landlord (and Landlord's lender, if requested) as Additional Insured pursuant to the ISO Form CG 20 11 01 96 (or its equivalent) endorsement and the policies shall be written with no exclusion for the acts or omissions of the Additional Insured(s). The Additional Insured Endorsement must accompany the Certificate of Insurance naming Cypress Manufacturing Company, Inc., Cypress Holding Company, LLC and Tinhouse Partners, LLC as an Additional Insured. The Additional Insured coverage must be primary and non-contributory.

(2) **Blanket Policies.** Such coverages may be furnished by Tenant under a blanket policy carried by it; provided that any such blanket policy shall contain an endorsement naming Landlord as additional insured, which makes specific reference to the Leased Premises, and which guarantees a minimum limit available for the Leased Premises equal to the insurance amounts required in this Lease.

(3) **Carriers' Qualifications.** Each of the insurance carriers shall at all times during the term of this Lease: (i) be reasonably satisfactory to Landlord; (ii) be licensed to sell such insurance in the State of California; and (iii) have a policyholder's rating of not less than "A/10" in the most current edition of Bests Insurance Reports. Any exceptions to this requirement must be granted in writing by Landlord.

(4) **Primary and Non-Contributory**. All insurance carried by Tenant as required hereunder shall: (i) contain a cross-liability endorsement; (ii) contain a provision that such policy and the coverage evidenced thereby shall be primary and non-contributing with respect to any policies carried by Landlord or any investor in or mortgagee of Landlord and that any coverage carried by Landlord shall be excess insurance; and (iii) be written on an "occurrence" basis and not on a "claims-made" basis.

c. Insurance Certificates. Tenant shall provide copies of the insurance policies, appropriately authenticated by the insurer, or original insurance certificates reasonably acceptable to Landlord, evidencing the insurance coverages called for above. Such copies of policies or certificates shall be furnished to Landlord upon execution of this Lease. The policies or certificates shall contain a provision that the insurer will not cancel or refuse to renew the policies, or change in any material way the nature or extent of the coverage provided by such policies without first giving Landlord thirty (30) days prior written notice. Thirty (30) days prior to expiration of any policies of insurance carried by Tenant, Tenant shall provide proof of continuing coverage.

d. Tenant's Failure to Provide Insurance. In the event that Tenant fails to procure, maintain, and/or pay for any of the insurance required by this Lease at the times and for the durations specified herein, then Landlord shall have the right, but not the obligation, at any time and from time to time, and without notice, to procure such insurance and/or pay the premiums for such insurance, in which event Tenant shall repay Landlord, as Additional Rent, all sums so paid by Landlord together with interest thereon and any costs or expenses incurred by Landlord in connection therewith, without prejudice to any other rights and remedies of Landlord under this Lease. Failure of Tenant to obtain or maintain the insurance coverages hereinabove described or to pay the premiums thereon or reimburse Landlord when due shall, at Landlord's election, carry with it the same consequences as failure to pay any installment of Rent.

17.2 Landlord's Insurance. During the Term, and subject to its right to reimbursement from Tenant has provided herein, Landlord shall maintain property insurance, keeping the Leased Premises insured for the benefit of Landlord, for its full replacement value, against loss or damage by fire, including rent loss coverage in the amount of one (1) year's Rent obligation hereunder. The property insurance carried by Landlord hereunder shall insure the Buildings, the Tenant Improvements and Betterments, including any alterations, additions and changes made by Tenant. Boiler & Machinery coverage (Equipment Breakdown coverage) shall be provided on all operations at the Leased Premises on a comprehensive form endorsement (or its equivalent). Ordinance and Law, Earthquake Sprinkler Leakage and Backup of Sewers and Drains coverage shall be maintained (to the full replacement value of the Buildings). The property coverage contemplated herein shall be provided on an "All Risk" or Special Form Causes of Loss ISO Form CP 10 30 or its equivalent. Tenant shall reimburse Landlord as Additional Rent for all premiums incurred by Landlord in obtaining the insurance provided in this Section 17.2. Such payment shall be made to Landlord within thirty (30) days after written demand therefor which demand shall be accompanied by an invoice evidencing the premium due (or previously paid) by Landlord. Tenant's failure to reimburse Landlord when due shall, at Landlord's election, carry with it the same consequences as failure to pay any installment of Rent. In order for Landlord to accurately determine the replacement cost value of the Leased Premises for purposes of obtaining the insurance to be maintained by Landlord pursuant to this Section 17.2, Tenant shall deliver to Landlord within ten (10) days after written request by Landlord, a schedule of values for all improvements, alterations, fixtures , performed by or on behalf of Tenant and the value of all Collateral placed upon the Leased Premises by Tenant.

17.3 Landlord's Liability. Regardless of whether or not insurance coverage is carried for such losses, Landlord shall not be liable for any damage done to the Leased Premises or to any of the fixtures, merchandise, property or equipment therein contained, whether owned by Tenant or by any other person, due to the overflowing or breaking of steam or water pipes, drains, boilers, basins, toilets, lavatories or gutters or from smoke, fire, odor, earthquake, explosion, gas, electricity, lighting and wiring, or from any other cause and whether having its origin in the Leased Premises hereby leased or elsewhere. Tenant, as a material part of the consideration to be rendered to Landlord, hereby waives all claims against Landlord for injury to any person or for damages to goods, wares, and merchandise in, upon or about said Leased Premises from any cause arising at any time.

17.4 Tenant's Indemnity. Tenant, as a material part of the consideration to be rendered to Landlord, shall indemnify, protect, defend and hold Landlord harmless from any and all damage or injury to any person or to the goods, wares and merchandise of any person arising from the use of the Leased Premises by or under Tenant (including the use of Hazardous Materials), or from the failure of Tenant to maintain the Leased Premises in the manner herein required. Notwithstanding any other provision of this Lease, Tenant's covenants to indemnify, defend, and hold harmless in this Section or in other Sections of this Lease shall survive the expiration or earlier termination of this Lease as to actions, events, or conditions that existed as of the date of such expiration or termination and in no event shall Tenant's indemnity obligations be limited by the amount of insurance carried by Tenant.

17.5 Waiver of Subrogation. Each of Landlord and Tenant hereby waives its right of recovery against the other for any damages caused by an occurrence insured against by Landlord or Tenant, and the rights of any insurance carrier to be subrogated to the rights of the insured under the applicable policy, to the extent allowed by the respective insurance carrier. Landlord and Tenant each covenant that at the Effective Date their respective insurance policies will contain waiver of subrogation endorsements, and that if such endorsements, for any reason whatsoever, are about to become unavailable, they will give the other party not less than thirty (30) days prior written notice of such impending unavailability.

18. SURRENDER.

At the expiration of the term hereof, or the earlier termination of this Lease including early termination pursuant to Section 54, Tenant shall (subject to Landlord's lien rights set forth herein) remove its interior and exterior signs, its inventory, and any personal property which does not constitute the Collateral and surrender the Leased Premises to Landlord. Tenant shall have no right to remove any Collateral upon the expiration or earlier termination of this Lease, it being agreed and acknowledged by Tenant that all Collateral shall become the property of Landlord (solely except and unless Landlord elects at its option and in its sole discretion not to take ownership of the Collateral, or any portion thereof, in which event any such Collateral which Landlord elects not to take ownership of shall be promptly removed by Tenant). Tenant shall, at Landlord's request and at no cost to Landlord provide a duly executed Assignment and Bill of Sale to Landlord in order to memorialize the conveyance of Tenant's rights and interest in and to the Collateral to Landlord and Tenant shall be solely responsible for the payment of any and all taxes and fees which may be due and owing in connection with the conveyance of the Collateral to Landlord. Notwithstanding anything in this Lease to the contrary, if Tenant is not in default upon the expiration of the Term, then Tenant shall have the right to remove such Collateral (i) to the extent it is not deemed a fixture under California law, (ii) paid for by Landlord (whether through the Tenant Allowance or otherwise), and (iii) which was not supplied, furnished, or otherwise present on the Leased Premises on the Lease Commencement Date (collectively, the "**Landlord Supplied FF&E**") or is not a replacement of the Landlord Supplied FF&E. A list of all Landlord Supplied FF&E is attached as Schedule 1 to the Acknowledgement of Commencement Estoppel Agreement attached hereto as **Exhibit B**.

18.1 Condition of Leased Premises upon Surrender. At such time, Tenant shall surrender the Leased Premises in broom clean condition, including repair necessitated by the removal of Tenant's alterations and Collateral, if any, as provided in Section 10.2, reasonable wear and tear excepted. Tenant shall not defer needed and reasonably necessary items of maintenance and repair in the final months of this Lease, but shall perform the same throughout and including the last day of the term of the Lease so that when possession is returned to Landlord, Landlord will not be required to perform repairs and maintenance that should have been taken care of by Tenant under its duty to maintain and make repairs to the Leased Premises. All property of any kind not removed from the Leased Premises shall be deemed abandoned by Tenant. If the Leased Premises are not surrendered at the end of the Lease Term, Tenant shall indemnify Landlord against loss or liability resulting from delay by Tenant in surrendering the Leased Premises including but not limited to any loss arising from any claim made by any succeeding tenant founded on such delay.

18.2 Acceptance of Surrender by Landlord. No act or conduct of Landlord, whether consisting of the acceptance of the keys to the Leased Premises or otherwise, shall be deemed to be or constitute an acceptance of the surrender of the Leased Premises by Tenant prior to the expiration of the term hereof, except for Landlord's acceptance of surrender evidenced by a written acknowledgment thereof signed by Landlord.

19. SUBORDINATION AND ATTORNMENT.

At Landlord's option, this Lease shall be subordinated to any mortgage or deed of trust which is now or shall hereafter be placed upon the Leased Premises, and Tenant agrees to execute and deliver any instrument which may be necessary to further effect the subordination of the Lease to any such mortgage or deed of trust; provided, however, that such instrument of subordination shall provide, or the mortgagee or beneficiary of such mortgage or deed of trust otherwise shall agree in writing in recordable form delivered to Tenant, that so long as Tenant is not in default under this Lease, foreclosure of any such mortgage or deed of trust or sale pursuant to exercise of any power of sale thereunder shall not affect this Lease but such foreclosure or sale shall be made subject to this Lease which shall continue in full force and effect, binding on Tenant and the transferee. Tenant shall attorn to the transferee as if said transferee was Landlord under this Lease.

20. ESTOPPEL CERTIFICATE.

Tenant shall, at any time upon not less than ten (10) days prior request by Landlord, execute, acknowledge and deliver to Landlord a written estoppel certificate, in form satisfactory to Landlord, certifying that this Lease is unmodified and in full force and effect (or, if there have been modifications, that the same is in full force and effect as modified and stating the modifications) and, if applicable, the dates to which the Rent and any other charges have been paid in advance. Any such statement delivered pursuant to this Section may be relied upon by third persons, including a prospective purchaser or encumbrancer of the Leased Premises.

Tenant's failure to execute and deliver an estoppel certificate within twenty (20) days after Tenant's receipt of Landlord's written request therefore shall be conclusive upon Tenant that this Lease is in full force and effect, without modification except as may be represented by Landlord, that there are no uncured defaults in Landlord's performance, that not more than one month's rental has been paid in advance, and that all other statements required to be made in the estoppel certificate are conclusively made.

21. SALE BY LANDLORD.

In the event of a sale or conveyance by Landlord of the Leased Premises, upon the execution of a written assumption by the purchaser of Landlord's obligations under this Lease, the same shall operate to release Landlord from any liability arising thereafter from any and all of the covenants and conditions, expressed or implied, herein contained in favor of Tenant, and in such event, Tenant agrees to look solely to the successor in interest of Landlord in and to this Lease. If any security has been given by Tenant to secure the faithful performance of all or any of the covenants of this Lease on the part of Tenant, or if any Rent has been prepaid by Tenant, then Landlord may transfer and/or deliver the security and such prepaid Rent to the transferee, and upon proper written notice to Tenant, as provided by law, Landlord shall be discharged from any liability arising thereafter in reference thereto. Tenant shall attorn to the new Landlord.

22. DAMAGE OR DESTRUCTION.

In the event of damage or destruction of the Leased Premises, Tenant shall give immediate written notice to Landlord and Tenant shall forthwith and with all due diligence repair the same and restore the Leased Premises to substantially the same condition in which they existed prior to such damage or destruction, and such damage or destruction shall in no way annul or void this Lease. If the damage or destruction is caused by a casualty covered by insurance, the proceeds of the insurance, provided in Section 17 shall be used for such repair or reconstruction and both parties shall execute such documents as may be necessary to effect such payment. Rent payments shall continue while the Leased Premises are being replaced or restored for resumption of business operations. California Civil Code section 1932(2) provides that the "hirer of a thing" may terminate the hiring upon partial or total destruction of the thing hired and Civil Code section 1933(4) provides that the "hiring of a thing" terminates by the destruction of the thing hired. Such statutes conflict with provisions of this Lease; accordingly, Tenant waives any rights it has or could have under these provisions or any similar laws, rules or regulations.

In the event that this Lease is terminated under provisions of the above Section the entire proceeds of the insurance but not including any awards specifically attributable to the loss of any trade fixtures or personal property of Tenant, shall belong to Landlord. Both parties shall execute such documents as the insurance company may require.

23. CONDEMNATION.

If title to all of the Leased Premises is taken for any public or quasi-public use under any statute, or by right of eminent domain, or by private purchase in lieu of eminent domain, or if title to so much of the Leased Premises is so taken that a reasonable amount of reconstruction of the Leased Premises will not result in the Leased Premises being reasonably suitable for Tenant's continued occupancy for the uses and purposes for which the Leased Premises are leased, then, in either such event, this Lease shall terminate at Landlord's option as provided in written notice on the date of such taking.

All compensation awarded or paid upon a total or partial taking of the fee title of the Leased Premises shall belong to Landlord, whether such compensation be awarded or paid as compensation for diminution in value of the leasehold or of the fee, Tenant not being entitled to any award for the value of this Lease; provided, however, that Landlord shall not be entitled to any award made to Tenant in respect of Tenant improvements or Tenant's business, including for depreciation to and cost of removal of stock and fixtures, and from the entire award, Tenant shall be entitled to the value of the appropriation of its trade fixtures and any amount included therein with respect to Tenant's removal or relocation costs or damages to Tenant's personal property.

24. ATTORNEYS' FEES.

In the event of the bringing of any action by either party hereto against the other under, with respect to, or arising out of, this Lease, including any action for relief from stay or other proceedings in bankruptcy or any proceeding to enforce a judgment with respect to this Lease, then the prevailing party shall be entitled to recover from the other reasonable attorney's fees, which shall be determined by the court.

Should Landlord become a party defendant to any litigation concerning this Lease or any part of the Leased Premises by reason of any act or omission of Tenant and not because of any act or omission of Landlord, then Tenant shall indemnify, protect, defend and hold Landlord harmless from all costs, expenses, and liability by reason thereof, including reasonable attorneys' fees and all costs incurred by Landlord in such litigation.

In addition, Tenant shall reimburse Landlord, as Additional Rent, for any attorneys' fees or costs reasonably incurred by Landlord, whether or not suit be instituted, with respect to any default of Tenant under the terms of this Lease.

25. TENANT'S DEFAULT AND LANDLORD'S REMEDIES.

25.1 Tenant's Default. Tenant shall be in default under this Lease if Tenant fails to perform any of its obligations hereunder and (i) if the failure is in the payment of Rent, Additional Rent, or any other failure which can be cured by the payment of money, the failure continues uncured for a period of five (5) days after written notice thereof from Landlord, or (ii) if the failure is in any of the other provisions of this Lease (except for failures associated with a default of Section 1.6 or 3.7b hereof, for which there shall be no cure period) and such failure continues uncured for a period of thirty (30) days after written notice thereof from Landlord, unless such cure is not capable of completion within thirty (30) days, in which case Tenant shall be afforded such additional time as may be reasonably necessary to complete the cure provided Tenant commences the cure within thirty (30) days of Landlord's notice and diligently pursues such cure to completion, or, in the event of a threatened injury to life or property due to such failure, continues for such lesser period as Landlord may specify in such written notice.

25.2 Landlord's Remedies. In the event of a default by Tenant then, besides any other rights and remedies of Landlord at law or equity, Landlord shall have the following rights and remedies. All remedies herein conferred on Landlord shall, to the fullest extent permitted by law, be deemed cumulative and no one exclusive of the other or of any other remedy conferred by law or in equity, and nothing herein shall prevent Landlord from pursuing any and all other remedies it may have upon Tenant's default.

a. Election to Continue or Terminate Lease. Landlord shall have the right to elect either to continue or terminate this Lease, as follows:

(1) **Continuation of Lease**. Landlord shall have the remedy described in California Civil Code Section 1951.4 (Landlord may continue this Lease in effect after Tenant's breach and abandonment and recover rent as it becomes due, if Tenant has the right to sublet or assign, subject only to reasonable limitations). Accordingly, if Landlord does not elect to terminate this Lease on account of any default by Tenant, Landlord may, from time to time, without terminating this Lease, enforce all of its rights and remedies under this Lease, including the right to recover all Rent as it becomes due.

(2) **Termination of Lease**. Landlord shall have the right to terminate this Lease, by giving written notice of termination to Tenant or, if Tenant's address is unknown, by posting such notice on the Leased Premises. Absent such written notice, no acts of Landlord (including entering, repairing, preparing to re-let, or re-letting the Leased Premises) shall be construed as an election to terminate the Lease. In the event that Landlord elects to terminate this Lease, then Landlord shall be entitled to its statutory unlawful detainer remedy, and Landlord shall recover from Tenant an award of damages equal to the sum of the following:

(a) the worth at the time of award of the unpaid Rent (for purposes of this Section 25.2a(2)(a) "**Rent**" shall include Rent, Additional Rent, and all other sums owed under this Lease) which had been earned at the time of termination;

(b) 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 Rent loss that Tenant affirmatively proves could have been reasonably avoided;

(c) the worth at the time of award of the amount by which the unpaid Rent for the balance of the Lease Term after the time of award exceeds the amount of such Rent loss that Tenant affirmatively proves could be reasonably avoided;

(d) any other amount necessary to compensate Landlord for all the detriment either proximately caused by Tenant's failure to perform Tenant's obligations under this Lease or which in the ordinary course of things would be likely to result therefrom;

(e) all other amounts in addition to or in lieu of the foregoing as may be permitted from time to time under applicable law; and

(f) the unamortized amount of the Tenant Allowance (amortized on a straight-line basis of the initial Lease Term).

The phrase "worth, at the time of award" will be computed as follows: (i) as used in sub Sections (a) and (b) of the preceding Section, that amount will be computed by allowing interest at the then-maximum rate of interest allowable under law which could be charged Tenant by Landlord; and (ii) as used in Section (c) thereof, that amount will to be computed by discounting at the then-current discount rate of the U.S. Federal Reserve Bank of San Francisco at the time of award, plus one percent (1%).

b. Additional Remedies. In addition to the right to continue or terminate this Lease as provided above, Landlord shall have the following rights and remedies:

(1) **Specific Performance.** Landlord shall have the right to obtain specific performance of any and all covenants or obligations of Tenant to be kept and performed under this Lease, other than the payment of Monthly Minimum Rent or Additional Rent; and

(2) **Landlord's Right to Cure.** Landlord shall have the right, but not the obligation, to cure Tenant's default, in which event Tenant shall immediately pay to Landlord as Additional Rent the costs of such cure.

(3) **Security Interest and Agreement.** In the event of Tenant's default, in addition to any rights granted Landlord pursuant to this Lease or any other relevant California statute, in exchange for use of the Leased Premises under this Lease (hereafter, "**Obligations**"), Tenant hereby grants to Landlord a continuing lien against and a security interest in the following personal property and trade fixtures in which Tenant has rights of ownership or transfer rights including, but not limited to: goods including fixtures, accessions, furniture, equipment used in Tenant's ordinary course of business, proceeds, inventory (but expressly excluding any cannabis), lights (whether or not permanently attached to the structure and including light depravation shades and related automations), heating and cooling equipment and systems (cooling, heating and exhaust fans, air conditioning and heater units), tables, potting equipment, water catchment and/or filtration systems, water storage tanks, boiler(s), well pump and related equipment, inlet shutters, climate and irrigation management systems and controls (timers, control boxes, and related computer hardware and software management systems), CO2 systems (tanks, generator, distribution components), solar shades, pH adjustment / fertilizer dosing systems and monitoring (including any general fertilizer preparation equipment, as well as pesticides application systems and soil treatment systems and steam sanitation equipment), growing tables, storage and drying racks (including pulley systems and components), storage containers, mobile office/construction trailer, security alarm and video surveillance systems (including cameras, wiring, DVR, and monitors) and security fencing, electrical generator and gas and electrical systems, including any solar or alternative power source provided that such system is not leased from a third party, all communication systems that are attached and/or installed at the Leased Premises (but expressly excluding walking-talkies and cell phones), now or hereafter located on or within the Leased Premises (hereafter "**Collateral**").

Tenant may replace the Collateral with items of equal or better quality, but shall not otherwise remove it from the Premises without Landlord's consent.

This Lease constitutes a security agreement creating a security interest in the Collateral in favor of Landlord, and Tenant authorizes Landlord to file a Form UCC-1 Financing Statement and/or Fixture Filing to perfect the security interest of Landlord in the Collateral and proceeds thereof under the laws of the State of California. Tenant hereby authorizes Landlord to file one or more financing statements and amendments thereto describing the Collateral and containing any other information required by the applicable Uniform Commercial Code. Tenant specifically agrees that this authorization shall be applicable to any financing statements and/or amendments pre-filed by Landlord prior to the authentication of this Lease by Tenant.

Upon the occurrence of any default of this Lease by Tenant, Landlord may declare all Obligations secured hereby immediately due and payable and shall have, in addition to any remedies provided herein or by any applicable law or in equity, all the remedies of a secured party under the California Uniform Commercial Code. Landlord's remedies include, but are not limited to, to the extent permitted by law, the right to (a) peaceably by its own means or with judicial assistance enter the Tenant's premises and take possession of the Collateral without prior notice to Tenant or the opportunity for a hearing, (b) render the Collateral unusable, (c) dispose of the Collateral on the Premises, and (d) require Tenant to assemble the Collateral and make it available to Landlord a place designated by Landlord. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Landlord will give Tenant reasonable notice of the time and place of any public sale thereof or of the time after which any private sale or any other intended disposition thereof is to be made. The requirements of commercially reasonable notice shall be met if such notice is sent to Tenant at least five (5) days before the time of the intended sale or disposition. Expenses of retaking, holding, preparing for sale, selling or the like shall include Landlord's reasonable attorney's fees and legal expenses, incurred or expended by Landlord to enforce any payment due it under this Lease either as against Tenant, or in the prosecution or defense of any action, or concerning any matter growing out of or connection with the subject matter of this Lease and the Collateral pledged hereunder. Tenant waives all relief from all appraisement or exemption laws now in force or hereafter enacted.

Tenant represents, warrants and covenants to Landlord that: (a) Tenant has good, marketable and indefeasible title to the Collateral, has not made any prior sale, pledge, grant of security, encumbrance, assignment or other disposition of any of the Collateral, and the Collateral is free from all encumbrances and rights of setoff of any kind except the lien in favor of Landlord created by this Agreement; (b) except as herein provided, Tenant will not hereafter without Landlord's prior written consent sell, pledge, grant security, encumber, assign or otherwise dispose of any of the Collateral or permit any right of setoff, lien or security interest to exist thereon except to Landlord; (c) Tenant will defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest therein; and (d) Tenant's exact legal name, type of entity, state of organization and organizational identification number, if applicable, is as accurately and correctly set forth in this Lease. Tenant shall not change its name, its type of entity, its state of organization, or its organizational identification number without providing Landlord at least thirty (30) days prior written notice of each and every such proposed change.

Tenant further covenants that it shall:

(a) from time to time and at all reasonable times allow Landlord, by or through any of its officers, agents, attorneys, or accountants, to examine or inspect the Collateral, and obtain valuations and audits of the Collateral, at Tenant's expense, wherever located. Tenant shall do, obtain, make, execute and deliver all such additional and further acts, things, deeds, assurances and instruments as Landlord may require to vest in and assure to Landlord its rights hereunder and in or to the Collateral, and the proceeds thereof, including waivers from landlords, warehousemen and mortgagees;

(b) keep the Collateral in good order and repair at all times and immediately notify Landlord of any event causing a material loss or decline in value of the Collateral, whether or not covered by insurance, and the amount of such loss or depreciation;

(c) only use or permit the Collateral to be used in accordance with all applicable state, county and municipal laws and regulations; and

(d) have and maintain insurance at all times with respect to all Collateral against risks of fire (including so called extended coverage), theft, sprinkler leakage, and other risks (including risk of flood if any Collateral is maintained at a location in a flood hazard zone) as Landlord may reasonably require, in such form, in the minimum amount of the outstanding principal of the Note and written by such companies as may be reasonably satisfactory to Landlord. Each such casualty insurance policy shall contain a standard Lender's Loss Payable Clause issued in favor of Landlord under which all losses thereunder shall be paid to Landlord as Landlord's interest may appear. Such policies shall expressly provide that the requisite insurance cannot be altered or canceled without at least thirty (30) days prior written notice to Landlord and shall insure Landlord notwithstanding the act or neglect of Tenant. Upon Landlord's demand, Tenant shall furnish Landlord with evidence of insurance as Landlord may require. In the event of failure to provide insurance as herein provided which shall also constitute a default of this Lease, Landlord may, at its option, obtain such insurance and Tenant shall pay to Landlord, on demand, the cost thereof. Proceeds of insurance may be applied by Landlord to reduce the Obligations or to repair or replace Collateral, all in Landlord's sole discretion.

(e) If any of the Collateral is, at any time, in the possession of a bailee, Tenant shall promptly notify Landlord thereof and, if requested by Landlord, shall promptly obtain an acknowledgment from the bailee, in form and substance satisfactory to Landlord, that the bailee holds such Collateral for the benefit of Landlord and shall act upon the instructions of Landlord, without the further consent of Tenant.

Tenant will not sell or offer to sell or otherwise transfer or grant or allow the imposition of a lien or security interest upon the Collateral or use any portion thereof in any manner inconsistent with this Lease or with the terms and conditions of any policy of insurance thereon.

At its option, Landlord may, but is not required to: discharge taxes, liens, security interests or such other encumbrances as may attach to the Collateral; pay for required insurance on the Collateral; and pay for the maintenance, appraisal or reappraisal, and preservation of the Collateral, as determined by the secured party to be necessary. Tenant will reimburse Landlord on demand for any payment so made or any expense incurred by Landlord pursuant to the foregoing authorization, and the Collateral also will secure any advances or payments so made or expenses so incurred by Landlord.

All notices, demands, requests, consents, approvals and other communications required or permitted hereunder must be in writing and will be effective upon receipt in accordance with Section 25.

No delay or omission on Landlord's part to exercise any right or power arising hereunder will impair any such right or power or be considered a waiver of any such right or power, nor will Landlord's action or inaction impair any such right or power. Landlord's rights and remedies hereunder are cumulative and not exclusive of any other rights or remedies which Landlord may have under other agreements, at law or in equity.

c. Waivers With Respect to Remedies.

(1) **Redemption**. Tenant hereby waives all rights (if any) conferred by Section 3275 of the Civil Code of California and by Sections 1174(c) and 1179 of the Code of Civil Procedure of California and any other laws and rules of law from time to time in effect during the Lease Term providing that Tenant shall have any right to redeem, reinstate or restore this Lease following its termination by reason of Tenant's default; and

(2) **Jury Trial**. Landlord and Tenant hereby waive trial by jury in any action or proceeding arising out of or relating to this Lease and the right to file therein any cross-complaints, counterclaims or cross-claims against the other, other than those which may be compulsory.

26. WAIVER.

No covenant or condition of this Lease shall be deemed waived, except by the written consent of Landlord or Tenant, as appropriate, and any forbearance or indulgence by the party entitled to performance shall not constitute a waiver of the covenant or condition to be performed. Until complete performance of such covenant or condition, the party entitled to performance shall have the right to invoke any remedy available to it under this Lease or by law, despite such forbearance or indulgence. The subsequent acceptance of Rent hereunder by Landlord shall not be deemed to be a waiver of any preceding default by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular Rent so accepted, regardless of Landlord's knowledge of such preceding default at the time of acceptance of such Rent.

27. SUCCESSORS AND ASSIGNS.

This Lease shall inure to the benefit of and be binding upon the heirs, executors, administrators, successors and assigns of the respective parties hereto, always providing that nothing in this Section contained shall impair any of the provisions herein above set forth inhibiting assignment or other Transfer without the prior written consent of Landlord.

28. NOTICES.

Wherever in this Lease one party hereto is required or permitted to give a notice, request, demand, consent or approval to the other, such communication shall be given in writing and shall be delivered either personally, by a nationally or regionally known overnight courier service (e.g. Federal Express, UPS) with proof of delivery, or by facsimile or email .pdf attachment provided that a hard copy of such notice is sent concurrently by a nationally known overnight courier service to Landlord or Tenant as set forth in Sections 1.11 or 1.12, respectively, of the Basic Lease Provisions. Either party may change its address for notice by written notice given to the other in the manner hereinabove provided. Any such communication shall be deemed to have been duly given on the date personally delivered or delivered by courier service or, if delivered by mail as provided above, on the third business day after mailing.

29. QUIET ENJOYMENT.

Landlord covenants and warrants that upon Tenant's paying the Rent and Additional Rent, and observing and performing all of the terms, covenants and conditions to be observed and performed by Tenant hereunder, Tenant may peaceably and quietly enjoy the Leased Premises.

30. SECURITY DEPOSIT.

Tenant shall be required to pay a "**Security Deposit**" as set forth in Section 1.9d of the Basic Lease Provisions (or as a condition of transfer as set forth in 8.4 of this Lease), which will be held by Landlord to secure Tenant's performance under this Lease.

30.1 Tenant's Rights in Security Deposit. The Security Deposit shall not be mortgaged, assigned, transferred or encumbered by Tenant, and any such act on the part of Tenant shall be without force and effect, and shall not be binding upon Landlord, and shall, at Landlord's election, constitute an event of default under this Lease. Should Tenant comply with all of said terms and promptly pay all Rent and all other sums payable by Tenant when due to Landlord, said Security Deposit shall be returned in full to Tenant (or, at Landlord's option, to the last assignee of Tenant's interest hereunder) at the expiration of the term of this Lease.

30.2 Landlord's Rights in Security Deposit. If any Rent or other sums due hereunder shall be overdue and unpaid, or should Landlord make payments on behalf of Tenant, or should Tenant fail to perform any of the terms of this Lease, then Landlord may at its option and without prejudice to any other remedy which Landlord may have on account thereof, appropriate and apply said Security Deposit or so much thereof as may be necessary to compensate Landlord toward the payment of Rent or other sums due Landlord or for the loss or damage sustained by Landlord due to such default on the part of Tenant. In the event Tenant fails to occupy the Leased Premises in accordance with the terms of this Lease, Landlord's remedies shall include, without limitation thereto, retention of all sums deposited herewith or otherwise paid pursuant to this Lease. Further, Landlord may apply the Security Deposit to repair damages to the Leased Premises caused by Tenant or to clean the Leased Premises upon termination of this Lease. In any and all such events, Tenant shall within ten (10) days of demand, therefore, restore said Security Deposit to the original sum deposited.

In the event of bankruptcy or other debtor-creditor proceedings against Tenant, such Security Deposit shall be deemed to be applied first to the payment of Rent and other sums due Landlord for all periods prior to the filing of such proceedings.

The Security Deposit shall not bear interest, nor shall Landlord be required to keep such sums separate from its general funds.

31. LATE CHARGES.

Tenant hereby acknowledges that late payment by Tenant to Landlord of Rent or other sums due hereunder shall cause Landlord 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. Accordingly, if any installment of Rent or any other sums due from Tenant shall not be received by Landlord or Landlord's assignee within six (6) days after the date due, then Tenant shall pay to Landlord a late charge equal to five percent (5%) of such overdue amount plus any attorney's fees incurred by Landlord by reason of Tenant's failure to pay Rent and/or other sums when due hereunder; provided that any payment postmarked by the 5th of the month shall be presumed to be mailed in a timely manner. The parties hereby agree that such late charge represents a fair and reasonable estimate of the cost that Landlord will incur by reason of the late payment by Tenant. Acceptance of such late charges by Landlord shall in no event constitute a waiver of Tenant's default with respect to such overdue amounts, nor prevent Landlord from exercising any of the other rights and remedies granted hereunder. In addition, Tenant shall pay to Landlord interest at the Interest Rate on any delinquent payments, commencing thirty (30) days after the date payment was due and continuing until paid.

32. INTERPRETATION.

The words "Landlord" and "Tenant" as used herein shall include the plural as well as the singular, and the neuter shall include the masculine and feminine genders, and if there be more than one Tenant, the obligations hereunder imposed upon Tenant shall be joint and several. Except as the context may otherwise require, the word "including" shall be construed as though immediately followed by the phrase "without limitation". The marginal headings or titles to the Sections of this Lease are not part of this Lease and shall have no effect upon the construction or interpretation of any part of this Lease, but are intended for the convenience of the parties only.

33. RELATIONSHIP OF THE PARTIES.

The relationship of the parties hereto is that of Landlord and Tenant, and it is expressly understood and agreed that Landlord does not in any way nor for any purpose become a partner of Tenant or a joint venturer with Tenant in the conduct of Tenant's business or otherwise, and that the provisions of any agreement between Landlord and Tenant, relating to Rent, are made solely for the purpose of providing a method whereby the Rent payments are to be measured and ascertained.

34. SEVERABILITY.

If any term or provision of this Lease shall, to any extent, be determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Lease shall not be affected thereby, and each term and provision of this Lease shall be valid and enforceable to the fullest extent permitted by law. It is the intention of Landlord and Tenant hereto that if any provision of this Lease is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid then the provision shall have the meaning which renders it valid.

35. QUITCLAIM.

Where requested by Landlord, at the expiration or earlier termination of this Lease, Tenant shall execute, acknowledge and deliver to Landlord, within five (5) days after written request from Landlord to Tenant, any quitclaim deed or other document required by any reputable title company to remove the cloud of this Lease from the real property subject to this Lease=.

36. OTHER PAYMENTS TO BE CONSTRUED AS RENT. .

Failure of Tenant to pay any personal property taxes, Impositions, utilities, Insurance premiums, or any other obligations of Tenant under the terms of this Lease which can be satisfied by the payment of money by Tenant shall be deemed to be, and shall carry the same consequences as, failure to pay any installment of Rent.

37. INTEREST.

Any amount owing from one party to the other under this Lease which is not paid within thirty (30) days of the date when due shall thereafter bear interest at the Interest Rate. As used herein, the term "Interest Rate" means a per annum rate of interest equal to the lesser of (i) ten percent (10%) per annum over the then most recent annual prime or reference rate of interest announced by Bank of America N.A. (or in the event Bank of America N.A. ceases to publish a prime or reference rate, the prime rate of a comparable national banking institution reasonably agreed upon by the parties), or (ii) the maximum rate permitted by applicable law.

38. CONDITIONS.

It is agreed between the parties hereto that all of the agreements herein contained on the part of Tenant, whether technically covenants or conditions, shall be deemed to be conditions at the option of Landlord, conferring upon Landlord, in the event of default under any of said agreements, the right to terminate this Lease.

39. JURISDICTION; ALTERNATIVE DISPUTE RESOLUTION.

Tenant hereby consents and agrees that the courts of the City, County and State as set forth in Section 1.5 of the Basic Lease Provisions shall have jurisdiction over its person in actions arising under or relating to this Lease, and Tenant agrees that any action brought by it arising out of or relating to this Lease shall be filed in said County. Landlord and Tenant agree that said City and County shall for all purposes be considered the place in which this Lease was entered into, notwithstanding the order in which, or the location or locations at which, it may have been executed or delivered. Notwithstanding the foregoing, the parties agree to the following dispute resolution protocols with respect to mediation for all disputes and arbitration for all disputes other than non-payment of rent and Section 25.2(b)(3) and any and all corresponding security agreements and instruments attached hereto, referenced, and/or incorporated herein, as follows:

39.1 Mediation. In the event of any dispute in relation to non-payment of rent or otherwise arising out of or relating to this Lease that cannot be resolved by direct negotiation, the parties agree to submit the dispute to mediation before a neutral mutually selected by the parties. In the event a neutral cannot be agreed upon, either party may submit the matter to JAMS/San Jose, who will select a neutral and conduct the mediation hearing. A party that fails to mediate in good faith waives any and all right it might otherwise have to reimbursement of attorney's fees and costs under this Lease.

39.2 Arbitration For All Disputes Except Non-Payment of Rent. Any dispute, claim or controversy, except the non-payment of Rent, arising out of or relating to this Lease 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 San Jose before one arbitrator. The arbitration shall be administered by JAMS pursuant to its Comprehensive Arbitration Rules and Procedures pursuant to JAMS' Streamlined Arbitration Rules and Procedures. Any arbitration proceeding brought by the parties under this provision shall be confidential. Judgment on the Award may be entered in any court having jurisdiction. This clause shall not preclude parties from seeking provisional remedies in aid of arbitration from a court of appropriate jurisdiction.

40. TIME.

Time is of the essence of this Lease and each and all of its provisions.

41. CORPORATE AUTHORITY.

If Tenant is a corporation, Tenant shall deliver to Landlord on execution of this Lease a certified copy of a resolution of its board of directors authorizing the execution of this Lease and naming the officers that are authorized to execute this Lease on behalf of the corporation.

42. LANDLORD EXCULPATION.

It is expressly understood and agreed that notwithstanding anything in this Lease to the contrary, and notwithstanding any applicable law to the contrary, the liability of Landlord and the Landlord's members, owners, agents, employees, and partners (including any successor landlord) (collectively, the "Landlord Parties") and any recourse by Tenant against Landlord or the Landlord Parties shall be limited solely and exclusively to an amount which is equal to the ownership interest of Landlord in the Building in which the Leased Premises is located (excluding any proceeds thereof), and neither Landlord, nor any of the Landlord Parties shall have any personal liability therefor, and Tenant hereby expressly waives and releases such personal liability on behalf of itself and all persons claiming by, through or under Tenant.

43. ENTIRE AGREEMENT.

This instrument, along with any exhibits and attachments attached or referenced hereto constitutes the entire agreement between Landlord and Tenant relative to the Leased Premises. Except as contained herein, no person purporting to hold the authority to bind Landlord to any statement, covenant, warranty, or representation shall be deemed to have such authority, and Tenant agrees that it is not reasonable for Tenant to have assumed that any person had or has such authority. This agreement and the exhibits and attachments may be altered, amended, or revoked only by an instrument in writing signed by both Landlord and Tenant. Landlord and Tenant agree that all prior or contemporaneous oral agreements between and among themselves and their agents, including any leasing agent or lender, and representatives relative to the leasing of the Leased Premises, are merged in and revoked or superseded by this agreement.

44. NO RESERVATION OF PREMISES.

Submission of this Lease shall not be deemed to be a reservation of the Leased Premises. This Lease is subject to the review and mutual acceptance of the final terms, conditions and related documents by Landlord. Landlord shall not be bound hereby until Landlord delivers to Tenant an executed copy of this Lease for the Leased Premises signed by Landlord, having already been signed by Tenant. Landlord reserves the right to exhibit and lease the Leased Premises to the other prospective Tenants until such time as the delivery to Tenant of this executed Lease.

45. UNAVOIDABLE DELAY.

With the exception of Section 54, in the event that either party hereto shall be delayed or hindered in or prevented from the performance of any act required hereunder by reason of strikes, lockouts, adverse weather (including rain), inability to procure labor or materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, war, fire or other casualty or other reason of a similar nature beyond the reasonable control of the party delayed in performing work or doing the act required under the terms of this Lease, then performance of such act shall be excused for the period of the delay and the period from the performance of any such act shall be extended for a period equivalent to the period of such delay (any such delay is herein referred to as an "**Unavoidable Delay**"). In no event shall Tenant's inability to satisfy a monetary obligation hereunder constitute or be subject to Unavoidable Delay.

46. USA PATRIOT ACT COMPLIANCE.

Tenant represents to Landlord that Tenant is not (and is not engaged in this transaction on behalf of) a person or entity with which Landlord is prohibited from doing business pursuant to any law, regulation or executive order pertaining to national security ("**Anti-Terrorism Laws**"). "Anti-Terrorism Laws", as referenced above, shall specifically include, but shall not be limited to, the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and obstruct Terrorism Act of 2001, Pub. L. No. 107-56 (aka, the USA Patriot Act); Executive Order 13224; the Bank Secrecy Act, 31 U.S.C. Section 5311 et. seq.; the Trading with the Enemy Act, 50 U.S.C. App. Section 1 et. seq.; the International Emergency Economic Powers Act, 50 U.S.C. Section 1701 et. seq.; sanctions and regulations promulgated pursuant thereto by the Office of Foreign Assets Control ("**OFAC**"), as well as laws related to the prevention and detection of money laundering in 18 U.S.C. Sections 1956 and 1957, except, without extension or relation to the Federal Controlled Substances Act.

47. BROKER.

The parties represent that they have not engaged any real estate broker or finder, and that no commissions or finder's fees are due in connection with this transaction. Landlord and Tenant shall each hold the other harmless in the event of any breach of or incorrectness of this representation.

48. CONTINUING LEASE GUARANTY.

As a condition to the effectiveness of this Lease, Tenant shall deliver to Landlord concurrent with its delivery of this Lease, a guaranty of Tenant's obligations under this Lease in the form attached hereto as Addendum I (the "**Lease Guaranty**"), which Lease Guaranty has been duly executed by Indus Holding Company, a Delaware corporation ("**Indus**") and Edible Management, LLC, a California limited liability company ("**Edible**") as the Guarantors. Indus and Edible's obligations as Guarantors pursuant to the Lease Guaranty shall be joint and several.

49. INTENTIONALLY OMITTED.

50. DISABILITY ACCESS INSPECTION.

The Leased Premises has not undergone inspection by a Certified Access Specialist (CASp) (as that term is defined in California Civil Code Section 55.52) within the meaning of California Civil Code Section 1938, and Landlord is not providing any representations or warranties regarding whether the Leased Premises meets all applicable construction-related accessibility standards. Further, Tenant hereby acknowledges and agrees that, prior to the mutual execution and delivery of this Lease, Landlord has disclosed to Tenant the following disclosures required by California Civil Code Section 1938: (i) as of the Effective Date, Landlord has not had the Leased Premises inspected by a Certified Access Specialist (CASp) (as that term is defined in California Civil Code Section 55.52); and (ii) "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." Therefore and notwithstanding anything to the contrary contained in this Lease, Landlord and Tenant hereby agree that, (a) Tenant may, at its option and at its sole cost, cause a CASp to inspect the Leased Premises and determine whether the Leased Premises complies with all of the applicable construction-related accessibility standards under state law, (b) the parties shall mutually coordinate and reasonably approve of the timing of any such CASp inspection so that Landlord may, at its option, have a representative present during such inspection, (c) if Tenant elects to perform a CASp inspection, then such CASp inspection shall be performed at Tenant's sole cost and expense, and a copy thereof shall be provided to Landlord. If such CASp inspection notes any deficiencies, then within sixty (60) days after receipt of the CASp inspection, Tenant shall remedy all such deficiencies at Tenant's sole cost and expense, and Tenant shall obtain and provide to Landlord a copy of the CASp compliance certificate (which shall, without limitation, confirm the correction of all deficiencies noted in the CASp inspection).

51. COUNTERPARTS.

This Lease may be executed in one or more counterparts (which may be facsimile or .pdf e-mail counterparts followed by originals), each of which will be deemed an original and all, taken together, will constitute one and the same instrument.

52. CONFIDENTIALITY.

Except as set forth in the Estoppel Certificate described in Section 20 above, neither party shall disclose the economic terms of this Lease to any third person without the prior written consent of the other party hereto, specifically consenting to the particular instance of such disclosure. Notwithstanding the preceding sentence: (i) Tenant may disclose the Lease terms to any proposed assignee (or its representatives and agents) permitted by the terms of this Lease; and (ii) Landlord may disclose the Lease terms to any prospective member, partner, co-venturer, lender, or purchaser with respect to some or all of the Leased Premises (or such person's representatives and agents).

53. JOINT AND SEVERAL LIABILITY OF TENANT.

All obligations of Tenant under this Lease are joint and several. Landlord shall have the right, in its discretion, to enforce Landlord's rights under this Lease against each entity signing this Lease as Tenant, individually, or against all of such entities collectively, so that any one of the entities signing this Lease as Tenant shall be bound to the provisions of this Lease and shall be required to: 1) pay all Rent and other amounts from time to time owed by Tenant under this Lease; and 2) perform all obligations of Tenant under this Lease.

54. EARLY TERMINATION IN THE EVENT OF FEDERAL INTERVENTION OR IF STATE OR LOCAL LAWS RENDER TENANT'S USE UNLAWFUL.

This Lease shall automatically terminate and shall be null, void and of no force or effect if Federal, State, County or municipal legal authorities notify either Landlord or Tenant that Tenant's use of the Leased Premises is not in compliance with Federal, State, County or municipal law, or that Tenant is subject to any civil or criminal sanctions or actions due to its use or occupancy of the Leased Premises, or that Tenant is not authorized to conduct its business activities on the Leased Premises. Notice from Federal, State, County, or municipal legal authorities giving rise to this Section 54 shall include, but not be limited to, any official or departmental letters, correspondences, raids, arrests, seizures, forfeiture notice, or any notice of any kind from or by any Federal, State, County or municipal authorities addressed to Tenant or Landlord that legal action or the threat of legal action, whether civil, administrative, or criminal, is pending against Tenant or Landlord as a result of Tenant's use and operation of the Leased Premises. If the Department of Justice makes any changes to its federal enforcement priorities as set forth in its enforcement memorandum entitled "Guidance Regarding Marijuana Enforcement," dated August 29, 2013, whether through issuance of a subsequent enforcement memorandum or otherwise, that have a direct adverse impact on the continued conduct of the business activities on the Leased Premises, Landlord shall have the right, in its sole but reasonable discretion, to require the curtailment or modification of the Permitted Use hereunder or effect such other modifications hereto or the termination of this Lease, as may reasonably be required in response to changes in federal law enforcement actions.. In the event of any required modification or early termination pursuant to this section, Landlord shall incur no liabilities, personal or otherwise, to Tenant, and in case of termination neither party shall have any further obligation to the other.

55. CHANGES TO CALIFORNIA STATE MEDICAL MARIJUANA LAWS AND REGULATIONS.

In the event Tenant elects during the Term of this Lease to pursue a license or licenses to operate at the Leased Premises under the MMRSA or under the 2016 California Control, Regulate and Tax Adult Use of Marijuana ballot initiative ("**AUMA**") should it pass, Landlord reserves the exclusive right to immediately amend this Lease in order to ensure its compliance with either the MMRSA or the AUMA and their corresponding regulations.

56. TERMINATION OF PRIOR LEASE AND LEASE GUARANTY.

Landlord and Tenant hereby agree and acknowledge that (a) Landlord's affiliate Zabala Nurseries, LLC and Tenant's affiliate Cypress Manufacturing Company entered into that certain Lease Agreement dated October 19, 2016 in connection with Leased Premises ("**Prior Lease**") and (b) Guarantors provided that certain Lease Guaranty dated October 19, 2016 in favor of Zabala Nurseries, LLC in connection with the Prior Lease (the "**Prior Guaranty**"). Tenant, Landlord and Guarantors have agreed to amend and restate the Prior Lease and Prior Guaranty, each in its entirety, as more particularly set forth herein upon the full execution and delivery of this Lease and the Lease Guaranty required hereunder. To that end, upon Landlord's receipt of fully executed original counterparts of the Lease and Lease Guaranty required hereunder, the Prior Lease and Prior Guaranty shall automatically terminate and shall be of no further force or effect and Landlord, Tenant and Guarantors shall be relieved from all obligations under the Prior Lease and Prior Guaranty. Landlord and Tenant also hereby acknowledge and agree that that certain letter agreement between Zabala Nurseries, LLC and Cypress Manufacturing Company dated December 15, 2016, is hereby null and void and of no further force or effect.

[signatures on following page(s)]

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

Tenant: CYPRESS HOLDING COMPANY, LLC, a Delaware limited liability company

By: *"Robert Weakley"*
Name: Robert Weakley
Its: CEO

Landlord: TINHOUSE, LLC, a Delaware limited liability company, d/b/a TINHOUSE PARTNERS, LLC

By: *"Christopher Orosco"*
Name: Christopher R. Orosco
Its: Member

By: *"Patrick Orosco"*
Name: Patrick W. Orosco
Its: Member

EXHIBIT A
BUILDING FLOOR PLAN

[Redacted - Commercially sensitive information]

EXHIBIT B

ACKNOWLEDGMENT OF COMMENCEMENT ESTOPPEL AGREEMENT

LANDLORD: Tinhouse, LLC, a Delaware limited liability company, d/b/a Tinhouse Partners, LLC

TENANT: Cypress Holding Company, LLC

LOCATION OF PREMISES: 139 Zabala Road, Salinas, California (the "Premises") For the Lease dated: April 1, 2017

This is to certify:

1. That the undersigned Tenant occupies the Premises.

2. That the Lease Term will commence on _____, 201_.

3. That the Rent Commencement Date will be April 1, 2017.

4. That rent has been prepaid in the amount of $_____ by Tenant to Landlord.

5. That a Security Deposit has been paid in the amount of $_____ by Tenant to Landlord.

6. That as of this date hereof, the undersigned Tenant is entitled to NO credit, offset, or deduction in rent.

7. That all construction to be performed by Landlord is complete and has been approved by Tenant.

8. That the undersigned Tenant claims no right, title, or interest in the above described Premises, or right to the possession of said Premises other than under the terms of said Lease, and that there are no written or oral agreements affecting tenancy other than the Lease.

9. A list of the Landlord Supplied FF&E is attached hereto as Schedule 1.

[Signatures on the following page.]

Tenant: CYPRESS HOLDING COMPANY, LLC, a Delaware limited liability company

By: _____
Name: Robert Weakley
Its: CEO

Landlord: TINHOUSE, LLC, a Delaware limited liability company, d/b/a TINHOUSE PARTNERS, LLC

By: _____
Name: Christopher R. Orosco
Its: Member

By: _____
Name: Patrick W. Orosco
Its: Member

SCHEDULE 1

Landlord Supplied FF&E

[Redacted - Commercially sensitive information]

EXHIBIT C

CONDITION OF LEASEHOLD SPACE
(Landlord's Work and Tenant's Work) - "AS-IS" CONDITION

1. Landlord's Work.

1.1 Scope. Landlord shall be responsible only for the performance of the work described in Section 1.2 **("Landlord's Work"),** which shall be performed in accordance with plans and specifications prepared by Landlord's architect. All other work, whether or not designated as part of "Tenant's Work" under Section 2, shall be performed by Tenant at Tenant's sole cost and expense or, if Landlord so elects, shall be performed by Landlord and reimbursed by Tenant upon demand by Landlord.

1.2 Description of Landlord's Work**. It is hereby acknowledged that the Leased Premises are to be delivered in an "as-is" condition, and that Landlord shall not be required to perform any work on the Leased Premises, including in the event that there exists a discrepancy between this Exhibit C and the actual delivery condition of the Leased Premises**. Landlord shall not be responsible for, nor shall Landlord construct any additional improvements in the Leased Premises, unless agreed to by Landlord and Tenant in writing. Any such changes agreed to by Landlord and Tenant shall be the sole cost and expense of Tenant unless otherwise agreed to in writing by Landlord and Tenant. Additional costs incurred which are Tenant's responsibility shall be paid for in advance of the work being performed unless waived by Landlord in writing.

1.3 Acceptance of Landlord's Work. Upon execution of this Lease, Tenant agrees that the Leased Premises is substantially complete. Upon full execution of this Lease, Tenant and Landlord agree that Landlord's work is satisfactory to Tenant and shall execute **Exhibit B** which is attached to this Lease establishing the Effective Date. Landlord makes no representations or warrantees about the condition of the Leased Premises. Tenant hereby waives any right or claim arising out of the condition of the Leased Premises, of the improvements or appurtenances thereto, and Landlord shall not be liable for any latent or patent defects therein.

2. Tenant's Work

2.1 Commencement and Performance of Tenant's Work. Upon execution of this Lease, Tenant shall, subject to Section 1.7, at its sole cost and expense, immediately proceed to perform "**Tenant's Work**" (as defined in Section 2.2 below) and place and install Tenant's personal property, trade fixtures, equipment and merchandise, including, without limitation, the Collateral **(**"**Tenant's Property**") in the Leased Premises. Tenant's Work, and the installation of Tenant's Property, shall be performed in compliance with all present and future State and local laws and regulations, including Monterey County Code, and those reasonable rules established by Landlord or Landlord's architect or contractors. Upon final completion of Tenant's Work, Tenant shall furnish Landlord with all certificates, permits and approvals relating thereto that may be required by any governmental authority or insurance company. Landlord shall have no responsibility for any loss of or damage to any of Tenant's Property so installed or left on the Leased Premises. Tenant's entry onto the Leased Premises shall be subject to all of the provisions of the Lease, and at all times after such entry, Tenant shall maintain or cause to be maintained in effect insurance complying with the Lease.

2.2 Description of Tenant's Work. "**Tenant's Work**" includes all work, of any kind or nature whatsoever (other than Landlord's Work), required to complete the construction of, and improvements in, the Leased Premises and to permit Tenant to open for business and use the Leased Premises for the purpose set forth in the Lease, including, without limitation, the purchase, installation and/or performance, as appropriate, of the following:

2.2.1 Fixtures and furnishings.

2.2.2 Special lighting fixtures.

2.2.3 Tenant's signs, both interior and exterior (if approved).

2.2.4 All work other than that which is specifically designated as Landlord's Work.

2.2.5 Any and all other items required by Tenant.

2.2.6 All State and local permit, licensing, and entitlement fees, sewer hook-up fees and utility connection fees and assessments, whether billed directly by governmental authorities or prepaid by Landlord (in which event such amount shall be reimbursed by Tenant to Landlord upon demand).

2.2.7 All construction related debris will be removed from premises by Tenant.

2.2.8 All gas lines required by Tenant.

2.2.9 Any required changes to the existing fire sprinkler system.

2.3 Standards of Construction. Tenant shall not be allowed to make any roof penetrations without the prior written consent of Landlord. Unless otherwise agreed in writing by Landlord, any roof penetrations shall be made by Landlord's roofing contractor, and shall be paid by Tenant. All of Tenant's Work shall be designed by a qualified, licensed architect and shall be performed under the supervision of such architect by financially sound and bondable contractors of good reputation, in accordance with Tenant's plans which shall be approved in writing by Landlord prior to Tenant's commencement of Tenant's Work **(**"**Tenant's Plans**"**).** All contractors performing Tenant's Work shall be subject to Landlord's prior approval, and Tenant shall not use any contractor not approved in writing by Landlord. In connection with giving its consent, Landlord may require that any contractor, or major subcontractors, provide payment and completion bonds in such amount and with sureties acceptable to Landlord. All work shall be performed in a good and workmanlike manner, diligently prosecuted to completion, using new materials of good quality. Tenant shall notify Landlord at least twenty (20) days prior to the commencement of any portion of Tenant's Work, so that Landlord may post, file and/or record a notice of non-responsibility or other notice required under applicable mechanics' lien laws. Upon completion of Tenant's Work, Tenant shall record in the office of the County Recorder of the County in which the Leased Premises is located a notice of completion or any other notice required or permitted by applicable mechanics' lien laws to commence the running of, or terminate, any period for the filing of liens or claims, and shall deliver to Landlord any certificate of occupancy or other equivalent evidence of completion of Tenant's Work in accordance with the requirements of applicable law. Tenant's Work shall be performed in compliance with all applicable laws, codes, rules and regulations of all governmental and quasi governmental authorities with jurisdiction. All contractors performing any portion of Tenant's Work shall maintain insurance which meets the requirements of the Lease.

2.4 Cost of Tenant's Work. Tenant shall pay all costs and expenses (including permit fees and other governmental fees and exactions) due for, or purporting to be due for, all work, labor, services, materials, supplies or equipment furnished, or claimed to be furnished, to or for Tenant in connection with the performance of Tenant's Work, and Tenant shall keep the Leased Premises free of all mechanics', materialmen's and other liens arising therefrom. Tenant may contest any such lien, but only if Tenant first procures and posts, records and/or files a bond or bonds issued by a financially sound, qualified corporate surety in conformance with the requirements of applicable law for the release of such lien from the Leased Premises. Tenant shall pay and fully discharge any contested claim or lien within five (5) days after entry of final judgment adverse to Tenant in any action to enforce or foreclose such lien. However, notwithstanding any such contest, Landlord shall have the right at any time to pay any lien imposed hereunder if in Landlord's reasonable judgment such payment is necessary to avoid the forfeiture, involuntary sale or loss of any interest of Landlord. Tenant shall indemnify, defend, protect and hold Landlord harmless of and from any and all loss, cost, liability, damage, injury or expense (including attorneys' fees) arising out of or in connection with claims or liens for work, labor, services, materials, supplies or equipment furnished, or claimed to be furnished, to or for Tenant in, upon or about the Leased Premises.

2.5 Tenant Allowance. Landlord agrees to pay to Tenant, if Tenant is not then in default, an aggregate sum of Three Million and No/100 Dollars ($3,000,000.00) (the "**Tenant Allowance**"), pursuant to the following terms and conditions:

2.5.1 **Payment of the Allowance**. During the course of construction of Tenant's Work, Tenant may deliver to Landlord not more frequently than once (1) every thirty (30) days for disbursement (each, a "**Disbursement Request**") from the Tenant Allowance (not including the Final Retention) which shall include, as applicable: (i) a duly executed statement from Tenant or Tenant's contractor ("**Contractor**") showing the schedule of values, by trade, the percentage of completion of Tenant's Work, detailing the portion of Tenant's Work completed and the portion not completed (the "**Statement of Completion**") in the form attached hereto as Exhibit D; (ii) invoices from all of Tenant's agents, consultants, contractors and vendors, as applicable, for labor rendered and materials delivered to the Leased Premises with respect to the requested disbursement of the Tenant Allowance; and (iii) executed conditional mechanic's lien releases from Tenant's Contractor and all of Tenant's agents along with unconditional mechanics lien releases with respect to payments made pursuant to Tenant's prior Disbursement Requests hereunder, if applicable. The mechanic lien releases shall be in form compliant with California Civil Code sections 8132, 8134, 8136, and 8138, as applicable. Promptly and in any event not later than thirty (30) days following such request for disbursement from Tenant, Landlord shall deliver a check directly to the Contractor (or applicable Tenant's agents) in payment of the lesser of: (a) the amounts so requested by Tenant, less a ten percent (10%) retention (the aggregate amount of such retentions to be known as the "**Final Retention**"), and (b) the balance of any remaining available portion of the Tenant Allowance (not including the Final Retention). Notwithstanding the foregoing, if any particular expense item which is the subject of the Disbursement Request has been completed in full or paid for in full and with respect to any element of the work has been completed in full and the required deliverables set forth above have been delivered to Landlord, then Landlord shall not withhold the Final Retention but shall instead pay to Tenant the full amount of the Disbursement Request relating to the fully completed portion of the work or materials delivered, as applicable. As of August 31, 2017 Landlord has paid to Tenant Disbursements in the amount of One Million Four Hundred Sixty-Six Thousand Eight Hundred Forty-Nine and 36/100ths Dollars ($1,466,849.36) with a retention in the amount of Fifty-Nine Thousand Eighteen and 50/100ths Dollars ($59,018.50). Landlord has further paid directly to Tenant's vendors the amount of Three Hundred Fifty-Two Thousand Five Hundred Twenty-Five and 63/100 ($352,525.63).

2.5.2 Landlord's payment of such amounts shall not be deemed Landlord's approval or acceptance of the work furnished or materials supplied as set forth in Tenant's payment request. The Tenant Allowance monies will be paid to Tenant only for Tenant's payment for so-called "hard costs" incurred in connection with the performance of Tenant's Work in the Leased Premises, including the cost of raw materials, labor, and permanent fixtures which shall run with and not be removed from the land. For purposes of payment of the Tenant Allowance, Tenant's Work does not include inventory, supplies, Tenant's moveable property (excluding black-out shades and canopy light fixtures), so-called "soft costs" such as permitting fees or fees incurred for design professionals, or the cost of training Tenant's employees. The terms of this provision will be a condition precedent to Tenant's right to receive the Tenant Allowance, and no portion of said sum shall vest in Tenant, nor shall Tenant sell, assign, encumber or create a security interest in the Tenant Allowance prior to full compliance with the terms of this provision. The Tenant Allowance provided for herein is for the purpose of constructing or improving qualified long-term real property (within the meaning of Section ll0(c)(l) of the Internal Revenue Code of 1986, as amended (the "**Code**")) for use in Tenant's trade or business (within the meaning of Section 110(c)(3) of the Code) located at the Leased Premises. All improvements, additions, property and fixtures constructed, acquired or installed by Tenant at the Leased Premises and purchased with the Tenant Allowance (the "**Landlord-Funded Improvements**") shall become the sole property of Landlord upon the termination of this Lease. The Landlord-Funded Improvements shall not include any construction, improvement, addition, property or fixture that is not purchased with the Tenant Allowance ("**Tenant Improvements**"); nor shall the Landlord-Funded Improvements include any of Tenant's security systems, trade fixtures, removable equipment (except as otherwise provided herein) or merchandise to be sold. Tenant shall not be required to remove the Landlord-Funded Improvements at the time that Tenant vacates the Leased Premises. All Landlord-Funded Improvements shall be treated as nonresidential real property owned by Landlord for tax purposes (including for purposes of depreciation under Section 168(e)(2)(B) of the Code and determining gain or loss under Section 168(i)(8)(B) of the Code).

2.5.3 Final Retention. Tenant shall request the Final Retention from Landlord in writing upon satisfaction of all conditions set forth below and upon satisfaction of said conditions and written request from Tenant, a check for the Final Retention shall be promptly delivered by Landlord to Tenant, but in no event longer than thirty (30) days following the last to occur of: (i) Tenant delivers to Landlord duly executed unconditional mechanics lien releases in statutory form which lien releases shall cover an aggregate amount paid by Tenant equal to or greater than the Tenant Allowance, (ii) Tenant's architect or Contractor delivers to Landlord a duly executed certificate certifying that the construction of Tenant's Work paid for by the Tenant Allowance has been substantially completed pursuant to the Landlord approved Tenant's Plans, (iii) the Rent Commencement Date has occurred and Tenant has paid to Landlord the first month of Rent due and owing pursuant to the Lease, and (iv) Tenant supplies Landlord with evidence that all required governmental approvals required for Tenant to legally occupy and operate in the Leased Premises have been obtained including a final (or temporary) certificate of occupancy (or the local equivalent thereof). If Landlord fails to pay the Tenant Allowance within the time period described in this Section 2.5, then and in that event, Tenant shall have the right to deduct the Tenant Allowance from Tenant's payment of Minimum Monthly Rent next owing, until the Tenant Allowance has been so reimbursed to Tenant.

[Signatures on the following page.]

Tenant: CYPRESS HOLDING COMPANY, LLC, a Delaware limited liability company

By: *"Robert Weakley"*
Name: Robert Weakley
Its: CEO

Landlord: TINHOUSE, LLC, a Delaware limited liability company, d/b/a TINHOUSE PARTNERS, LLC

By: *"Christopher Orosco"*
Name: Christopher R. Orosco
Its: Member

By: *"Patrick Orosco"*
Name: Patrick W. Orosco
Its: Member

EXHIBIT D

FORM OF STATEMENT OF COMPLETION

STATEMENT OF COMPLETION

Invoice No.	10569, 10571, 10577, 10578, 10579, 10580
Project:	Greenhouse 2 Alterations
Date of Issuance:	February 27, 2017
Owner:	Tinhouse Partners, LLC
Tenant:	Cypress Holding Company, LLC
Contractor:	Gordon Paluck Electric
Contract Date:	
Work Commencement:	
Partial Completion:	
Substantial Completion:	
Final Completion:	
% of Work Completed:	

The undersigned contractor certifies that to contractor's knowledge , information and belief that the work covered by the statement has been completed as stated above.

By: _____
[Signature]

_____
[Print Name]

Its: _____

ADDENDUM I

LEASE GUARANTY

In consideration the execution of that written Lease Agreement (hereinafter referred to as the "**Lease**"), dated as April 1, 2017, by and between Tinhouse, LLC, a Delaware limited liability company, d/b/a Tinhouse Partners, LLC (as "**Landlord**") and Cypress Holding Company, LLC, a Delaware limited liability company (as "**Tenant**") of those premises commonly known as 139 Zabala Road in the City of Salinas, County of Monterey, State of California (the "**Premises**"), Indus Holding Company, a Delaware corporation ("**Indus**"), Edible Management, LLC, a California limited liability company ("**Edible"), a**nd Robert Weakley and Michaela Weakley (Robert and Michaela being referred to herein collectively as "**Weakley**" and Weakley, Indus and Edible being referred to herein collectively as "**Guarantor**") does hereby guarantee unconditionally unto Landlord, its successors and assigns, the prompt payment by Tenant of the rental and all other sums in said Lease reserved in the manner and at the time therein prescribed and the faithful performance by Tenant of all of the terms, covenants and conditions therein provided to be performed by Tenant.

1. Guarantor hereby agrees and acknowledges that Landlord has informed Guarantor that Landlord is entering into the Lease in direct reliance upon and on the condition that Indus has and will build and maintain a tangible financial net worth and ability to effectively guaranty Tenant's obligations under the Lease. Within ten (10) business days after the effective date of the Lease, Indus shall provide to Landlord the most current financials of the Indus and Edible, which shall be certified by such parties' chief financial officers. In connection with such reliance, Guarantor hereby acknowledges that during the Lease term, Indus shall maintain its ownership interest of Caldixie Corp., a Delaware corporation (**"CalDixie"**); Altai Brands, Inc., a Delaware corporation (**"Altai"**); and Cypress Holding Company, LLC, a Delaware limited liability company (**"Cypress Holding Co."**) (or merge any such entity directly into Guarantor), provided; however, that if the cultivation business is producing sufficient cash flow to service the ongoing obligations of Tenant, including under the Lease, in the reasonable determination of Landlord, then any disposition of distribution operations by Indus which are required to maintain compliance with state laws applicable to the cannabis business shall not be prohibited pursuant to this guaranty. Guarantor shall at all times while this guaranty is in effect maintain a tangible financial net worth and ability to effectively guaranty Tenant's obligations under the Lease. Guarantor's violation of the above shall constitute and be deemed an event of default by Tenant under the Lease and a breach by Guarantor hereunder. Guarantor hereby represents and warrants that any and all financial statements, balance sheets, net worth statements and other financial data which have heretofore been furnished to Landlord with respect to Guarantor fairly and accurately present the financial condition of Guarantor as of the date they were furnished to Landlord and, since that date, there has been no material adverse change in the financial condition of Guarantor.

2. Indus and Edible (as applicable) shall provide, subject to reasonable confidentiality protections, (i) a copy of each such Guarantor's most recently filed federal income tax return with all accompanying schedules not later than thirty (30) days after filing thereof and at the request of Landlord in writing, copies of the most recently filed federal income tax returns of all affiliates and subsidiaries of each Guarantor, and (ii) to the extent applicable, copies of all debt or equity/stock offerings and corresponding valuations when new debt or stock is issued for Indus and Edible, as applicable, not later than thirty (30) days after any such equity/stock offerings, debt or stock is issued, as applicable. If at any time Guarantor is a publicly-traded corporation, delivery of Guarantor's last published financial information shall be satisfactory for purposes of this subsection.

3. Guarantor hereby represents and warrants to Landlord that (i) the corporate structure of Indus is as set forth in this Section 3; (ii) Indus has three wholly owned subsidiaries: CalDixie, Altai and Cypress Holding Company, LLC.; (iii) Cypress Holding Company holds the leasehold interest in 20 Quail Run and associated personal property and subleases 20 Quail Run to Cypress Manufacturing Company; (iv) Altai and CalDixie were formed to hold intellectual property relating to the Altai and Dixie product brands, and to license such rights to Tenant, as further described below; (v) Altai and CalDixie have no operations or other assets or liabilities; (vi) Indus and its subsidiaries, Altai and CalDixie, have entered into intercompany agreements that have been structured to comply with California not-for-profit restrictions on cannabis manufacturing and sales activities; (vii) Cypress Manufacturing Company, is the principal operating company to whom Indus and its subsidiaries have licensed intellectual property rights and to whom Indus provides loans; (viii) Cypress is obligated to repay such loans/advances and to pay license fees to Indus and its subsidiaries; (ix) such arrangements set forth in clauses (vi) through (viii) inclusive were intended to provide economic benefit to Indus from the intellectual property and funding made available to Tenant within a legally compliant structure; (x) Edible provides management services to Indus and Tenant and is controlled by Robert Weakley and Mark Ainsworth who are its controlling owners; (xi) in the event any new entities are formed which have a financial interest in or otherwise benefit from the operations at the Premises and are owned (partially or fully) or otherwise controlled (directly or indirectly) by any officers, directors, owners or members of Guarantor or Tenant, then any and all such new entities shall (a) be wholly owned and controlled by Indus, or (b) if not wholly owned and controlled by Indus, automatically be deemed a "Guarantor" hereunder and shall, at Landlord's request, execute and deliver a guaranty of Tenant's obligations under the Lease in the same form as this guaranty; and (xii) Guarantor hereby represents that as of the date of this guaranty there are no such entities which shall benefit from the operations at the Premises other than Guarantor, CalDixie, Altai, Cypress Manufacturing Company, and Tenant, or, such entities shall sign a separate guaranty of lease in a form materially the same as this guaranty. Guarantor hereby agrees and acknowledges that Guarantor will gain significant financial and other benefits deriving from the execution of the Lease by Landlord and Tenant, and Tenant's use and occupancy of the Premises for purposes permitted by the Lease.

4. This guaranty is a continuing one and shall terminate only upon payment by Tenant of all of the rental and other sums in said Lease reserved and upon performance by Tenant of all duties and obligations therein contained, with respect to the original term and any extensions, until released as set forth below.

5. This guaranty shall not be released, extinguished, modified or in any way affected by failure on the part of the Landlord to enforce any or all of the rights or remedies of Landlord against Tenant or any other person, whether pursuant to the terms of said Lease or at law or in equity. The Guarantor further agrees that it shall not be necessary for Landlord, in order to enforce this guaranty, to institute suit or exhaust its legal remedies against Tenant. This guaranty may be immediately enforced upon any default by Tenant and the insolvency of Tenant shall be deemed a default.

6. This guaranty shall be binding upon the heirs, executors, administrators, and successors of the Guarantor and may not be assigned without the express written consent of Landlord. Indus hereby agrees and covenants that if during the term of the Lease (and this guaranty) Indus (or its assets) is ever acquired, transferred or conveyed, either directly or indirectly (in a single transaction or a series of related transactions) to any person, group or entity, then as a condition to the effectiveness of such acquisition, disposition and/or conveyance or change in control (whether through a stock offering or otherwise) of Indus or its assets, as applicable, the acquiring person or entity shall expressly assume all obligations and duties of Indus as Guarantor set forth herein and failure of such acquiring entity to expressly assume all such obligations and duties shall result in an immediate breach of this guaranty and a default under the Lease, without requirement of notice from Landlord or opportunity to cure by Guarantor or Tenant.

7. The Guarantor waives notice: (a) of any default by Tenant (i) in payment of Tenant of any of the rental or other sums hereby guaranteed and (ii) in performance by Tenant of the terms, covenants and conditions of said Lease and (b) of acceptance by Landlord of this guaranty.

8. This guaranty shall not be canceled, impaired, or otherwise affected by any deviation from or alteration of the terms, covenants or conditions of said Lease or by any permitted assignment or subletting of all or any part of the interest of Tenant or Landlord therein. The Guarantor agrees that Landlord may from time to time extend the time for performance or otherwise modify, alter or change said Lease and any or all provisions thereof and may extend the time for payment of the rental and other sums hereby guaranteed and may receive and accept notes, checks and other instruments for the payment of money made by Tenant and extensions and renewals thereon without in any way releasing or discharging the Guarantor from any obligations hereunder. Notice of presentment of any such note or notes and/or notice of default in the payment thereof at maturity and/or protest or notice of protest thereof is expressly waived.

9. Guarantor hereby irrevocably waives: (1) any notice of acceptance of this guaranty by Landlord; (ii) any notice of Tenant's default under the Lease; (iii) any notice of any demand being made upon Tenant to perform any obligation or cure any default under the Lease; (iv) any notice of any waiver, or extension of the period for performance, of any term, provision, covenant, warranty or other obligation of Tenant; (v) any notice of any consent to any substitute performance by Tenant in respect to any term, provision, covenant, warranty or other obligation of Tenant; and (vi) any notice of any accrual of Guarantor's liability under this guaranty. Without limiting the foregoing, with respect to the obligations of Tenant under the Lease guaranteed hereunder, Guarantor hereby expressly waives any and all benefits which might otherwise be available under California Civil Code Sections 2809, 2810, 2819, 2821, 2839, 2845, 2848, 2849, 2850, 2899 and 3433.

10. It is specifically acknowledged by Guarantor that all of the obligations of Tenant under the Lease specifically survive any subletting or assignment by Tenant of the Lease to any related or unrelated entity. Similarly, it is acknowledged by Guarantor that the guaranty and all of Guarantor's obligations hereunder shall survive any assignment or subletting by Tenant to any person or entity, and Guarantor hereby waives, in such event, any right it may otherwise have to insist that Landlord first pursue recovery under the Lease from such assignee or Tenant.

11. In the event that Landlord prevails in any action commenced by Landlord against the Guarantor to enforce any of the terms or conditions of this guaranty, Landlord shall be entitled to recover from the Guarantor reasonable attorney's fees and Landlord's costs, which shall be fixed as part of the costs by the court or judge thereof in which such action shall be pending.

12. Guarantor hereby represents and warrants to Landlord that the undersigned are authorized to execute this guaranty on behalf of the Guarantor and have been vested with all requisite authority to execute this guaranty and bind Guarantor as set forth herein.

13. Each of the undersigned Guarantors shall be jointly and severally liable for all obligations of Tenant under the Lease and all obligations of **"**Guarantor**"** under this guaranty.

14. This guaranty shall inure to the benefit of Landlord, its successors and assigns and shall bind the successors and assigns of the undersigned.

15. Notwithstanding anything to the contrary herein, Landlord hereby agrees and acknowledges that: (i) Weakley's liability (in their personal capacity) as Guarantor pursuant to this guaranty (the **"Weakley Guaranty"**) shall be capped at a maximum amount of Three Million Dollars ($3,000,000.00) regardless of the total liability of Guarantor hereunder, and (ii) if all of the following conditions are satisfied, then the Weakley Guaranty shall be deemed in abeyance and of no force and effect after the expiration of the sixtieth (60th) month following the Rent Commencement Date ("**5th Anniversary Date**") if (1) as of the 5th Anniversary Date, Tenant is not in default, (2) there shall not have been more than four (4) events of default by Tenant under the Lease prior to the 5th Anniversary Date, (3) Tenant provides evidence to Landlord's reasonable satisfaction that the cultivation business at the Premises is producing sufficient cash flow to service the ongoing obligations of Tenant (including under the Lease), and (4) Indus has and maintains a verifiable tangible financial net worth of not less than Five Million Dollars ($5,000,000.00), which net worth shall be demonstrated to Landlord upon request at any time Tenant is in default under the Lease and up to one additional time per year by way of financial statements, balance sheets, net worth statements and/or other financial data acceptable to Landlord in its good faith business judgment. Notwithstanding the abeyance of the Weakley Guaranty as set forth in clause (ii) above, if Indus' verifiable tangible financial net worth drops below Five Million Dollars ($5,000,000.00), then the same shall not constitute a per se default under the Lease or this Guaranty but the Weakley Guaranty shall automatically revive and shall continue in full force and effect until such time as Indus' verifiable tangible net worth increases to or above Five Million Dollars ($5,000,000). Landlord and Guarantor further agree that if Guarantor is in strict compliance with all of the terms and conditions set fo1th herein, including, without limitation Sections 1, 2, 3 and 6, and Indus is sold, then the Weakley Guaranty may be replaced and superseded by a replacement personal guarantor reasonably acceptable to Landlord, after which point the Weakley Guaranty shall be deemed forever terminated and of no further force nor effect.

16. To facilitate execution, this guaranty may be executed in as many counterparts as may be convenient or required. It shall not be necessary that the signature of, or on behalf of, each party, or that the signature of all persons required to bind any party, appear on each counterpart. All counterparts shall collectively constitute a single instrument. It shall not be necessary in making proof of this guaranty to produce or account for more than a single counterpart containing the respective signatures of, or on behalf of, each of the parties hereto. Any signature page to any counterpart may be detached from such counterpart without impairing the legal effect of the signatures thereon and thereafter attached to another counterpart identical thereto except having attached to it additional signature pages.

17. Guarantor specifically understands that (A) Landlord and Tenant have reserved the right to amend or modify the Lease without the need to obtain the prior consent of Guarantor and (B) such amendments or modifications may affect the scope of the obligations of guarantor. Guarantor specifically waives any defense or claim based on the foregoing amendments or modifications and agrees that no such actions shall in any way release, diminish, discharge or affect the absolute nature of the obligations of Guarantor. As a result, Guarantor agrees that this guaranty is absolute, present and unconditional and shall remain in full force and effect and shall extend to any (1) renewal, extension, indulgence, modification or amendment of the Lease; (2) Tenant holdover period; and (3) assignment, subletting, or other transfer of Tenant's interests in the Lease, whether or not Guarantor consented to foregoing and regardless of the materiality of the same.

18. This guaranty will continue unchanged by any bankruptcy, reorganization or insolvency of Landlord or any successor or assignee thereof or by any disaffirmance or abandonment by a trustee of Tenant. Guarantor hereby waives any defense based upon any legal disability of Tenant or any discharge or limitation of the liability of Tenant arising by operation of law or any bankruptcy, reorganization, receivership, insolvency, or debtor-relief proceeding. Guarantor hereby agrees that this guaranty is enforceable notwithstanding the bankruptcy of the Tenant, a former Tenant, an assignee, a subtenant, a Guarantor or any replacement Guarantor and that Landlord is not required to pursue claims in the bankruptcy (nor is Landlord required to file a proof of claim) prior to pursuing its rights under the guaranty. The undersigned hereby assign to Landlord any rights Guarantors may have to file a claim and proof of claim in any bankruptcy or similar proceeding of Tenant and any awards or payments thereon to which the undersigned would otherwise be entitled.

[signatures on following page]

IN WITNESS WHEREOF, the undersigned has executed this guaranty this 1st day of April, 2017.

GUARANTOR:

Indus Holding Company,
a Delaware corporation

By: "*Robert Weakley*"
Robert Weakley
Title: Chief Executive Officer

Edible Management, LLC, a California limited liability company

By: "*Robert Weakley*"
Robert Weakley
Title: CEO

"*Robert Weakley*"
Robert Weakley, an Individual

"*Michael Weakley*"
Michael Weakley, an Individual

First Addendum to Lease Agreement

This first addendum to Lease Agreement ("Addendum") is made this 26th day of September, 2017, and adds to and amends that Lease Agreement dated April 1, 2017 ("Lease") between Tinhouse, LLC ("Landlord") and Cypress Holding Company, LLC ("Tenant"). Should there be any conflict between the Lease and this Addendum, this Addendum shall govern and control.

The Lease is hereby amended as follows as mutually agreed upon by the Parties:

Any reference in the Lease to either the Medical Marijuana Regulation and Safety Act or to the 2016 California Control, Regulate and Tax Adult Use of Marijuana is now collectively changed to the Medicinal and Adult-Use Cannabis Regulation and Safety Act ("MAUCRSA").

Any commercial medical cannabis activity undertaken at the Leased Premises by Tenant shall be conducted in accordance and compliance with the MAUCRSA , and Tenant shall continue to follow all of its existing obligations and duties to Landlord pursuant to Sections 1.6 and 1.7 of the Lease in the context of the MAUCRSA.

Notwithstanding the stated Permitted Use and the provisions of Sections 1.6 and 1.7 of the Lease, Tenant shall not to be in default of Sections 1.6 or 1.7 of the Lease so long as its marijuana commercial activity at the Leased Premises is conducted in compliance with applicable California state and local laws governing the same including, but not limited to, the MAUCRSA and Monterey County laws and regulations.

Tenant may engage in adult-use marijuana commercial activity at the Leased Premises so long as Tenant applies for and receives all necessary state and local licensing and permitting for such activity pursuant to the MAUCRSA and Monterey County laws and regulations, and so long as such activity is in compliance with the MAUCRSA and Monterey County lavvs and regulations. In the event Tenant pursues local and state licensure for any adult-use marijuana commercial activity at the Leased Premises, Tenant shall follow and comply with all of its existing duties, obligations, and those standards for disclosures to Landlord set forth in the Lease.

In the event Tenant elects during the Term to pursue a license or licenses to operate at the Leased Premises under the MAUCRSA, Landlord reserves the exclusive right to immediately amend the Lease in order to ensure its compliance with the MAUCRSA and its corresponding regulations.

To the extent Tenant's adult-use marijuana commercial activity at the Leased Premises is deemed illegal by State or County laws or regulations at any time during the Term, Tenant shall be obligated to cease such use immediately in accordance with Section 54 of the Lease, and any continued unlawful use thereafter shall constitute an immediate default by Tenant under the Lease without the requirement of notice or the opportunity to cure and shall subject Tenant to the indemnification provisions set forth in Section 3.7(d) of the Lease. Section 54 of the Lease also applies to any adult-use marijuana commercial activity undertaken by Tenant at the Leased Premises.

All other provisions in the Lease remain unchanged and are in full force and effect.

[signature page follows]

Tenant:

CYPRESS HOLDING COMPANY, LLC, a Delaware limited liability company

By: *"Robert Weakley"*
Name: Robert Weakley
Its: CEO

Landlord:

TINHOUSE, LLC, a Delaware limited liability company, d/b/a TINHOUSE PARTNERS, LLC

By: *"Christopher Orosco"*
Name: Christopher Orosco
Its: Member

By: *"Patrick Orosco"*
Name: Patrick Orosco
Its: Member

SECOND ADDENDUM TO LEASE AGREEMENT

THIS SECOND ADDENDUM TO LEASE AGREEMENT ("**Second Addendum**") is entered into as of April 1, 2019 ("**Second Addendum Effective Date**"), by and between TINHOUSE, LLC, a Delaware limited liability company, d/b/a Tinhouse Partners, LLC ("**Landlord**"), and **CYPRESS HOLDING COMPANY, LLC**, a Delaware limited liability company (collectively, "**Tenant**"). Landlord and Tenant are sometimes collectively referred to herein as the "**Parties**", and individually, as a "**Party**".

RECITALS

A. Landlord and Tenant entered into that certain Lease Agreement dated April I, 201 7, as amended by that certain First Addendum to Lease Agreement dated September 26, 2017 (collectively, the "**Lease**"), wherein Landlord agreed to lease to Tenant and Tenant agreed to lease from Landlord certain real property more particularly described therein as the "Premises". All initially-capitalized terms used and not otherwise defined herein shall have the same meanings given such terms in the Lease.

B. Landlord and Tenant now desire to amend the Lease, all as more specifically set forth herein.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **AMENDMENT OF SECTION 1.10**. Section 1.5 of the Lease is hereby amended and replaced with the following:

"**Description and Address of Leased Premises.** Real property consisting of approximately four hundred forty-five thousand, three hundred eleven (445,311) square feet of land (hereinafter referred to as the "**Leased Premises**") improved with (i) greenhouses containing approximately two hundred forty-eight thousand two hundred twenty-seven (248,227) square feet (the "**Greenhouses**"), and (ii) a warehouse/shop/office/dry room building containing approximately six thousand thee hundred seventy-one (6,371) square feet (the "**Warehouse**" and together with the Greenhouses the "**Buildings**") as shown on the building floor plan (the "**Building Floor Plan**") attached hereto as **Exhibit A,** commonly referred to as 139 Zabala Road in the County of Monterey **(**"**County**"**),** and State of California (the "**State**"**),** assessor's parcel number 107-0 51-00 3-000 . The Leased Premises also contains hoop houses containing approximately twenty-three thousand eight hundred eight (23,808) square feet **(**"**Hoop Houses**"). The Greenhouses and Warehouse collectively comprise approximately two hundred fifty-four thousand five hundred ninety-eight (254,598) square feet **(**"**Rentable Square Feet**" or "**Rentable Square Footage**"). The parties hereby agree that the Hoop Houses shall not be included in the Rentable Square Footage and hereby agree and stipulate as to the Rentable Square Footage of the Buildings (i.e., 254,598).

"**Greenhouse #2**" shall mean the approximately sixty-nine thousand , two hundred ninety-three (69,293) square foot greenhouse located on the Leased Premises , and depicted on **Exhibit A** attached hereto."

2. **AMENDMENT OF SECTION 1.8**. The third sentence in Section 1.8 of the Lease is hereby amended and replaced with the following:

"This Lease shall terminate on December 31, 2034 (the "**Termination Date**")**.**"

3. **AMENDMENT OF SECTION 1.9.A**. Section 1.9.a. of the Lease is hereby amended and replaced with the following:

"**Minimum Monthly Rent.** Minimum Monthly Rent shall initially be assessed in the amount of One Hundred Forty-Two Thousand Nine Hundred Sixty-Five and 46/l00ths Dollars ($142,965.46) per month."

4. **ADDITION OF SECTION 1.9.f**. The following shall be added as Section 1 .9.f. of the Lease:

"**Rental Increases:** Minimum Monthly Rent shall increase as follows:

(i) Commencing on April l, 2019 and continuing until March 31, 2020: One Hundred Seventy-One Thousand Ninety and 50/100ths Dollars ($171,090.50) per month.

(ii) Commencing on April 1, 2020 and continuing until March 31, 2027, on April 1st of each year during such period Minimum Monthly Rent shall increase to an amount equal to the Minimum Monthly Rent due and payable in the preceding 12-month period multiplied by a fraction, the numerator of which shall be the Consumer Price Index as of the most recent reported date prior to such adjustment, and the denominator of which shall be the Consumer Price Index as of twelve (12) months prior thereto. The Consumer Price Index shall be deemed to mean the U.S. Bureau of Labor Statistics, [Revised] Consumer Price Index for all Urban Consumers (CPI-U), US City Average, Selected Data (1982-84 = 100), not seasonally adjusted." If such index shall be discontinued, then any successor consumer price index of the United States Bureau of Labor Statistics, or an alternate means of cost price measurement, shall be used.

(iii) Commencing on April 1, 2027 and continuing on each April I thereafter throughout the Lease Term and any Extension Term(s), Minimum Monthly Rent shall increase by two percent (2%) over the Minimum Monthly Rent payable for the prior 12-month period."

5. **AMENDMENT OF SECTION 1.10**. The first sentence in Section 1.10 of the Lease is hereby amended and replaced with the following:

"Tenant shall have five (5) options (the "**Extension Options**"**)** to extend the Initial Term of the Lease each for an additional period of five (5) years (the "**Extension Term(s)**"**),** on the same terms and conditions contained herein, except for adjustment of the Minimum Monthly Rent which shall be as provided in Section 1.9.f. above."

6. **AMENDMENT OF SECTION 3.7.b**. The second sentence in Section 3.7.b of the Lease is hereby amended as follows :

The phrase "Landlord's sole discretion" is hereby amended and restated as "Landlord's reasonable discretion."

7. **AMENDMENT OF SECTION 5.4**. Section 5.4 of the Lease is hereby amended and replaced with the following:

"**5.4 Increases in Minimum Monthly Rent.** Minimum Monthly Rent shall automatically increase pursuant to the terms and conditions set forth in Section 1.9.f, above."

8. **AMENDMENT OF SECTION 13.2**. Section 13.2 of the Lease is hereby amended and replaced with the following:

"Tenant shall self-maintain the Leased Premises (including, without limitation, plumbing, pipes, sewer and utility lines, electrical wiring and conduits, HYAC and other building and utility systems) and directly pay for all of maintenance and repair of the Leased Premises and other improvements upon and about the Leased Premises so as to keep the same in good, safe, and sanitary order and condition and in compliance with all health and police regulations including making any alterations or improvements to the Leased Premises necessitated by the Americans with Disabilities Act or similar state statute s, or as a result of other requirements of any statute or governmental authority. If Tenant refuses or fails to so maintain and repair the Leased Premises, then Landlord may elect (without any obligation) to perform such maintenance and repairs on Tenant's behalf and bill Tenant for the cost plus ten (**I** 0%) percent overhead, as additional rent and Tenant agrees to reimburse Landlord for these costs, as additional rent, within ten (I 0) days of Landlord's billing."

9. **AMENDMENT OF SECTION 13.4**. Section 13.4 of the Lease is hereby amended and replaced with the following:

"Land lord shall not be obligated to make any improvements or repairs in or upon the Leased Premises during the term of this Lease, it being the intention that this Lease shall be what is commonly referred to as a "triple net lease", and Tenant shall be responsible for all expenses of every kind and nature, including capital improvements as well as operating expenses."

10. **AMENDMENT OF SECTION 15.1(5)**. Section 15.1(5) of the Lease is hereby amended and replaced with the following:

"Intentionally omitted."

11. **AMENDMENT OF SECTION 54**. Section 54 of the Lease is hereby amended and replaced with the following :

"**EARLY TERMINATION IN THE EVENT OF FEDERAL INTERVENTION OR IF STATE OR LOCAL LAWS RENDER TENANT'S USE UNLAWFUL.** Landlord shall have the right, in its sole and absolute discretion, to tem1inate the Lease if Federal, State, or City legal or government authorities notify either Landlord or Tenant that Tenant's use of the Leased Premises is not in compliance with Federal, State, or City law, or that Tenant or Landlord is subject to any civil or criminal sanctions or actions due to Tenant's use or occupancy of the Leased Premises, or that Tenant is not authorized to conduct the Permitted Use on the Leased Premises. Notice from Federal, State, or City legal or government authorities giving rise to this Section 54 shall include, but not be limited to, any official or departmental or agency letters, correspondences, raids, arrests, seizures, forfeiture notice, or any notice of any kind from or by any Federal, State, or City legal or government authorities addressed to Tenant or Landlord that legal action or the threat of legal action, whether civil, administrative, or criminal, is pending against Tenant or Landlord as a result of Tenant's use and/or operation of the Leased Premises. If Tenant receives any such notices as aforementioned, Tenant shall provide Landlord with a copy of any such notice within two (2) business days following Tenant's receipt thereof. If Congress fails to renew or repeals the Rohrabacher Blumenauer Amendment at any time during the Term, Landlord shall have the right, in its sole but reasonable discretion, to require the elimination and cessation of the Permitted Use hereunder . In the event of any termination pursuant to this Section 54, Landlord shall incur no liabilities, personal or otherwise, to Tenant, and in case of termination neither party shall have any further obligation to the other."

Additionally, if for any reason (including, without limitation, the application of any express agreement of indemnification between Landlord and the County of Monterey, California (the "**County**")) Landlord is required to indemnify, defend and/or hold harmless the County and/or its agents, officers and employees from any claim, action or proceeding against them to attack, set aside, void or annul the County's approval of a Use Permit for the development of the Leased Premises, then Tenant shall defend, indemnify and hold harmless the Landlord and its agents, officers, members, employees and representatives therefrom. The foregoing obligation of Tenant shall include the obligation to reimburse Landlord for any court costs and attorneys' fees which Landlord may be required to pay as a result of such claim, action or proceeding.

12. **AMENDMENT OF EXHIBIT A**. Exhibit A of the Lease is hereby amended and replaced with the Building Floor Plan attached hereto to this Second Amendment as Exhibit A.

13. **ADDITION OF EXHIBIT C SECTION 5.6**. The following shall be added as Section 2.6 of Exhibit C of the Lease:

"**2.6** Second Tenant Allowance. Landlord agrees to pay to Tenant, if Tenant is not then in default, an aggregate sum of Two Million Two Hundred Fifty Thousand and No/100 Dollars ($2,250,000.00) (the "**Second Tenant Allowance**"), pursuant to the following terms and conditions:

2.6.1 Payment of the Second Allowance. During the course of construction of Tenant's Work, Tenant may deliver to Landlord not more frequently than once (l) every thirty (30) days for disbursement (each, a "**Disbursement Request**") from the Second Tenant Allowance (not including the Final Retention) which shall include, as applicable: (i) a duly executed statement from Tenant or Tenant's contractor ("**Contractor**") showing the schedule of values, by trade, the percentage of completion of Tenant's Work, detailing the portion of Tenant's Work completed and the portion not completed (the "**Statement of Completion**") in the form attached hereto as Exhibit D; (ii) invoices from all of Tenant's agents, consultants, contractors and vendors, as applicable, for labor rendered and materials delivered to the Leased Premises with respect to the requested disbursement of the Second Tenant Allowance; and (iii) executed conditional mechanic's lien releases from Tenant's Contractor and all of Tenant's agents along with unconditional mechanics lien releases with respect to payments made pursuant to Tenant's prior Disbursement Requests hereunder, if applicable. The mechanic lien releases shall be in form compliant with California Civil Code sections 8132, 8134, 8136, and 813 8, as applicable . Promptly and in any event not later than thirty (30) days following such request for disbursement from Tenant, Landlord shall deliver a check directly to the Contractor (or applicable Tenant's agents) in payment of the lesser of: (a) the amounts so requested by Tenant, less a ten percent (10%) retention (the aggregate amount of such retentions to be known as the "**Final Retention** "**),** and (b) the balance of any remaining available portion of the Second Tenant Allowance (not including the Final Retention). Notwithstanding the foregoing, if any particular expense item which is the subject of the Disbursement Request has been completed in full or paid for in full and with respect to any element of the work has been completed in full and the required deliverables set forth above have been delivered to Landlord, then Landlord shall not withhold the Final Retention but shall instead pay to Tenant the full amount of the Disbursement Request relating to the fully completed portion of the work or materials delivered, as applicable.

2.6.2 Landlord's payment of such amounts shall not be deemed Landlord's approval or acceptance of the work furnished or materials supplied as set forth in Tenant's payment request. The Second Tenant Allowance monies will be paid to Tenant only for Tenant's payment for so-called "hard costs" incurred in connection with the performance of Tenant's Work in the Leased Premises, including the cost of raw materials, labor, and permanent fixtures which shall run with and not be removed from the land . For purposes of payment of the Second Tenant Allowance, Tenant's Work does not include inventory, supplies, Tenant's moveable property (excluding black-out shades and canopy light fixtures), so-called "soft costs" such as permitting fees or fees incurred for design professionals, or the cost of training Tenant 's employees. The terms of this provision will be a condition precedent to Tenant's right to receive the Second Tenant Allowance, and no portion of said sum shall vest in Tenant, nor shall Tenant sell, assign, encumber or create a security interest in the Second Tenant Allowance prior to full compliance with the terms of this provision. The Second Tenant Allowance provided for herein is for the purpose of constructing or improving qualified long-term real property (within the meaning of Section 10(c)(l) of the Internal Revenue Code of 1986, as amended (the "**Code**")) for use in Tenant's trade or business (within the meaning of Section 1 I0(c)(3) of the Code) located at the Leased Premises. All improvements, additions, property and fixtures constructed , acquired or installed by Tenant at the Leased Premises and purchased with the Second Tenant Allowance (the "**Landlord-Funded Improvements**") shall become the sole property of Landlord upon the termination of this Lease. The Landlord-Funded Improvements shall not include any construction, improvement, addition, property or fixture that is not purchased with the Second Tenant Allowance ("**Tenant Improvements**"); nor shall the Landlord-Funded Improvements include any of Tenant's security systems, trade fixtures, removable equipment (except as otherwise provided herein) or merchandise to be sold. Tenant shall not be required to remove the Landlord-Funded Improvements at the time that Tenant vacates the Leased Prem is es. All Landlord Funded Improvements shall be treated as nonresidential real property owned by Landlord for tax purposes (including for purposes of depreciation under Section 168(e)(2)(B) of the Code and determining gain or loss under Section 168(i)(8)(B) of the Code).

2.6.3. Final Retention. Tenant shall request the Final Retention from Landlord in writing upon satisfaction of all conditions set forth below and upon satisfaction of said conditions and written request from Tenant, a check for the Final Retention shall be promptly delivered by Landlord to Tenant , but in no event longer than thirty (30) days following the last to occur of: (i) Tenant delivers to Landlord duly executed unconditional mechanics lien releases in statutory from which lien releases shall cover an aggregate amount paid by Tenant equal to or greater than the Second Tenant Allowance, (ii) Tenant's architect or Contractor delivers to Landlord a duly executed certificate certifying that the construction of Tenant's Work paid for by the Second Tenant Allowance has been substantially completed pursuant to the Landlord approved Tenant's Plans, (iii) the Rent Commencement Date has occurred and Tenant has paid to Landlord the first month of Rent due and owing pursuant to the Lease, and (iv) Tenant supplies Landlord with evidence that all required governmental approvals required for Tenant to legally occupy and operate in the Leased Premises have been obtained including a final (or temporary) certificate of occupancy (or the local equivalent thereof). If Landlord fails to pay the Second Tenant Allowance within the time period described in this Section 2.6, then and in that event, Tenant shall have the right to deduct the Second Tenant Allowance from Tenant's payment of Minimum Monthly Rent next owing, until the Second Tenant Allowance has been so reimbursed to Tenant."

14. **CLARIFICATION OF SUBLESSEE ENTITY**. The entity referred to in the Lease (including but not limited to that reference found in Section 8.2) as 'Cypress Manufacturing Company, a California not-for-profit company' is now registered with the State of California as 'Cypress Manufacturing Company, a general stock corporation'. All references to Cypress Manufacturing Company shall include and refer to the entity in both its past and current structure Tenant represents that the requirements provided in Section 8.2 relating to control of Cypress Manufacturing continue to be met.

15. **BALANCE OF TENANT ALLOWANCE**. Landlord and Tenant mutually agreed to apply a credit against Tenant's obligation to pay Rent in the amount of Three Hundred Seventy Thousand Two Hundred Ninety and 18/l00ths Dollars ($370,290.18) (the **"Rent Credit"**), and to offset such Rent Credit by an equal debit to the unpaid balance of the Tenant Allowance held by Landlord as provided in Section 2.5 of Exhibit C of the Lease. After adjustment for the Rent Credit, the remaining balance of the Tenant Allowance was One Hundred Two Thousand Seven Hundred Nine and 77/l00ths Dollars ($102,709.77) (the "**Tenant Allowance Balance**"). The Tenant Allowance Balance was paid in full by Landlord to Tenant on March 26, 2019.

16. **TERMINATION OF INDIVIDUAL GUARANTIES**. The Lease is presently guaranteed by Indus Holding Company, a Delaware corporation (**"Indus"**), Edible Management, LLC, a California limited liability company (**"Edible"**), and Robert Weakley and Michaela Weakley (Robert and Michaela being referred to herein collectively as **"Weakley"**, and Weakley, Indus and Edible being referred to herein collectively as the **"Guarantors"**) pursuant to that certain Lease Guaranty dated as of April l, 2017 (**"Guaranty"**). Indus has informed Landlord that Indus is in the process of consummating a reverse takeover transaction whereby, among other things, Indus will become the subsidiary of a Canadian public company in order to pursue an offering of stock on the Canadian Securities Exchange, and that, upon completion of the stock offering, Indus or Indus' corporate successor will have a market capitalization equal to or in excess of Four Hundred Million US Dollars ($400,000,000). Based upon the information provided by Indus, but effective only upon completion of the stock offering of Indus as described above, Landlord hereby agrees that Weakley shall be removed as a Guarantor and released from its obligations under the Guaranty. Nothing herein shall terminate the Guaranty by Indus or Edible, or otherwise release or modify the obligations of Indus or Edible as Guarantors of the Lease.

17. **INDEMNITY**. If for any reason (including, without limitation, the application of any express agreement of indemnification between Landlord and the County of Monterey, California (the **"County"**)) Landlord is required to indemnify, defend and/or hold harmless the County and/or its agents, officers and employees from any claim, action or proceeding against them to attack, set aside, void or annul the County's approval of a Use Permit for the development of the Leased Premises, then Tenant shall defend, indemnify and hold harmless the Landlord and its agents, officers, members, employees and representatives therefrom. The foregoing obligation of Tenant shall include the obligation to reimburse Landlord for any court costs and attorneys' fees which Landlord may be required to pay as a result of such claim, action or proceeding.

18. **SEVERABILITY**. If any term or provision of this Second Addendum shall, to any extent, be determined by statute or by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Second Addendum shall not be affected thereby, and each term and provision of this Second Addendum shall be valid and enforceable to the fullest extent permitted by law.

19. **AUTHORITY**. Each of the individuals who have executed this Second Addendum represents and warrants that he or she is duly authorized to execute this Second Addendum on behalf of Landlord and Tenant, as the case may be; that all corporate, partnership, trust or other action necessary for such Party to execute and perform the terms of this Second Addendum have been duly taken by such Party; and that no other signature and/or authorization is necessary for such Party to enter into and perform the terms of this Second Addendum.

20. **SUCCESSORS AND ASSIGNS**. This Second Addendum shall be binding upon and shall inure to the benefit of the Parties and their respective successors and assigns.

21. **ENTIRE AGREEMENT**. The Lease as modified by this Second Addendum contains all of the agreements and understandings relating to the leasing of the Premises and the obligations of Landlord and Tenant in connection with such leasing.

22. **EFFECT OF AMENDMENT**. Except as expressly amended hereby , the terms and provisions of the Lease are unmodified and in full force and effect. In the event of any inconsistencies between the terms of the Lease and the terms of this Second Addendum, the terms of this Second Addendum shall govern and control.

23. **COUNTERPARTS**. This Second Addendum may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

24. **SECOND ADDENDUM CONTINGENCY**. Notwithstanding anything to the contrary herein, this Second Addendum, may be rescinded by written notice delivered by Landlord to Tenant within thirty (30) days after the Second Addendum Effective Date in which event this Second Addendum shall be deemed of no force or effect.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Parties hereto have executed this Second Addendum as of the day and year first above written.

LANDLORD:

TINHOUSE, LLC, a Delaware limited liability company, d/b/a TINHOUSE PARTNERS, LLC

By: *"Christopher Orosco"*
Name: Christopher R. Orosco
Its: Member

By: *"Patrick Orosco"*
Name: Patrick W. Orosco
Its: Member

TENANT:
CYPRESS HOLDING COMPANY, LLC,
a Delaware limited liability company

By: *"Robert Weakley"*
Name: Robert Weakley
Its: CEO

[SIGNATURES FOLLOW ON NEXT PAGE]

CONFIRMATION AND CONSENT OF GUARANTORS

The undersigned Guarantors hereby (i) approve and consent to the foregoing Second Addendum to Lease Agreement and all prior amendments to the Lease, (ii) agree to its terms, and (iii) agree that the Personal Guaranty dated as of December 16, 2015 and/or March 2017 given by the undersigned remains in full force and effect with respect to the Lease, as amended by the Second Addendum and all prior amendments thereto shall cover and incorporate all of the terms, conditions, obligations and liabilities of Tenant under the foregoing Second Addendum in addition to all of the terms, conditions, obligations and liabilities under the Lease as amended by the Second Addendum and all prior amendments thereto.

"Robert Weakley"
Robert Weakley, an Individual, Guarantor

"Mark Ainsworth"
Mark Ainsworth, an Individual, Guarantor

Indus Holding Company, a Delaware corporation

By: *"Robert Weakley"*
Robert Weakley, President

Edible Management, LLC, a California limited liability company

By: *"Robert Weakley"*
Robert Weakley, President

EXHIBIT A

BUILDING FLOOR PLAN

[Redacted - Commercially sensitive information]

Exhibit 10.2

AMENDED AND RESTATED SUPPORT AGREEMENT

THIS AGREEMENT made as of the 10th day of April, 2020.

BETWEEN:

INDUS HOLDINGS, INC., a company organized under the laws of the Province of British Columbia, Canada (formerly Mezzotin Minerals Inc., a company organized under the laws of the Province of Ontario, Canada) ("**Pubco**")

and

INDUS HOLDING COMPANY, a corporation incorporated under the laws of the State of Delaware ("**Indus US**")

RECITALS:

A. Indus US is a subsidiary of Pubco.

B. On November 12, 2018 Pubco and Indus US entered into a letter agreement and on March 29, 2019, Pubco, Indus US, 2670995 Ontario Inc. ("**Finco**") and 2670764 Ontario Inc. ("**Amalgamation Sub**") entered into a business combination agreement (the "**Business Combination Agreement**"). In connection with the transactions contemplated by the Business Combination Agreement: (i) Pubco caused the formation of Finco, a corporation existing under the laws of Ontario, Canada; (ii) Finco completed a financing pursuant to the issuance of Finco subscription receipts (the "**Finco Subscription Receipts**") in exchange for proceeds of CDN$53,769,675.30; and (iii) the outstanding Finco Subscription Receipts were converted pursuant to their terms into common shares of Finco (the "**Finco Subscription Receipt Conversion**").

C. Subsequent to the Finco Subscription Receipt Conversion, the parties effected the three-cornered amalgamation of Pubco, Finco, and Amalgamation Sub, a corporation organized under the laws of Ontario, Canada and wholly-owned by Pubco (such amalgamation, the "**Amalgamation**") with the resulting entity ("**Amalco**") constituting a continuation of Finco and Amalgamation Sub pursuant to applicable Ontario corporate law and pursuant to which the holders of Finco shares received "subordinate voting shares" of Pubco (the "**Pubco Shares**").

D. Subsequent to the Amalgamation, Amalco was dissolved and liquidated, pursuant to which all of the assets of Amalco (which consisted of the net proceeds from the sale of the Finco Subscription Receipts (the "**Net Proceeds**") became the property of Pubco. Pubco subscribed for non-redeemable Class A Common Shares of Indus US (the "**Class A Shares**") for an aggregate purchase price equal to the Net Proceeds.

E. Substantially simultaneously with the Amalgamation, the shareholders of Indus US adopted the seventh amended and restated limited certificate of incorporation of Indus US, pursuant to which the outstanding shares of Indus US were reclassified as Class B Common Shares of Indus US.

F. As of the date hereof, (i) the shareholders of Indus US have adopted the eighth amended and restated limited certificate of incorporation of Indus US (the "**Eighth A&R Charter**"), pursuant to which Indus US has authorized the issuance of its Class C Common Shares, and (ii) Indus US is conducting the initial closing of an offering of convertible debentures (the "**Debentures**") and warrants (the "**Warrants**"). The Debentures are convertible into Class C Common Shares and the Warrants are exercisable for Pubco Shares.

G. The Class B Common Shares and the Class C Common Shares have certain redemption rights as provided in, and subject to the limitations of, the Eighth A&R Charter and may be exchanged for Pubco Shares under the circumstances provided therein.

NOW THEREFORE, the parties agree as follows:

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Defined Terms

"**Agreement**" means this Support Agreement, including all recitals and schedules, as it may be amended, supplemented and/or restated in accordance with its terms. Each term denoted herein by initial capital letters and not otherwise defined in this Agreement has the respective meaning given to it in the Eighth A&R Charter, unless the context requires otherwise.

1.2 Interpretation Not Affected by Headings

The division of this Agreement into Articles, Sections, subsections and paragraphs 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, subsection, paragraph or Schedule by number or letter or both refer to the Article, Section, subsection, paragraph or Schedule, respectively, bearing that designation in this Agreement.

1.3 Including

Where the word "including" or "includes" is used in this Agreement, it means "including (or includes) without limitation".

1.4 No Strict Construction

The language used in this Agreement is the language chosen by the parties to express their mutual intent, and no rule of strict construction shall be applied against any party.

1.5 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.

1.6 Statutory References

A reference to a statute includes all registrations and rules made pursuant to such statute and, unless otherwise specified, the provisions of any statute, regulation or rule which amends, supplements or supersedes any such statute, regulation or rule.

1.7 Date for Any Action

If the date on which any action is required to be taken hereunder by any person is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

1.8 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 accordance with IFRS consistently applied.

ARTICLE 2
COVENANTS OF PUBCO AND INDUS US

2.1 Covenants Regarding Indus US Shares Exchangeable or Redeemable for Pubco Shares

So long as any shares of stock of Indus US not owned by Pubco or its affiliates which are redeemable for Pubco Shares ("**Redeemable Corporation Shares**" and together with the Class A Shares, the "**Indus US Shares**") are outstanding or any Redeemable Corporation Shares are issuable pursuant to the exercise, conversion or exchange of any outstanding securities of Indus US, Pubco will:

(a) take all such actions and do all such things as are reasonably necessary or desirable to enable and permit Indus US, in accordance with applicable law, to pay and otherwise perform its obligations with respect to the satisfaction of a redemption of Redeemable Corporation Shares by a holder thereof (a "**Redeemable Share Shareholder**") in respect of each issued and outstanding Redeemable Corporation Share upon a redemption of such Redeemable Corporation Shares by Indus US and, without limiting the generality of the foregoing, take all such actions and do all such things as are necessary or desirable to enable and permit Indus US to cause to be delivered Pubco Shares and/or amounts in cash, as applicable, to the holders of Redeemable Corporation Shares in accordance with the Eighth A&R Charter, together with an amount in cash sufficient to pay any amount to be paid in respect of unpaid distributions with respect to such Redeemable Corporation Shares (if any); and

(b) in the event any Pubco Shares are issued (whether upon a redemption of Redeemable Corporation Shares by Indus US, upon an exchange of Redeemable Corporation Shares for Pubco Shares, in accordance with the terms of Pubco securities that are exercisable or exchangeable for or convertible into Pubco Shares, upon a primary issuance of Pubco Shares or otherwise), subscribe for a number of Class A Shares equal to the number of Pubco Shares so issued (with the consideration therefor payable by Pubco (i) in connection with a redemption of Redeemable Corporation Shares by Indus US, in (A) Pubco Shares delivered to the holder of such Redeemable Corporation Shares or, in the case of the Class B Common Shares, (B) cash in amount equal to the Redeemed Shares Equivalent (as defined in the Eighth A&R Charter), if Indus US elects to pay the redemption price for such Redeemable Corporation Shares in cash and (ii) in connection with a primary issuance of Pubco Shares, in cash to Indus US.

2.2 Reservation of Pubco Shares

Pubco hereby represents, warrants and covenants in favour of Indus US that Pubco will, at all times while any Redeemable Corporation Shares (or other rights pursuant to which Redeemable Corporation Shares may be acquired upon the exercise, conversion or exchange thereof) other than Redeemable Corporation Shares held by Indus US or its affiliates are outstanding, authorize for issuance such number of Pubco Shares (or other shares or securities into which Pubco Shares may be reclassified or changed) without duplication: (a) as is equal to the sum of (i) the number of Redeemable Corporation Shares issued and outstanding from time to time; and (ii) the number of Redeemable Corporation Shares issuable upon the exercise, conversion or exchange of all rights to acquire Redeemable Corporation Shares outstanding from time to time; and (b) as are now and may hereafter be required to enable and permit Pubco and Indus US to meet their respective obligations under the Eighth A&R Charter. Nothing contained herein shall be construed to preclude Pubco from satisfying its obligations in respect of (i) any redemption contemplated in Section 2.1 herein by delivery of purchased Pubco Shares (which may or may not be held in the treasury of Pubco) or the delivery of cash pursuant to a redemption or exchange of Redeemable Corporation Shares or (ii) any exchange contemplated in Section 2.1 herein by delivery of purchased Pubco Shares (which may or may not be held in the treasury of Pubco). Pubco covenants that all Pubco Shares issued upon such a redemption or exchange will, upon issuance, be validly issued, fully paid and non-assessable.

2.3 Stock Exchange Listing

Pubco covenants and agrees in favour of Indus US that, as long as any outstanding Redeemable Corporation Shares (or other rights pursuant to which Redeemable Corporation Shares may be acquired) are owned by any person other than Indus US or any of its affiliates, Pubco will use its reasonable efforts to maintain a listing for Pubco Shares on a stock exchange which is a designated stock exchange within the meaning of the *Income Tax Act* (Canada) and to ensure that Pubco is a "public corporation" within the meaning of the *Income Tax Act* (Canada).

2.4 Notification by Pubco of Certain Events

In order to assist Indus US in complying with its obligations hereunder, Pubco will notify Indus US of each of the following events at the time set forth below:

(a) promptly, upon the earlier of receipt by Pubco of notice of and Pubco otherwise becoming aware of any threatened or instituted claim, suit, petition or other proceedings; and

(b) as soon as practicable upon the split, consolidation, reclassification, recapitalization or other change in the outstanding securities of Pubco and the issuance by Pubco of any Pubco Shares or rights to acquire Pubco Shares.

2.5 Notification by Indus US of Certain Events

In order to assist Pubco in complying with its obligations hereunder, Indus US will notify Pubco of each of the following events at the time set forth below:

(a) promptly, upon the earlier of receipt by Indus US of notice of and Indus US otherwise becoming aware of any threatened or instituted claim, suit, petition or other proceedings with respect to the involuntary liquidation, dissolution or winding-up of Indus US or to effect any other distribution of the assets of Indus US among its members for the purpose of winding up its affairs;

(b) immediately, upon receipt by Indus US of a request by a Redeemable Share Shareholder to redeem such shareholder's Redeemable Corporation Shares, as contemplated in the articles of incorporation of Indus US; and

(c) as soon as practicable upon the split, consolidation, reclassification, recapitalization or other change in the outstanding securities of Indus US and the issuance by Indus US of any Redeemable Corporation Shares or rights to acquire Redeemable Corporation Shares.

2.6 Delivery of Pubco Shares

In furtherance of its obligations under Section 2.1(a), upon notice from Indus US of any event that requires Indus US to cause to be delivered Pubco Shares to any holder of Redeemable Corporation Shares, Pubco shall forthwith deliver, or cause to be delivered through its transfer agent or otherwise, as Indus US may direct, the requisite number of Pubco Shares to be received by, or to the order of, the former holder of the surrendered Redeemable Corporation Shares as Indus US shall direct (and which Pubco Shares shall, in the case of a redemption that is to be satisfied in whole or in part in Pubco Shares in accordance with the Eighth A&R Charter, be contributed to Indus US substantially simultaneously with the payment of the redemption price to the former holder of the surrendered Redeemable Corporation Shares), and shall if necessary, and subject to obtaining all necessary shareholder approvals (if any), issue new Pubco Shares for such purpose. All such Pubco Shares shall be duly authorized and validly issued as fully paid and non-assessable and shall be free and clear of any lien, claim and encumbrance.

2.7 Listing of Pubco Shares

Pubco will in good faith take all such reasonable actions and do all such things as are reasonably necessary or desirable to cause all Pubco Shares to be delivered hereunder to be listed, quoted or posted for trading on the Canadian Securities Exchange and any other stock exchanges and quotation systems on which outstanding Pubco Shares have been listed by Pubco and remain listed, quoted or posted for trading at such time (it being understood that any such Pubco Shares may be subject to transfer restrictions under applicable securities laws). Nothing in this Agreement shall require Pubco to register any securities pursuant to the *United States Securities Exchange Act of 1933*, as amended, or the *United States Securities Exchange Act of 1934*, as amended, or to register or qualify any securities for distribution under a prospectus pursuant to any applicable Canadian securities laws or United States federal securities or state "blue sky" laws.

2.8 Proceeds from Public Issuance of Pubco Shares

Without limitation of Section 2.1(b), the net proceeds, if any, received by Pubco from the issuance of Pubco Shares may be contributed by Pubco to Indus US in exchange for a number of Class A Shares equal to the number of Pubco Shares issued by Pubco.

2.9 Reimbursement of Expenses

The parties hereto agree that certain actions taken by Pubco will inure to the benefit of Indus US and the shareholders of Indus US. Therefore, Indus US will reimburse Pubco for all reasonable out-of-pocket expenses incurred on behalf of Indus US, including all fees, expenses and costs of being a public company (including expenses incurred in connection with public reporting obligations, information circulars, shareholder meetings, stock exchange fees, transfer agent fees, securities commission filing fees and offering expenses, including investment banking, brokerage or finder's fees) and maintaining its corporate existence, except in each case to the extent adequate net proceeds received by Pubco from the issuance of Pubco Shares are retained for such purpose.

2.10 Tender Offers

So long as any Redeemable Corporation Shares not owned by Pubco or its affiliates are outstanding, in the event that a tender offer, share exchange offer, issuer bid, take-over bid, arrangement, business combination or similar transaction with respect to Pubco Shares (an "**Offer**") is proposed by Pubco or is proposed to Pubco or its shareholders and is recommended by the board of directors of Pubco, or is otherwise effected or to be effected with the consent or approval of the board of directors of Pubco, Pubco will use its reasonable efforts in good faith to take all such actions and do all such things as are necessary or desirable to enable and permit holders of Redeemable Corporation Shares (other than Pubco and its affiliates) to participate in such Offer to the same extent and on an economically equivalent basis as the holders of Pubco Shares, without discrimination. Without limiting the generality of the foregoing, Pubco will use its reasonable efforts in good faith to ensure that holders of Redeemable Corporation Shares may participate in each such Offer without being required to redeem Redeemable Corporation Shares as against Indus US (or, if so required, to ensure that any such redemption, shall be effective only upon, and shall be conditional upon, the closing of such Offer and only to the extent necessary to tender or deposit to the Offer).

2.11 Ordinary Market Purchases

For greater certainty, nothing contained in this Agreement shall limit the ability of Pubco (or any of its subsidiaries, including without limitation, Indus US) to make ordinary market purchases of Pubco Shares in accordance with applicable laws and regulatory and stock exchange requirements.

ARTICLE 3
PUBCO SUCCESSORS

3.1 Certain Requirements in Respect of Combination, etc.

As long as any outstanding Redeemable Corporation Shares are owned by any person other than Pubco or any of its affiliates, Pubco shall not consummate any transaction (whether by way of reconstruction, recapitalization, reorganization, consolidation, arrangement, merger, amalgamation, transfer, sale, lease or otherwise) whereby all or substantially all of its property and assets would become the property of any other person or of the continuing corporation resulting therefrom unless:

(a) such other person or continuing corporation (the "**Pubco Successor**") by operation of law, becomes, without more, bound by the terms and provisions of this Agreement or, if not so bound, executes, before or contemporaneously with the consummation of such transaction, an agreement supplemental hereto and such other instruments (if any) as are reasonably necessary or advisable to evidence the assumption by Pubco Successor of liability for all moneys payable and property deliverable hereunder and the covenant of such Pubco Successor to pay and deliver or cause to be paid and delivered the same and its agreement to observe and perform all the covenants and obligations of Pubco under this Agreement; and

(b) such transaction shall be upon such terms and conditions as to substantially preserve and not to impair in any material respect any of the rights, duties, powers and authorities of the other parties hereunder or the holders of the Redeemable Corporation Shares.

3.2 Vesting of Powers in Successor

Whenever the conditions of Section 3.1 have been duly observed and performed, the parties, if required by Section 3.1, shall execute and deliver the supplemental agreement provided for in Section 3.1(a) and thereupon Pubco Successor shall possess and from time to time may exercise each and every right and power of Pubco under this Agreement in the name of Pubco or otherwise and any act or proceeding by any provision of this Agreement required to be done or performed by the board of directors of Pubco or any officers of Pubco may and shall be done and performed with like force and effect by the directors or officers of such Pubco Successor.

3.3 Wholly-Owned Subsidiaries

Nothing herein shall be construed as preventing the amalgamation or merger of any wholly-owned direct or indirect subsidiary of Pubco with or into Pubco or the winding-up, liquidation or dissolution of any wholly-owned direct or indirect subsidiary of Pubco or any other distribution of the assets of any wholly-owned direct or indirect subsidiary of Pubco among the shareholders or members of such subsidiary for the purpose of winding up its affairs, and any such transactions are expressly permitted by this Article 3.

ARTICLE 4
GENERAL

4.1 Term

This Agreement shall come into force and be effective as of the date hereof and shall terminate and be of no further force and effect at such time as no Redeemable Corporation Shares (or securities or rights convertible into or exchangeable for or carrying rights to acquire Redeemable Corporation Shares) are held by any person other than Pubco and any of its affiliates.

4.2 Changes in Capital of Pubco or Indus US

(a) In the event of a reclassification, consolidation, split, dividend of securities or other recapitalization of Pubco Shares or Indus US Shares, Pubco and/or Indus US, as applicable, shall undertake all actions necessary and appropriate to maintain the same ratios between the number Pubco Shares and the number Redeemable Corporation Shares issued and outstanding immediately prior to any such reclassification, consolidation, split, dividend of securities or other recapitalization, including, without limitation, also effecting a reclassification, consolidation, split, dividend of securities or other recapitalization with respect to, as applicable, the Pubco Shares and/or Redeemable Corporation Shares.

(b) At all times after the occurrence of any event as a result of which Pubco Shares or Redeemable Corporation Shares (or any combination of the foregoing) are in any way changed, this Agreement shall forthwith be amended and modified as necessary in order that it shall apply with full force and effect, *mutatis mutandis*, to all new securities into which Pubco Shares or Redeemable Corporation Shares (or any combination of the foregoing) are so changed and the parties hereto shall execute and deliver an agreement in writing evidencing such necessary amendments and modifications.

4.3 Severability

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule or 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 transactions contemplated hereby are 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 the transactions contemplated hereby are fulfilled to the fullest extent possible.

4.4 Amendments, Modifications

Subject to Sections 4.2, 4.3 and 4.5, this Agreement may not be amended or modified except by an agreement in writing executed by Indus US and Pubco and, if such amendment or modification would materially and adversely affect the Redeemable Corporation Shares, approved by the holders of a majority of the outstanding Redeemable Corporation Shares.

4.5 Ministerial Amendments

Notwithstanding the provisions of Section 4.4, the parties to this Agreement may in writing at any time and from time to time, without the approval of the holders of the Redeemable Corporation Shares, amend or modify this Agreement for the purposes of:

(a) adding to the covenants of any or all parties if the board of directors of Indus US and the board of directors of Pubco shall be of the good faith opinion that such additions will not be prejudicial to the rights or interests of the holders of the Redeemable Corporation Shares as a whole; or

(b) making such changes or corrections which, on the advice of counsel to Indus US and Pubco, are required for the purpose of curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error, provided that the board of directors of Indus US and the board of directors of Pubco shall be of the good faith opinion that such changes or corrections will not be prejudicial to the interests of the holders of the Redeemable Corporation Shares as a whole.

4.6 Meeting to Consider Amendments

Indus US, at the request of Pubco, shall submit to the holders of the Indus US Shares a written consent or otherwise call a meeting of the holders of Indus US Shares, for the purpose of considering any proposed amendment or modification requiring approval under Section 4.4. Any such meeting or meetings shall be called and held in accordance with the articles of incorporation of Indus US, and all applicable laws.

4.7 Affiliates

It is hereby acknowledged by the parties that references herein to affiliates of Pubco or Indus US shall not include for the purpose of such references holders of Super Voting Shares of Pubco.

4.8 Enurement & Assignment

This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and permitted assigns; *provided* that any attempted assignment of the rights and obligations of this Agreement by any party hereto to a third-party shall be null and void *ab initio* unless the requirements of Article III are satisfied in connection with such assignment.

4.9 Notices to Parties

All notices and other communications between the parties to this Agreement shall be in writing and shall be deemed to have been given if delivered personally or by electronic communication to the parties at the following addresses (or at such other address for any such party as shall be specified in like notice):

(a) if to Pubco, at:

Indus Holding Company
19 Quail Run Cir.
Salinas CA 93901

Attention: Mark Ainsworth
Email: mark@indusholdingco.com

(b) if to Indus US, at:

Indus Holding Company
19 Quail Run Cir.
Salinas CA 93901

Any notice or other communication given personally shall be deemed to have been given and received upon delivery thereof and if given by electronic communication shall be deemed to have been given and received on the date of receipt thereof unless such day is not a Business Day or the notice or other communication was sent after 5:00 p.m. (Pacific Time), in which case it shall be deemed to have been given and received upon the immediately following Business Day.

4.10 Counterparts

This Agreement, may be executed in counterparts, each of which shall be deemed an original, and all of which taken together shall constitute one and the same instrument.

4.11 Jurisdiction

This Agreement shall be construed and enforced in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

4.12 Attornment

Each of the parties hereto agrees that any action or proceeding arising out of or relating to this Agreement may be instituted in the courts of British Columbia, waives any objection which it may have now or hereafter to the venue of any such action or proceeding, irrevocably submits to the jurisdiction of the said courts in any such action or proceeding, agrees to be bound by any judgment of the said courts and not to seek, and hereby waives, any review of the merits of any such judgment by the courts of any other jurisdiction and Indus US hereby appoints Pubco at its registered office in the Province of British Columbia as attorney for service of process.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

INDUS HOLDINGS, INC.

By: /s/ Robert Weakley
Name: Robert Weakley
Title: Chief Executive Officer

INDUS HOLDING COMPANY

By: /s/ Robert Weakley
Name: Robert Weakley
Title: Chief Executive Officer

Exhibit 10.3

INVESTMENT AGREEMENT

THIS AGREEMENT is made as of April 26, 2019.

AMONG:

INDUS HOLDINGS, INC., a company incorporated under the laws of the Province of British Columbia, having its registered office in care of Cassels Brock, Suite 2200, HSBC Building, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8 (the "**Company**");

- and -

Robert Weakley, an individual having an address at 19 Quail Run Circle, Unit B, Salinas, CA 93907 ("**Weakley**");

RECITALS:

A. The Shareholders collectively own all of the issued and outstanding Super Voting Shares in the capital of the Company (the "**Super Voting Shares**");

B. The parties have entered into this Agreement to record their agreement as to the manner in which the issue, redemption and transfer from time to time of the Super Voting Shares shall be effected, and as to certain rights and obligations with respect to their ownership of the Super Voting Shares.

THEREFORE, the parties agree as follows:

ARTICLE 1
DEFINITIONS AND PRINCIPLES OF INTERPRETATION

1.1 Definitions

Whenever used in this Agreement, the following terms shall have the meanings set out below:

"**Act**" means the *Business Corporations Act* (British Columbia);

"**Affiliate**" means with respect to any Person, any other Person Controlling, Controlled by or under common Control with such Person;

"**Agreement**" means this Investment Agreement, including all schedules, and all amendments or restatements as permitted, and references to "**Article**", "**Section**", "**Exhibit**" or "**Schedule**" mean the specified Article, Section, Exhibit or Schedule of this Agreement;

"**Articles**" means the Articles of the Company and all amendments thereto;

"**Business Combination**" means the business combination which resulted in the reverse takeover of the Company by the security holders of Indus Holding Company;

"**Business Day**" means a day, other than a Saturday or Sunday, on which the principal commercial banks are open for business during normal banking hours in Toronto, Ontario, Vancouver, British Columbia and Los Angeles, California;

"**Change of Control Transaction**" means either (i) the sale, lease, license, transfer, conveyance or other disposition, in one transaction or a series of related transactions, of all or substantially all of the assets of the Company, or (ii) a transaction or a series of related transactions (including by way of merger, consolidation, recapitalization, reorganization or sale of securities by the holders of securities of the Company) the result of which is that shareholders of the Company immediately prior to such transaction or series of related transactions are (after giving effect to such transaction or series of related transactions) no longer, in the aggregate, the beneficial owners, directly or indirectly through one or more intermediaries, of more than 50% of the Subordinate Voting Shares and Convertible Shares on a combined basis (giving effect to any adjustment to the Convertible Shares that would result in a change in the 1-for-1 redemption ratio of Convertible Shares to Subordinate Voting Shares). Notwithstanding the foregoing, (a) no such transaction or series of related transactions (including by way of merger, consolidation, recapitalization, reorganization or sale of securities by the holders of securities of the Company) in connection with an underwritten public offering of the Company (or a corporate successor thereto) shall be deemed a Change of Control Transaction and (b) a Change of Control Transaction shall not include any such transaction or series of related transactions effected by the issuance of equity securities by the Company, unless in connection with such issuance the Company either (x) redeems securities of the Company outstanding immediately prior to such issuance having a redemption price equal to more than 50% of the total equity value of the Company immediately prior to such issuance (as determined by the board of directors of the Company) or (y) makes a distribution upon the securities of the Company outstanding immediately prior to such issuance (exclusive of distributions made in cash out of earnings or earned surplus) in an amount equal to more than 50% of the total equity value of the Company immediately prior to such issuance (as determined by the board of directors of the Company).

"**Control**" means:

(a) in relation to a Person that is a corporation, limited liability company or unlimited liability company, the beneficial ownership at the relevant time of shares or units of such entity carrying more than 50% of the voting rights ordinarily exercisable at meetings of shareholders or unitholders of the entity where such voting rights are sufficient to elect a majority of the directors (or the equivalent) of the entity; and

(b) in relation to a Person that is a partnership, the beneficial ownership at the relevant time of partnership interests in such partnership carrying more than 50% of the voting rights under the terms of the partnership agreement that influence the conduct of the business of such partnership; and

(c) in relation to a Person that is a trust or similar entity, being or exercising Control over a majority of the trustees or the equivalent governing authority of such trust or similar entity,

and the words "**Controlled by**", "**Controlling**" and similar words have corresponding meanings;

"**Convertible Shares**" means the Class B Common Shares in the capital of Indus Holding Company;

"**Good Reason**" means

(a) a material breach by the Company of any provision of the employment agreement between the Company and Weakley, including, without limitation, the Company's failure to pay any portion of Weakley's compensation when due or to include Weakley in any bonus or incentive plan that applies to similarly situated senior executives of the Company, or a reduction in compensation for Weakley, which material breach or reduction is not cured to the reasonable satisfaction of Weakley within 10 Business Days following written notice from Weakley to the Company describing such breach in reasonable detail;

(b) the Company's failure to provide, or continue to provide, Weakley with either the perquisites or employee health and welfare benefits (including, without limitation, life insurance, medical, dental, vision, long-term disability and similar benefits) generally provided to senior executives of the Company, which failure is not cured to the reasonable satisfaction of Weakley within 10 Business Days following written notice from Weakley to the Company describing such breach in reasonable detail;

(c) (1) change in Weakley's duties and responsibilities such that Weakley is no longer an executive officer and director of the Company or (2) a material adverse change occurring in the nature or scope of Weakley's authorities or duties or in Weakley's title or status, which change or material adverse change is not cured to the reasonable satisfaction of Weakley within 10 Business Days following written notice from Weakley to the Company describing such change or material adverse change in reasonable detail;

(d) the headquarters of the Company's principal operating subsidiaries or the location to which Weakley is required to report is relocated beyond a reasonable commuting distance for Weakley; or

(e) the disability of Weakley.

"**Holding Company**" means a corporation, limited liability company, unlimited liability company or partnership that is (a) Controlled by a Shareholder or is Controlled by any of the Shareholder's Immediate Family Members, or (b) a Shareholder from time to time;

"**Immediate Family Members**" means, in respect of a Shareholder, that Shareholder's spouse, child (natural, adopted or step), sibling (natural, adopted or step), spouse's sibling (natural, adopted or step), parent, spouse's parent, grandparent, spouse's grandparent, other lineal ascendant or descendant or spouse's other lineal ascendant or descendant;

"**Person**" means any individual, sole proprietorship, partnership, firm, entity, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, limited liability company, unlimited liability company, government, government regulatory authority, governmental department, agency, commission, board, tribunal, dispute settlement panel or body, bureau, court and, where the context requires, any of the foregoing when they are acting as trustee, executor, administrator or other legal representative;

"**permitted transferee**" means a Person who holds Super Voting Shares who acquired such Super Voting Shares in a transaction permitted by Section 5.1 of this Agreement (whether from Weakley or another Person to whom such Super Voting Shares were subsequently Transferred in compliance with Section 5.1). Notwithstanding the foregoing, a "permitted transferee" shall not include a Person who is not described in one or more of clauses (a) through (c) of Section 5.1 unless in conjunction with the Transfer of Super Voting Shares to such Person the Company and such Person shall have agreed to such Person's status as a permitted transferee;

"**Permitted Transferee Group**" means Weakley and each Shareholder holding Super Voting Shares;

"**Principal**" means the applicable individual(s) that directly or indirectly Control a Holding Company that is or becomes party to this Agreement as a Shareholder;

"**Shareholders**" means Weakley and any permitted transferee who holds Super Voting Shares from time to time;

"**Subordinate Voting Shares**" means the subordinate voting shares in the capital of the Company; and

"**Transfer**" means any sale, exchange, assignment, gift, bequest, disposition or other arrangement by which legal title or beneficial ownership passes from one Person to another, or to the same Person in a different capacity, whether or not voluntary and whether or not for value, and the words "**Transferred**", "**Transferring**" and similar words have corresponding meanings.

1.2 Certain Rules of Interpretation

In this Agreement:

(a) Consent – Whenever a provision of this Agreement requires an approval or consent and such approval or consent is not delivered within the applicable time limit, then, unless otherwise specified, the party whose approval or consent is required shall be conclusively deemed to have withheld its approval or consent.

(b) Currency – Unless otherwise specified, all references to money amounts are to lawful currency of the United States of America.

(c) Applicable Law – This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein and shall be treated, in all respects, as a British Columbia contract.

(d) Headings – Headings of Articles and Sections are inserted for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

(e) Including – Where the word "including" or "includes" is used in this Agreement, it means "including (or includes) without limitation".

(f) No Strict Construction – The language used in this Agreement is the language chosen by the parties to this Agreement to express their mutual intent, and no rule of strict construction shall be applied against any party.

(g) Number and Gender – Unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders.

(h) Statutory references – A reference to a statute includes all regulations made pursuant to such statute and, unless otherwise specified, the provisions of any statute or regulation which amends, supplements or supersedes any such statute or any such regulation.

(i) Time Periods – Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of the period is not a Business Day.

1.3 Invalidity of Provisions

If, in any jurisdiction, any provision of this Agreement or its application to any party or circumstance is restricted, prohibited or unenforceable, such provision shall, as to such jurisdiction, be ineffective only to the extent of such restriction, prohibition or unenforceability without invalidating the remaining provisions of this Agreement and without affecting the validity or enforceability of such provision in any other jurisdiction or without affecting its application to other parties or circumstances.

1.4 Entire Agreement

This Agreement constitutes the entire agreement between the parties and sets out all the covenants, promises, warranties, representations, conditions, understandings and agreements between the parties in connection with the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, pre-contractual or otherwise. There are no covenants, promises, warranties, representations, conditions, understandings or other agreements, whether oral or written, pre-contractual or otherwise, express, implied or collateral between the parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement and any document required to be delivered pursuant to this Agreement.

ARTICLE 2
COMPLIANCE

2.1 Representations and Warranties

(a) Each Shareholder hereby represents and warrants on a several (and not joint and several) basis to each of the other parties that this Agreement is enforceable against such Shareholder in accordance with its terms.

(b) The Company represents and warrants to each Shareholder that:

(i) the Company is not a party to, bound by or subject to any indenture, mortgage, lease, agreement, instrument, statute, regulation, order, judgment, decree or law which would be violated, contravened or breached by, or under which any default would occur as a result of the execution, delivery or performance by the Company of this Agreement; and

(ii) this Agreement is enforceable in accordance with its terms against the Company.

2.2 Ownership of Shares

(a) Each Shareholder represents and warrants on a several (and not joint and several) basis to each of the other parties that it is the legal and beneficial owner of the Super Voting Shares set forth beside his name in **Schedule 2.2** hereof; and

(b) The Company represents and warrants that the shareholder register of the Company reflects the ownership of the Super Voting Shares as set forth in **Schedule 2.2** hereof and that there are no other Super Voting Shares outstanding.

2.3 Information to be Provided

Each Shareholder shall, from time to time upon the request of the Company, provide to the Company evidence as to such Shareholders' direct and indirect beneficial ownership (and that of its permitted transferees and permitted successors hereunder) of Super Voting Shares, Subordinate Voting Shares and Convertible Shares.

If a Shareholder Transfers Subordinate Voting Shares or Convertible Shares, such Shareholder shall promptly provide to the Company evidence of such Shareholders' direct and indirect beneficial ownership (and that of its permitted transferees and permitted successors hereunder) of its Subordinate Voting Shares and Convertible Shares after effecting such Transfer.

2.4 Beneficial Ownership under Certain Circumstances

A Shareholder shall be deemed to beneficially own Super Voting Shares, Subordinate Voting Shares or Convertible Shares held by an intermediate company or fund in proportion to its equity ownership of such company or fund.

2.5 Agreement respecting Voting

Each of the Shareholders covenants and agrees that he or she or it shall vote or cause to be voted the shares in the capital of the Company owned by him, her or it to accomplish and give effect to the terms and conditions of this Agreement and that he, she and it shall otherwise act in accordance with the provisions and intent of this Agreement.

2.6 Additional securities in Holding Companies

No Holding Company that is a party shall issue any additional securities (except to the Principal(s) thereof who Control it as of the date on which it becomes a party hereto) if, after the issuance of such securities or the conversion into voting securities of any outstanding convertible securities in the capital of such Shareholder, such Shareholder would no longer be Controlled by such Principal(s).

2.7 Actions by the Company

The Company shall at all times and from time to time act in a manner that is consistent, and shall not take any action that is inconsistent, with this Agreement.

2.8 Guarantee by Principals

Each of the Principals, if any, severally, and not jointly and severally, covenants with each of the other Principals and each of the other parties to take such actions as may be necessary to cause the Shareholder that he Controls to, at all times, fully and faithfully perform and discharge its obligations under this Agreement and to comply with the terms and conditions of this Agreement. The foregoing covenants and obligations of the Principals are absolute, unconditional, present and continuing and are in no way conditional or contingent upon any event or circumstance, action or omission which might in any way discharge a guarantor or surety.

ARTICLE 3
REDEMPTION OF SUPER VOTING SHARES

3.1 Redemption

The Company may only redeem the Super Voting Shares (i) if Weakley resigns as an executive officer and director of the Company and its operating subsidiaries, other than for Good Reason, in which event all of the Super Voting Shares then outstanding that are held by any member of the Permitted Transferee Group may be redeemed by the Company for the original issue price, (ii) if Weakley and the other members of the Permitted Transferee Group hold less than 50% of the total number of Convertible Shares and Subordinate Voting Shares held by Weakley and the other members of the Permitted Transferee Group as of the closing of the Business Combination (giving effect to any adjustment to the Convertible Shares that would result in a change in the 1-for-1 redemption ratio of Convertible Shares to Subordinate Voting Shares), in which event all of the Super Voting Shares then outstanding that are held by any member of the Permitted Transferee Group may be redeemed by the Company for the original issue price or (iii) as provided in Section 5.3. The Shareholder or Shareholders subject to such redemption shall comply in all respects with the redemption procedures set out in the Articles. The Company shall amend **Schedule 2.2** hereof to reflect the ownership of the Super Voting Shares following such redemption.

ARTICLE 4
[RESERVED]

ARTICLE 5
TRANSFER OF SUPER VOTING SHARES

5.1 Permitted Transfers

The parties acknowledge that pursuant to Section 27.2(7) of the Articles no Super Voting Shares may be Transferred by the holder thereof without the prior written consent of the Company. As a condition of any proposed Transfer, the transferee (and as applicable the Principal(s) thereof) shall sign an accession agreement and shall be bound by the terms of this Agreement as if the transferee was originally a party hereto. The Company hereby covenants and agrees with the Shareholders that the Company shall provide its written consent to any proposed Transfer of Super Voting Shares by a Shareholder in connection with a Transfer:

(a) to a Holding Company or other entity that is Controlled by the Shareholder or is Controlled by any of the Shareholder's Immediate Family Members, or to a trust, the sole beneficiaries of which are such Shareholder and/or such Shareholder's Immediate Family Members, and which Holding Company (and the Principal(s) thereof) or trust or other entity becomes a party hereto by written accession;

(b) to one or more of the Shareholder's Immediate Family Members who become a party hereto by written accession; or

(c) in relation to any Shareholder that is not an individual, to an Affiliate of such Shareholder (other than, for the avoidance of doubt, a Transfer to any Affiliate that is the Company or a subsidiary of the Company).

5.2 Transfer Process

Should a Shareholder wish to cause some or all of its Super Voting Shares to be Transferred in accordance with the provisions of this Article 5 the Shareholder shall provide to the Company all information necessary as requested by the Company to ensure that the proposed transferee of the Super Voting Shares is a Person contemplated under the provisions of Section 5.1, and upon the Company's determination in its sole discretion that the proposed Transfer is permitted under the provisions of Section 5.1, the Company shall provide its written approval of such transfer as soon as practicable, and shall upon delivery of all necessary share certificates and instruments of transfer and accession agreements hereto in form and content satisfactory to the Company, shall cause such Transfer to be effected and reflected in the Company's central securities register. The Company shall also amend **Schedule 2.2** hereof to reflect the ownership of the Super Voting Shares arising from such Transfer.

5.3 Change of Control Transactions

The Company will not consent to a Transfer of Super Voting Shares in connection with a Change of Control Transaction. In the event of a Change of Control Transaction, all of the Super Voting Shares then outstanding that are held by any member of the Permitted Transferee Group shall be redeemed by the Company for the original issue price.

5.4 Non-Permitted Transferees

The parties agree that should a Shareholder Transfer any Super Voting Shares in a manner inconsistent with the provisions of Section 5.1 the Company shall without further notice to the Shareholder cause such Super Voting Shares to be redeemed in accordance with Section 27.2(8) of the Articles and shall pay the redemption price therefor to the Shareholder without regard to any asserted rights of the purported transferee. The Company shall amend **Schedule 2.2** hereof to reflect the ownership of the Super Voting Shares following such redemption.

ARTICLE 6
ENDORSEMENT OF CERTIFICATES

Any certificate representing a Super Voting Shares shall bear a legend substantially in the form as follows:

"*The shares represented by this certificate are subject to the terms and conditions of an investment agreement between the holder and the Company made [_____], 2019, as it may be amended, which agreement contains, among other things, restrictions on the right of the holder hereof to transfer or sell the shares.*"

ARTICLE 7
GENERAL

7.1 Application of this Agreement

The terms of this Agreement shall apply *mutatis mutandis* to any shares:

(a) resulting from the conversion, reclassification, redesignation, subdivision or consolidation or other change of the Super Voting Shares; and

(b) of the Company or any successor body corporate that are received by the Shareholders on a merger, amalgamation, arrangement or other reorganization of or including the Company, and prior to any such action being taken the parties to this Agreement shall give due consideration to any changes that may be required to this Agreement in order to give effect to the intent of this Section 7.1 and the successor body corporate, if any, shall become bound by this Agreement.

7.2 Assignment

Except as expressly provided in this Agreement, no party may assign its rights or obligations under this Agreement without the prior written consent of all of the other parties.

7.3 Enurement

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

7.4 Notices

Any notice, consent or approval required or permitted to be given in connection with this Agreement (a "**Notice**") shall be in writing and shall be sufficiently given if delivered (whether in person, by courier service or other personal method of delivery), or if transmitted by electronic mail, provided that proof of electronic receipt is obtained:

(a) in the case of any Shareholder, at the physical address or email address of such Shareholder on the Company's share register; and

(b) in the case of the Company at:

Indus Holding Company
19 Quail Run Circle
Unit B
Salinas, CA 93907
United States
Attention: Chief Executive Officer
E-mail: robert@indusholdingco.com

Any Notice delivered or transmitted to a party as provided above shall be deemed to have been given and received on the day it is delivered or transmitted, provided that it is delivered or transmitted on a Business Day prior to 5:00 p.m. local time in the place of delivery or receipt. However, if the Notice is delivered or transmitted after 5:00 p.m. local time or if such day is not a Business Day then the Notice shall be deemed to have been given and received on the next Business Day. Any party may, from time to time, change its address by giving Notice to the other parties in accordance with the provisions of this Section 7.4.

7.5 Termination

This Agreement shall terminate upon:

(a) no Super Voting Shares being held by any member of the Permitted Transferee Group; or

(b) the written agreement of all of the parties.

7.6 Amendments

This Agreement may only be amended, varied or modified by written agreement of all of the parties, other than an amendment to **Schedule 2.2** hereof to reflect ownership of the Super Voting Shares, which may be amended from time to time by the Company without the need for written agreement by the parties.

7.7 Specific Performance

The rights of the parties under this Agreement are unique and, accordingly, the parties shall, in addition to such other remedies as may be available to any of them at law or in equity, have the right to enforce their rights hereunder by actions for specific performance to the extent permitted by law.

7.8 Independent Legal Advice

The parties acknowledge that they have entered into this Agreement willingly with full knowledge of the obligations imposed by the terms of this Agreement. Each Shareholder further acknowledges that he has been afforded the opportunity to obtain independent legal advice and confirms by the execution of this Agreement that he has either done so or waived his right to do so, and agrees that this Agreement constitutes a binding legal obligation and that he is estopped from raising any claim on the basis that he has not obtained such advice.

7.9 Further Assurances

Each of the parties covenants and agrees to take all such action and to execute all such documents as may be necessary or advisable to implement the provisions of this Agreement fully and effectively and to make them binding on the parties hereto.

7.10 Execution and Delivery

This Agreement may be executed by the parties in counterparts and may be executed and delivered by facsimile or other electronic means (including ".pdf" format) and all such counterparts shall together constitute one and the same agreement.

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

INDUS HOLDINGS, INC.

By: /s/ Robert Weakley

Authorized Signatory

Witness signature

Name:
(please print)
Address:

/s/ Robert Weakley
Robert Weakley

SCHEDULE 2.2

SECURITIES OWNERSHIP

Shareholder	*Number of Super Voting Shares*
Robert Weakly	207,584

Exhibit 10.4

DEBENTURE AND WARRANT PURCHASE AGREEMENT

This Debenture and Warrant Purchase Agreement (this "***Agreement***"), dated as of April 10, 2020, is entered into by and among Indus Holding Company, a Delaware corporation (the "***Company***"), Indus Holdings, Inc. ("***Parent***") and the parties listed on Schedule I attached hereto (each a "***Purchaser***" and, collectively, the "***Purchasers***"), as such Schedule I may be amended from time to time in accordance with Section 9 hereof.

RECITALS

A. On the terms and subject to the conditions set forth herein, each Purchaser is willing to purchase from the Company, and the Company is willing to issue and sell to such Purchaser, a senior secured convertible debenture in the principal amount set forth opposite such Purchaser's name on Schedule I hereto and to transfer the related warrant to purchase certain equity securities of Parent listed opposite such Purchaser's name on Schedule I hereto.

B. Capitalized terms not otherwise defined herein shall have the meaning set forth in the form of Debenture (as defined below) attached hereto as Exhibit A; *provided however* that "***Required Purchasers***" shall have the meaning given to the defined term "Required Holders" in such Debenture.

C. All references to $ shall mean United States dollars unless otherwise indicated.

NOW THEREFORE, in consideration of the foregoing, and the representations, warranties, covenants and conditions set forth below, the parties hereto, intending to be legally bound, hereby agree as follows:

1. **The Debentures and Warrants**.

(a) Issuance of Debentures. Subject to all of the terms and conditions hereof, the Company agrees to issue and sell to each of the Purchasers, and each of the Purchasers severally agrees to purchase, a senior secured convertible debenture in the form of Exhibit A hereto (each, a "***Debenture***" and, collectively, the "***Debentures***") in the principal amount set forth opposite the respective Purchaser's name on Schedule I hereto. The aggregate principal amount for all Debentures issued hereunder shall not be less than $10,000,000 (the "***Minimum Amount***") and shall not exceed $15,700,000 (the "***Maximum Amount***"). The Debentures shall be convertible into Class C Common Shares (the "***Company Shares***") of the Company in accordance with their terms pursuant to the Amended Certificate of Incorporation (as defined below). The Company Shares shall be redeemable for subordinate voting shares of Parent (the "***Voting Shares***") in accordance with their terms pursuant to the Amended Certificate of Incorporation and the Support Agreement (as defined below). Payment for the Debentures shall consist of cash by wire transfer of immediately available funds.

(b) Transfer of Warrant. Subject to the terms and conditions of this Agreement, and in consideration for the purchase by the Purchasers of the Debentures and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Parent agrees to issue to Company and Company agrees to transfer to each Purchaser, a warrant substantially in the form attached hereto as Exhibit B (each a "***Warrant***" and collectively, the "***Warrants***"). The Warrants issued and transferred pursuant to this Section 1(b) shall be exercisable for Voting Shares as provided in such Warrants, with each such Warrant exercisable, at an exercise price of $0.28 per Voting Share, for a number of Voting Shares equal to (x) the principal amount of the Debenture purchased by such Purchaser divided by (y) $0.20 (subject to adjustment as set forth in the Warrant). The Debentures and the Warrants, taken together, constitute an "investment unit" for purposes of Section 1273(c)(2) of the Internal Revenue Code of 1986, as amended (the "***Code***"). In accordance with Sections 1273(c)(2)(A) and 1273(b)(2) of the Code, the issue price of the investment unit is the purchase price of the Debentures, a portion thereof equal to $0.0235 times the number of shares underlying the Warrants representing the fair market value of the Warrants. Accordingly, the fair market value of the Warrants shall be treated as "original issue discount" that will accrue over the term of the Debentures as additional interest for federal income tax purposes. Unless otherwise required by Applicable Law, the parties shall not take any position inconsistent with that allocation on any tax return or for any other tax purpose.

(c) Closing. The sale and purchase of Debentures and the Warrants shall take place at a closing (the "***Initial Closing***") to be held on April 10, 2020 or such other date that is mutually agreeable to the Company and the Purchasers investing in the Company at the Initial Closing (the "***Initial Closing Date***"), and on which not less than the Minimum Amount is subscribed for and purchased, by remote electronic exchange of executed documents and funds, or, at such other place and time as the Company and the Purchasers may determine. At the Initial Closing, the Company shall deliver a Debenture and Warrant to each of the Purchasers against receipt by the Company of the corresponding purchase price set forth on Schedule I hereto (the "***Purchase Price***"). The Company may conduct one or more additional closings (each, an "***Additional Closing***" and, collectively, the "***Additional Closings***"; and, together with the Initial Closing, the "***Closings***" and each, a "***Closing***") to be held within 45 days of the Initial Closing or by such earlier date on which Debentures and Warrants in the aggregate principal amount equal to the Maximum Amount shall have been purchased, at such place and time as the Company and the Purchaser(s) participating in such Additional Closing (each an "***Additional Purchaser***") may determine (each, an "***Additional Closing Date***" and collectively, the "***Additional Closing Dates***"; and, together with the Initial Closing Date, the "***Closing Dates***" and each, a "***Closing Date***"). At each Additional Closing, the Company shall deliver a Debenture and Warrant to each of the Additional Purchasers participating in such Additional Closing against receipt by the Company of the corresponding Purchase Price. Each Debenture shall be convertible into Company Shares in accordance with its terms and shall be registered in such Purchaser's name in Company's records. All such sales made at any Additional Closings shall be made on the terms and conditions set forth in this Agreement provided that (i) the representations and warranties of the Company and Parent set forth in Section 2 hereof shall speak as of the Initial Closing and neither the Company nor Parent shall have any obligation to update any disclosure related thereto, and (ii) the representations and warranties of each Additional Purchaser set forth in Section 3 hereof shall speak as of the date of such Additional Closing. This Agreement, including without limitation, Schedule I, shall be amended to include any Additional Purchasers without the consent of the parties hereto, including any Purchaser, upon the execution by any such Additional Purchaser of a counterpart signature page hereto. Any Debentures purchased by Additional Purchasers shall be deemed to be "Debentures," for all purposes under this Agreement and any such Additional Purchasers shall be deemed to be "Purchasers" for all purposes under this Agreement.

2. **Representations and Warranties of the Company and Parent**. The Company and Parent, on a joint and several basis, represent and warrant to each Purchaser, subject to Section 9(l) below that, except as set forth in the Disclosure Schedule, as of the Initial Closing Date:

(a) Organization, Good Standing, etc. Each of the Company, Parent and their respective Subsidiaries (as hereinafter defined) is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of organization and has the requisite corporate power and authority to own, lease and operate its properties and carry on its business as now conducted. For purposes of this Section 2, "***Subsidiaries***" means, collectively, Cypress Manufacturing Company and each other corporation, limited liability company, partnership, association, trust or other entity of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power (or, in the case of a partnership, more than 50% of the general partnership interests) are, as of such date, owned by the Company or Parent.

(b) Authority. The execution, delivery and performance by the Company and Parent of this Agreement, the collateral documents in substantially the form attached to this Agreement as Exhibit C (the "***Collateral Documents***"), the Voting Agreement in substantially the form attached to this Agreement as Exhibit D (the "***Voting Agreement***") and each Warrant and each Debenture (each, together with the Support Agreement (as defined below), a "***Transaction Document***" and, collectively, the "***Transaction Documents***") and the consummation of the transactions contemplated hereby and thereby, including, without limitation, the issuance of the Warrants by Parent, the transfer of the Warrants by the Company and the redemption of the Company Shares for the Voting Shares pursuant to the Amended Certificate of Incorporation and the Support Agreement dated as of April 29, 2019 between the Company and Parent (the "***Support Agreement***"), are within the corporate power of the Company and Parent and have been duly authorized by all necessary corporate actions on the part of the Company and Parent.

(c) Enforceability. Each Transaction Document executed, or to be executed, by the Company or Parent has been, or shall be, duly executed and delivered by the Company or Parent, as applicable, and constitutes, or shall constitute, a legal, valid and binding obligation of the Company or Parent, as applicable, enforceable against the Company or Parent, as applicable, in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors' rights generally and general principles of equity.

(d) Capitalization.

(i) The authorized capital of the Company consists, immediately prior to the Initial Closing and after giving effect to the Eighth Amended and Restated Certificate of Incorporation of the Company, in substantially the form attached hereto as Exhibit E (the "***Amended Certificate of Incorporation***"), of (i) 224,000,000 Class A Common Shares, $0.001 par value per share (the "***Class A Shares***"), 16,447,591 of which are issued and outstanding immediately prior to the Initial Closing, (ii) 40,000,000 Class B Common Shares, $0.001 par value per share (the "***Class B Shares***"), 16,376,140 of which are issued and outstanding immediately prior to the Initial Closing, and (iii) 157,000 Class C Common Shares, $0.001 par value per share (the "***Class C Shares***"), none of which are issued and outstanding immediately prior to the Initial Closing. The Company has reserved 16,376,140 Class A Shares for issuance to Parent upon the redemption of Class B Shares for Voting Shares; 1,073,250 Class A Shares for issuance to Parent upon the issuance of Voting Shares by Parent to officers, directors, employees and consultants of Parent and its Subsidiaries (the "***Company Group***") pursuant to the Company's 2016 Stock Incentive Plan, duly adopted by the board of directors of the Company, all of which are issuable upon the exercise of options that were assumed by Parent, approved by the board of directors of Parent (the "***Parent Board***") and the stockholders of Parent and are currently outstanding and exercisable for the purchase of Class A Shares (with no Class A Shares or other capital stock remaining available for issuance to officers, directors, employees and consultants of the Company Group pursuant to the Company's 2016 Stock Plan); and 8,205,932 Class A Shares for issuance to Parent upon the issuance of Voting Shares by Parent to officers, directors, employees and consultants of the Company Group pursuant to its 2019 Stock Incentive Plan, duly adopted by the Parent Board and approved by the Parent stockholders, of which options to purchase 1,893,375 Voting Shares have been granted and are currently outstanding or issued.

(ii) The authorized capital of Parent consists, immediately prior to the Initial Closing, of (i) an unlimited number of Super Voting Shares, without par value (the "***Super Voting Shares***"), 202,590 of which are issued and outstanding immediately prior to the Initial Closing, and (ii) an unlimited number of Voting Shares, 16,447,591 of which are issued and outstanding immediately prior to the Initial Closing. Parent has reserved 8,205,932 Voting Shares for issuance to officers, directors, employees and consultants of the Company Group pursuant to its 2019 Stock and Incentive Plan, duly adopted by the Parent Board and approved by Parent's stockholders (the "***Stock Plan***"). Of such reserved Voting Shares, options to purchase 1,893,375 Voting Shares have been granted and are currently outstanding or issued, and 6,312,557 Voting Shares remain available for issuance to officers, directors, employees and consultants of the Company Group pursuant to the Stock Plan. In addition to the Voting Shares reserved for issuance pursuant to the Stock Plan, 1,073,250 Voting Shares have been reserved for issuance pursuant to grants pursuant to the Company's 2016 Stock Option Plan that have been assumed by Parent.

(e) Non-Contravention. The execution and delivery by each of the Company and Parent of this Agreement and each of the Transaction Documents to which it is a party and the performance and consummation of the transactions contemplated hereby and thereby do not and will not (i) violate the charter or bylaws of the Company or Parent or any material judgment, order, writ, decree, statute, rule or regulation applicable to the Company or Parent; (ii) materially violate any provision of, or result in the material breach or the acceleration of, or entitle any Person to accelerate (whether after the giving of notice or lapse of time or both), any material mortgage, indenture, agreement, instrument or contract to which the Company, Parent or any of their respective Subsidiaries is a party or by which it is bound; or (iii) result in the creation or imposition of any security interest, mortgage, pledge, lien, claim, charge or other encumbrance in, of, or on any material property or asset of the Company, Parent or any of their respective Subsidiaries (collectively the "***Liens***" and individually, a "***Lien***") (other than any Lien arising under the Transaction Documents) or the suspension, revocation, impairment, forfeiture, or nonrenewal of any material permit, license, authorization or approval applicable to the Company, Parent or any of their respective Subsidiaries, their respective business or operations, or any of their respective assets or properties.

(f) Approvals. No consent, approval, order or authorization of, or registration, declaration or filing with, any Governmental Authority or other Person (including, without limitation, the shareholders of any Person) is required by the Company or Parent in connection with the execution and delivery of this Agreement and the Debentures and Warrants issued hereunder and the performance and consummation of the transactions contemplated hereby except for filings required under Applicable Securities Legislation. All approvals required by the stockholders of the Company, Parent or their respective Subsidiaries under any Applicable Law (other than filings and notifications permitted to be made following the Closing under Applicable Securities Legislation) or listing or exchange on which Parent's securities are traded relating to this Agreement and the transactions contemplated hereby and by the other Transaction Documents, including, without limitation, the issuance of Debentures and Warrants and the exchange of the Company securities for Parent securities pursuant to the Support Agreement, have been obtained prior to the Initial Closing and no further approvals are required.

(g) Litigation. No actions (including, without limitation, derivative actions), suits, proceedings or investigations are pending or, to the knowledge of the Company or Parent, threatened against the Company, Parent or any of their respective Subsidiaries at law or in equity in any court or before any other Governmental Authority which (i) if adversely determined would (alone or in the aggregate) have a Material Adverse Effect or (ii) seeks to enjoin, either directly or indirectly, the execution, delivery or performance by the Company or Parent of this Agreement or the Debentures and Warrants issued thereunder or the Transaction Documents or the transactions contemplated thereby.

(h) Title. The Company, Parent and each of their respective Subsidiaries owns and has good title in fee simple to, or a valid leasehold interest in, all its real properties and good title to its other material assets and properties as reflected in the most recent Financial Statements delivered by the Company and Parent pursuant to this Section 2 (except those assets and properties disposed of in the ordinary course of business since the date of such Financial Statements) and all material assets and properties acquired by the Company, Parent or any of their respective Subsidiaries after such date (except those disposed of in the ordinary course of business). Such assets and properties are not subject to any Lien except as for Permitted Encumbrances (as defined pursuant to the Collateral Documents) and those Liens disclosed in the Financial Statements.

(i) Intellectual Property. The Company, Parent and each of their respective Subsidiaries owns or possesses sufficient legal rights to all material patents, trademarks, service marks, trade names, copyrights, trade secrets, licenses, information, processes and other intellectual property rights necessary for its business as now conducted without any conflict with, or infringement of the rights of, others.

(j) Financial Statements. The consolidated unaudited financial statements of the Company, Parent and their respective Subsidiaries for the nine-month period ended September 30, 2019 (the "***Financial Statements***") which have been delivered to the Purchasers, (i) are in accordance with the books and records of the Company, Parent and their respective Subsidiaries, which have been maintained in accordance with good business practice; (ii) have been prepared in conformity with IFRS in all material respects; and (iii) fairly present in all material respects the financial position of the Company, Parent and their respective Subsidiaries on a consolidated basis as of the dates presented therein and the results of operations, changes in financial positions or cash flows, as the case may be, for the periods presented therein. Neither the Company, Parent nor any of their respective Subsidiaries has any liabilities required to be shown on the face of a balance prepared in accordance with IFRS and which are material in the aggregate to the Company, Parent and their respective Subsidiaries, taken as a whole, except for (i) liabilities disclosed in the Financial Statements, (ii) liabilities incurred in the ordinary course of business subsequent to the date of the Financial Statements, (iii) liabilities for performance under contracts subsequent to the date of the Financial Statements (other than liabilities arising from the breach of any such contracts prior to the date of the Financial Statements) and (iv) liabilities listed on Schedule 2.

(k) Indebtedness. Except pursuant to that certain Loan Agreement, dated as of March 13, 2020, by and among Parent, the Company, Cypress Manufacturing Company and certain of the Purchasers party thereto (the "***Loan Agreement***") or as set forth on Schedule 2, neither the Company nor Parent has any Indebtedness (as hereinafter defined). "***Indebtedness***" means, with respect to the Company or Parent, obligations with respect to principal, accrued and unpaid interest, penalties, premiums and any other fees, expenses and breakage costs on and other payment obligations arising under any (i) indebtedness for borrowed money, (ii) indebtedness issued in exchange for or in substitution for borrowed money, (iii) obligations evidenced by any note, bond, debenture or other debt security or similar instrument or contract and (iv) guarantees of the types of obligations described in clauses (i) though (iii) above.

(l) No Material Adverse Effect. Since December 31, 2019, no event has occurred and no condition has arisen which has had or would reasonably be expected to have a Material Adverse Effect. As used herein, "***Material Adverse Effect***" means a material adverse effect on the business, assets, operations or financial condition of the Company, Parent and their respective Subsidiaries, taken as a whole, provided that there shall be excluded from any determination of Material Adverse Effect (A) changes or economic or political conditions generally affecting the industries in which Company, Parent and their respective Subsidiaries operate; (B) changes in economic, capital market, financial market, regulatory or political conditions of the United States generally; (C) any failure by the Company, Parent or any of their respective Subsidiaries to meet any internal projections or forecasts or revenue or earnings predictions for any past, current or future period (provided, however, that any event or change that caused or contributed to such failure to meet any internal projections or forecasts or revenue or earnings predictions shall not be excluded under this clause (C)); (D) changes in law or regulation or any official interpretation thereof; (D) changes in GAAP or any interpretation thereof by a recognized accounting body; or (E) acts of God, war, an outbreak of pandemic disease, terrorism, calamities, national or international political conditions, including engagement in hostilities (whether commenced before, on or after the date hereof, and whether or not pursuant to the declaration of a state of emergency or war), or similar events; except to the extent matters described in clauses (A) or (B) above have materially disproportionately and adversely affected the Company, Parent and their respective Subsidiaries, taken as a whole, as compared to similarly situated businesses (including with respect to geographic area) in the industry in which the Company, Parent and their respective Subsidiaries operate.

(m) Cannabis Representations and Warranties.

(i) Each of the Company's, Parent's and their respective Subsidiaries' current directors and officers, and to the knowledge of the Company and Parent, each of the Company's, Parent's and their respective Subsidiaries' current members, limited or general partners and equity holders, is not disqualified from owning an equity interest in a commercial cannabis business licensed for cultivation, manufacturing, retail and/or distribution under the California Medical and Adult Use Cannabis Regulation and Safety Act ("***MAUCRSA***"), and each director, officer and those designated as an "Owner" (as defined under Section 5003 of the Bureau of Cannabis Control Regulations) would not be disqualified from holding such license(s) in connection with its ownership pursuant to California Business and Professions Code Sections 480, 26053 or 26057(b) or any other similar Applicable Law.

(ii) Neither the Company, Parent nor any of their respective Subsidiaries or their respective directors, managers, officers and members have any interests in a commercial cannabis business licensed to operate as a testing laboratory to perform testing of cannabis goods.

(iii) The products cultivated, manufactured, distributed and/or sold and, to the knowledge of the Company and Parent, the third party products marketed, sold and/or distributed by the Company, Parent and their respective Subsidiaries, are not the subject of any pending approval consent or other actions before any federal, state, municipal, foreign, or other court, judicial body, administrative agency, commission, governmental or regulatory authority or similar body responsible for enforcing or overseeing compliance with MAUCRSA and applicable local rules, regulations and ordinances, in each case, except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Company or Parent or prevent, materially delay or materially impair the consummation of the transactions contemplated by this Agreement.

(iv) None of the Company, Parent nor any of their respective Subsidiaries conducts any cannabis-related activities nor engages in business in any jurisdiction where such activities are not expressly authorized by Applicable Law. Each of the Company, Parent and their respective Subsidiaries comply in all material respects with such Applicable Laws and have all permits necessary for the conduct of such regulated cannabis activities.

(n) Taxes. Each of Company and Parent has filed on a timely basis all Tax returns, elections and reports that are required to be filed by it under Applicable Law and has paid, collected, withheld and remitted all Taxes and remittances shown thereon to be due and payable, collectible or remittable by it under Applicable Law, and all other Taxes, fees or other charges imposed on it or any of its property by any Governmental Authority, except Taxes that are being contested in good faith by appropriate proceedings. To knowledge of Company or Parent, no tax liens have been filed and no claim is being asserted, with respect to any such Tax, fee or other charge.

(o) Status as a U.S. Corporation. Parent is treated as a domestic corporation for U.S. federal income tax purposes pursuant to Section 7874(b) of the Code.

3. **Representations and Warranties of Purchasers**. Each Purchaser, severally and not jointly, represents and warrants to the Company and Parent as follows:

(a) Binding Obligation. Such Purchaser has the legal capacity, corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder. The Transaction Documents constitute valid and binding obligations of such Purchaser, enforceable in accordance with their terms, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors' rights generally and general principles of equity.

(b) Securities Law Compliance. Such Purchaser has been advised that the Debentures, the Warrants and the underlying securities have not been registered under the Securities Act, or any Applicable Securities Law, and, therefore, cannot be resold unless they are registered under the Securities Act and Applicable Securities Law or unless an exemption from such registration requirements is available. Such Purchaser is aware that neither the Company nor Parent is under any obligation to effect any such registration with respect to the Debentures, the Warrants or the underlying securities or to file for or comply with any exemption from registration. Such Purchaser is further aware that Parent would not qualify as a "foreign private issuer" within the meaning of Securities Exchange Act Rule 3b-4 if foreign private issuer status were determined as of the Initial Closing Date. Such Purchaser, if an entity, has not been formed solely for the purpose of making this investment. Such Purchaser is purchasing the Debentures to be acquired by such Purchaser hereunder for the Purchaser's own account for investment, not as a nominee or agent, and not with a view to, or for resale of the Debenture, Warrant or the underlying securities in connection with, the distribution thereof, and such Purchaser has no present intention of selling, granting any participation in, or otherwise distributing the same. The residency of the Purchaser (or, in the case of a partnership or corporation, such entity's principal place of business) is correctly set forth beneath such Purchaser's name on Schedule I hereto.

(c) Accredited Investor. Such Purchaser has such knowledge and experience in financial and business matters that such Purchaser is capable of evaluating the merits and risks of such investment, is able to incur a complete loss of such investment without impairing such Purchaser's financial condition and is able to bear the economic risk of such investment for an indefinite period of time. Such Purchaser is an "accredited investor" as such term is defined in Rule 501 of Regulation D under the Securities Act and will submit to the Company or Parent such further assurances of such status as may be reasonably requested by the Company.

(d) Access to Information. Such Purchaser acknowledges that the Company has given such Purchaser access to the records and accounts of the Company and to all information in its possession relating to the Company, has made its officers and representatives available for interview by such Purchaser, and has furnished such Purchaser with all documents and other information required for such Purchaser to make an informed decision with respect to the purchase of the Debentures.

(e) Cannabis Representations and Warranties. Such Purchaser is not disqualified from owning an equity interest in a commercial cannabis business licensed for cultivation, manufacturing, retail and/or distribution under MAUCRSA. Such Purchaser if designated as an "Owner" (as defined under Section 5003 of the Bureau of Cannabis Control Regulations) would not be disqualified from holding such license(s) in connection with its ownership pursuant to California Business and Professions Code Sections 480, 26053 or 26057(b) or any other similar Applicable Law.

4. **Conditions to Closing of the Purchasers**. Each Purchaser's obligations at the applicable Closing are subject to the fulfillment, on or prior to the applicable Closing Date, of all of the following conditions, any of which may be waived in whole or in part by the Required Purchasers (as defined above):

(a) Representations and Warranties. The representations and warranties made by the Company in Section 2 hereof shall be true and correct in all material respects on the Initial Closing Date.

(b) Governmental Approvals and Filings. Except for any notices required or permitted to be filed after the Closing Date with certain federal and state securities commissions, the Company shall have obtained all governmental approvals required in connection with the lawful sale and issuance of the Debentures and Warrants.

(c) Legal Requirements. At each Closing, the sale and issuance by the Company and the purchase by the Purchasers of the Debentures shall not violate any Applicable Law or regulation to which Parent, the Company or any of its Subsidiaries is subject.

(d) Transaction Documents. The Company shall have duly executed and delivered to such Purchaser this Agreement, the Collateral Documents, the Voting Agreement and the Debentures and Warrants issued to such Purchaser at the applicable Closing hereunder.

(e) Initial Aggregate Purchase. The Company shall have received subscriptions for the purchase of the Debentures in an aggregate principal amount of no less than the Minimum Amount by the Initial Closing Date.

(f) CEO Matters. Robert Weakley shall have resigned as CEO effective immediately following the Closing and Mark Ainsworth shall have been appointed interim CEO.

(g) Board Matters. George Allen shall have been appointed to the Company's board of directors.

(h) Permits. The Company and its Subsidiaries shall have received the permits necessary for operation of the California greenhouse other than for head house.

(i) Option Plan Increase. Parent shall have increased the number of shares available for issuance pursuant to the Stock Plan to 8,205,932.

5. **Conditions to Obligations of the Company**. The Company's obligation to issue and sell the Debentures at the Initial Closing and at each Additional Closing, as applicable, is subject to the fulfillment, on or prior to the applicable Closing Date, of the following conditions, any of which may be waived in whole or in part by the Company:

(a) Representations and Warranties. The representations and warranties made by the applicable Purchasers in Section 3 hereof shall be true and correct on the applicable Closing Date.

(b) Governmental Approvals and Filings. Except for any notices required or permitted to be filed after the Closing Date with certain federal and state securities commissions, the Company shall have obtained all governmental approvals required in connection with the lawful sale and issuance of the Debentures and Warrants.

(c) Legal Requirements. At each Closing, the sale and issuance by the Company and the purchase by the applicable Purchasers of the Debentures shall not violate any Applicable Law or regulation to which Parent, the Company or any of its Subsidiaries is subject.

(d) Purchase Price. Each Purchaser shall have delivered to the Company the Purchase Price in respect of the Debenture being purchased by such Purchaser referenced in Section 1(a) hereof.

(e) Weakley Termination Agreement. The severance agreement between the Company and Robert Weakley shall have been released from escrow and shall be in full force and effect.

(f) Super Voting Shares. The agreement between the Board and Robert Weakley with respect to the Company's outstanding Super Voting Shares shall have been modified to permit the voting of such Super Voting Shares in accordance with the Voting Agreement.

6. **Further Agreements**.

(a) Negative Covenants. Until all of the principal and interest under the Debentures has been paid in full or converted in accordance with the terms of the Debentures, neither the Company nor Parent shall take the following actions without the prior written consent of the Required Purchasers:

(i) Incur any Indebtedness (excluding the amounts outstanding under Debentures), except for Indebtedness (A) between Parent or any of its Subsidiaries (collectively, the "***Company Group***"), on the one hand, and any member of the Company Group or a wholly owned subsidiary of a member of the Company Group, on the other, (B) pursuant to credit lines secured by the Company's receivables, (C) pursuant to vendor equipment financing, (D) of up to $1,000,000 incurred for the purpose of financing the payment of insurance premiums, (E) in an aggregate amount not to exceed $500,000 and (F) used to repay or prepay the Debentures (I) in full following an Event of Default (as defined in the Debentures) if such Event of Default has not been waived by the Required Purchasers and the exercise of remedies with respect thereto is not subject to a written deferral by the Required Purchasers of at least 60 days from the date such Indebtedness is incurred or (II) in full or in part to the extent repayment or prepayment is expressly provided for in the Transaction Documents.

(ii) Prior to the second anniversary of the Initial Closing Date, enter into a transaction or series of related transactions which would constitute a Change of Control (as defined in the Debentures), except for a Change of Control that is the result of a financing transaction permitted by the Transaction Documents.

(iii) Acquire all or substantially all of the assets of any Person or acquire equity interests in any Person that would cause such Person to be a Subsidiary of Parent or the Company (each, an "***Acquisition***"), in each case other than the Acquisition of a Subsidiary permitted to be formed hereunder.

(iv) Other than in connection with an Acquisition, or the extent financed with Indebtedness permitted hereunder, acquire any assets (excluding inventory, supplies and equipment acquired the ordinary course of business), including any other Person or any equity or debt securities of any other Person (in each case other than a Subsidiary permitted to be formed hereunder), for consideration in excess of $1,000,000 (including any Indebtedness assumed as purchase consideration in connection with such transaction).

(v) Enter into any line of business in which the Company is not engaged as of the Initial Closing and that is not reasonably related to or a reasonable extension of any line of business in which the Company is engaged as of the Initial Closing.

(vi) Amend the certificate of incorporation, bylaws or other charter document of Company, Parent or their respective Subsidiaries in a manner that would materially and adversely affect the Debentures, the Warrants or the Company Shares or Voting Shares issuable upon conversion or exercise thereof.

(vii) Liquidate, dissolve or wind-up the business and affairs of the Company, Parent or their respective Subsidiaries or consent to any of the foregoing.

(viii) Purchase or redeem (or permit any subsidiary to purchase or redeem) or pay or declare any dividend or make any distribution on, any shares of capital stock of the Company, Parent or their respective Subsidiaries other than (i) redemptions of Class B Common Stock and Class C Common Stock of the Company pursuant to the Amended Certificate of Incorporation, (ii) dividends or other distributions payable on the Common Stock solely in the form of additional shares of Common Stock and (iii) repurchases of stock from former employees, officers, directors, consultants or other persons who performed services for the Corporation or any subsidiary in connection with the cessation of such employment or service at no greater than the original purchase price thereof.

(ix) Create, or hold capital stock in, any Subsidiary that is not wholly owned (either directly or through one or more other Subsidiaries) by the Company or Parent (other than the Company itself); create or permit any Subsidiary to create any Subsidiary unless such additional Subsidiary enters into a guaranty of Parent's obligations with respect to the Debentures and enters into a security agreement comparable to the Collateral Documents securing such additional Subsidiary's obligations under such guaranty in form and substance reasonably satisfactory to the Required Purchasers; or cause or permit any direct or indirect Subsidiary of Parent (other than the Company pursuant to the Support Agreement) to issue any shares of any class or series of capital stock, or sell, transfer or otherwise dispose of any capital stock, of any Subsidiary of Parent (other than to another Subsidiary permitted hereunder and other than redemptions of Class B Common Stock and Class C Common Stock of the Company pursuant to the Amended Certificate of Incorporation) or sell, lease, transfer, exclusively license or otherwise dispose (in a single transaction or series of related transactions) of all or substantially all of the assets of a Subsidiary (other than to another Subsidiary permitted hereunder).

(x) Allow Liquidity to be less than $3,000,000 at any time prior to the 18-month anniversary of the Initial Closing. "**Liquidity**" shall mean, at any time, the aggregate amount of cash and cash equivalents (other than restricted cash) held at such time by the Company, Parent and their respective Subsidiaries reduced by the amount of any judgments that are not subject to a stay on execution (either by court order or agreement with the counterparty) and either (A) have been outstanding for 30 days or more or (B) have been ordered to be paid; provided that, the amount of Debentures available to be issued under this Agreement shall not constitute "Liquidity".

(b) [reserved]

(c) Repayment of Loan. No later than two (2) business days following the Initial Closing, the Company shall have wired into an escrow account designated by the parties to the Loan Agreement the outstanding principal and accrued interest thereon outstanding as of such date.

(d) Delaware Franchise Taxes; Amended Certificate of Incorporation. No later than two (2) business days following the Initial Closing, the Company shall have paid all outstanding franchise taxes due and owing by the Company to the Delaware Department of State. No later than April 17, 2020, the Company shall have filed the Amended Certificate of Incorporation with the Secretary of State of Delaware.

(e) 5014309 Ontario Inc. Parent agrees and covenants that 5014309 Ontario Inc. has no assets and carries on no business as of the Initial Closing and, at any time while any amounts are outstanding under the Debentures, shall not carry on any business activities. Neither the Company or Parent or any of their respective Subsidiaries shall make any transfers of assets to 5014309 Ontario Inc. at any time while any amounts are outstanding under the Debentures.

(f) Further Assurances**.** Each Purchaser agrees and covenants that at any time and from time to time it shall promptly execute and deliver to the Company such further instruments and documents and take such further action as the Company may reasonably require in order to carry out the full intent and purpose of this Agreement and to comply with Applicable Securities Laws or other applicable regulatory approvals.

7. **Tax Matters.**

(a) Taxes.

(i) Any and all payments by or on account of any obligation of the Company under the Debentures shall be made free and clear of and without reduction or withholding for any taxes; provided that if the Company is required by Applicable Law to deduct or withhold any Taxes from such payment, then:

(A) If such tax is an Indemnified Tax, the amount payable by the Company shall be increased so that after making all required deductions or withholdings, each Purchaser receives an amount equal to the amount it would have received had no such deduction or withholdings been made; and

(B) The Company shall make such deductions, timely pay the full amount deducted to the relevant Governmental Authority in accordance with Applicable Law, and provide each Purchaser with official receipts or other evidence satisfactory to such Purchaser for each payment.

(ii) Without duplication, each of the Company and Parent jointly and severally agrees to indemnify each Purchaser upon demand for the full amount of Indemnified Taxes payable or paid by such Purchaser or required to be withheld or deducted from a payment to such Purchaser and any liability (including penalties, interest and reasonable expenses and any Indemnified Taxes imposed on any amount taxable under this Section 7(a)(ii)) arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. Indemnification payments due to any Purchaser under this Section 7(a)(ii) shall be made within thirty (30) days from the date such Purchaser makes written demand therefor. A certificate as to the amount of such payment or liability delivered to the Company by a Purchaser shall be conclusive absent manifest error.

(b) Purchaser Status for U.S. Tax Purposes.

(i) Any Purchaser that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Debenture shall deliver to the Company, at the time or times reasonably requested by the Company, such properly completed and executed documentation reasonably requested by the Company as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Purchaser, if reasonably requested by the Company, shall deliver such other documentation prescribed by Applicable Law or reasonably requested by the Company as will enable the Company to determine whether or not such Purchaser is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 7(b)(ii)(A), (B) and (D) below) shall not be required if in the Purchaser's reasonable judgment such completion, execution or submission would subject such Purchaser to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Purchaser.

(ii) Without limiting the generality of the foregoing:

(A) any Purchaser that is a U.S. Person shall deliver to the Company on or prior to the date on which such Purchaser becomes a Purchaser under this Agreement (and from time to time thereafter upon the reasonable request of the Company), executed originals of IRS Form W-9 certifying that such Purchaser is exempt from U.S. Federal backup withholding tax;

(B) any non-U.S. Purchaser shall, to the extent it is legally entitled to do so, deliver to the Company (in such number of copies as shall be requested by the Company) on or prior to the date on which such non-U.S. Purchaser becomes a Purchaser under this Agreement (and from time to time thereafter upon the reasonable request of the Company), whichever of the following is applicable

i) in the case of a non-U.S. Purchaser claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Debenture, executed originals of IRS Form W-8BEN or IRS Form W-8BEN-E (or applicable successor thereto) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Debenture, IRS Form W-8BEN or IRS Form W-8BEN-E (or applicable successor thereto) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

ii) executed originals of IRS Form W-8ECI;

iii) in the case of a non-U.S. Purchaser claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially to the effect that such non-U.S. Purchaser is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of the Company within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a "U.S. Tax Compliance Certificate") and (y) executed originals of IRS Form W-8BEN or IRS Form W-8BEN-E (or applicable successor thereto); or

iv) to the extent a non-U.S. Purchaser is not the beneficial owner of payments made to it, executed originals of IRS Form W-8IMY and a U.S. Tax Compliance Certificate by such non-U.S. Purchaser, accompanied by IRS Form W-8ECI, IRS Form W-8BEN or IRS Form W-8BEN-E (or applicable successor thereto), a U.S. Tax Compliance Certificate, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the non-U.S. Purchaser is a partnership or other tax transparent entity for U.S. federal income tax purposes and one or more direct or indirect partners of such foreign Purchaser are claiming the portfolio interest exemption, such foreign Purchaser may provide a U.S. Tax Compliance Certificate on behalf of each such direct and indirect partner or beneficial owners.

(C) any non-U.S. Purchaser shall, to the extent it is legally entitled to do so, deliver to the Company (in such number of copies as shall be requested by the Company) on or prior to the date on which such non-U.S. Purchaser becomes a Purchaser under this Agreement (and from time to time thereafter upon the reasonable request of the Company), executed originals of any other form prescribed by applicable law or reasonably requested by the Company as a basis for claiming exemption from or a reduction in U.S. Federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Company to determine the withholding or deduction required to be made; and

(D) if a payment made to a Purchaser under any Debenture would be subject to U.S. federal withholding Tax imposed by FATCA if such Purchaser were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Purchaser shall deliver to Company at the time or times prescribed by law and at such time or times reasonably requested by Company such documentation prescribed by Applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by Company as may be necessary for compliance with FATCA and to determine that such Purchaser has complied with such Purchaser's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D) "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(E) Each Purchaser agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall promptly update such form or certification or notify the Company in writing of its legal inability to do so.

8. **Lock-Up.** Each Purchaser hereby agrees that it will not, without the prior written consent of the Required Purchasers, during the one year period commencing on the date of the Initial Closing, (a) sell, offer to sell, pledge, mortgage, hypothecate, encumber, dispose of or engage in any similar transaction, directly or indirectly, the Debentures, the Warrants or the securities issuable upon exercise, conversion or exchange thereof or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Debentures, the Warrants or the securities issuable upon exercise, conversion or exchange thereof; provided, however, that a Purchaser may transfer any such Debentures, the Warrants or the securities issuable upon exercise, conversion or exchange thereof to an affiliate of such Purchaser provided that such transferee agrees to be bound by the provisions of this Section 8.

9. **Miscellaneous**.

(a) Waivers and Amendments. Any provision of this Agreement, the Warrants and the Debentures may be amended, waived or modified only upon the written consent of the Company, Parent and the Required Purchasers. Any amendment or waiver effected in accordance with this paragraph shall be binding upon all of the parties hereto. Notwithstanding the foregoing, this Agreement may be amended to add a party as a Purchaser hereunder in connection with Additional Closings without the consent of any other Purchaser, by delivery to the Company of a counterparty signature page to this Agreement, together with a supplement to Schedule I hereto. Such amendment shall take effect at the Additional Closing and such party shall thereafter be deemed a "Purchaser" for all purposes hereunder and Schedule I hereto shall be updated to reflect the addition of such Purchaser.

(b) Governing Law and Venue.

(i) This Agreement and all actions arising out of or in connection with this Agreement shall be governed by and construed in accordance with the internal laws of Delaware, without regard to its rules governing the conflict of laws.

(ii) Each Party hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of any Delaware State court or Federal court of the United States of America sitting in Delaware, in Wilmington, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any of the other Transaction Documents or the transactions contemplated hereby or thereby or for recognition or enforcement of any judgment relating thereto, and each party hereto hereby irrevocably and unconditionally (a) agrees not to commence any such action or proceeding except in such courts; (b) agrees that any claim in respect of any such action or proceeding may be heard and determined in such courts; (c) waives any objection or defense which it may now or hereafter have based on personal jurisdiction; (d) waives any objection which it may now or hereafter have to the laying of venue of any such action or proceeding in any such court; and (e) waives the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court. Each Party hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Each Party hereto irrevocably consents to service of process in the manner provided for notices in Section 9(g).

(iii) EACH PARTY HEREBY IRREVOCABLY WAIVES ALL RIGHTS TO TRIAL BY JURY IN ANY PROCEEDING BROUGHT TO RESOLVE ANY DISPUTE BETWEEN ANY OF THE PARTIES (WHETHER ARISING IN CONTRACT, TORT OR OTHERWISE) ARISING OUT OF, CONNECTED WITH, RELATED TO OR INCIDENTAL TO THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS, THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY OR THE RELATIONSHIPS ESTABLISHED AMONG THE PARTIES HEREUNDER OR THEREUNDER.

(c) Survival. The representations and warranties made herein shall survive the execution and delivery of this Agreement until the first anniversary of the Initial Closing.

(d) Successors and Assigns. This Agreement may not be assigned, conveyed or transferred by any Purchaser without the prior written consent of the Company; *provided, however*, a Purchaser that is a partnership, corporation, trust, joint venture, unincorporated organization or other entity may transfer its rights under this Agreement to an affiliate without the prior written consent of the Company. This Agreement may not be assigned, conveyed or transferred by the Company without the prior written consent of the Required Purchasers, provided that the Company may assign this without the consent of any Purchaser to an acquiror of all or a substantial portion of the Company's business and assets (however structured). Subject to the foregoing, the rights and obligations of the Company and each Purchaser under this Agreement shall be binding upon and benefit their respective permitted successors, assigns, heirs, administrators and transferees. The terms and provisions of this Agreement are for the sole benefit of the parties hereto and their respective permitted successors and assigns, and are not intended to confer any third-party benefit on any other Person. In addition, the Company shall maintain a register (the "***Register***") for the recordation of the names and addresses of each Purchaser and each other Person receiving any assignment permitted hereunder, and the principal amount (and stated interest) owing thereto under the Debentures. The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Company, Parent, each Purchaser and each other Person receiving any assignment permitted hereunder shall treat each Person listed in the Register pursuant to the terms hereof as a lender for all purposes of this Agreement, notwithstanding notice to the contrary. No purported transfer of any interest in the Debentures shall be effective except upon recordation in the Register. The Register shall be available for inspection by each Purchaser and each other Person receiving any assignment permitted hereunder, at any reasonable time and from time to time upon reasonable prior notice. The parties intend that this Section 9(d) shall be interpreted and administered such that the Debentures are at all times maintained in "registered form" within the meaning of Sections 163(f), 165(g), 871(h)(2), 881(c)(2) and 4701 of the Code.

(e) No Stockholder Rights. Until and only to the extent that the Debentures shall have been duly converted into or the Warrants shall have been exercised for capital stock of Parent, (i) nothing contained in this Agreement, the Warrants or the Debentures shall be construed as conferring upon any Purchaser the right to vote or to consent or to receive notice as a stockholder in respect of meetings of stockholders for the election of directors of Parent or any other matters or any rights whatsoever as a stockholder of Parent and (ii) no dividends shall be payable or accrued in respect of the Debentures or the Warrants or the shares obtainable thereunder.

(f) Entire Agreement. This Agreement together with the other Transaction Documents constitute and contain the entire agreement among the Company and Purchasers and supersede any and all prior agreements, negotiations, correspondence, understandings and communications among the parties, whether written or oral, respecting the subject matter hereof.

(g) Notices. All notices or other communications required or permitted hereunder shall in writing and faxed, emailed, mailed or delivered to each party as follows: (i) if to a Purchaser, at such Purchaser's address, email address or facsimile number set forth in Schedule I, or at such other address as such Purchaser shall have furnished the Company in writing along with a copy (which shall not constitute notice), to Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., 44 Montgomery Street, 36th Floor, San Francisco, CA 94104, adthorpe@mintz.com (Attention: Andrew Thorpe), or (ii) if to the Company, at 19 Quail Run Circle, Salinas, CA 93907, steve@indusholdingco.com (Attention: Steve Neil), or at such other address as the Company shall have furnished to the Purchasers in writing along with a copy (which shall not constitute notice) to Akerman LLP, 666 Fifth Avenue, 20th Floor, New York, New York 10103, kenneth.alberstadt@akerman.com (Attention: Kenneth G. Alberstadt). All such notices and communications shall be deemed effectively given the earlier of (i) when received, (ii) when delivered personally, (iii) upon being delivered by facsimile or email (with receipt of appropriate confirmation), (iv) one business day after being deposited with an overnight courier service of recognized standing or (v) four days after being deposited in the U.S. mail, first class with postage prepaid.

(h) Separability of Agreements; Severability. Unless otherwise expressly provided herein, the rights of each Purchaser hereunder are several rights, not rights jointly held with any of the other Purchasers. Any invalidity, illegality or limitation on the enforceability of the Agreement or any part thereof, by any Purchaser whether arising by reason of the law of the respective Purchaser's domicile or otherwise, shall in no way affect or impair the validity, legality or enforceability of this Agreement with respect to other Purchasers. If any provision of this Agreement shall be judicially determined to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby and the Company and the Required Purchasers will in good faith agree upon an enforceable provision that most nearly gives effect to the intent of the invalid, illegal or unenforceable provision.

(i) Expenses. The Company shall reimburse a single counsel to Geronimo Central Valley Opportunity Fund, LLC and Merida Capital Partners (the "***Lead Investors***") for reasonable out-of-pocket legal fees incurred in connection with the negotiation of this Agreement and the other Transaction Documents. Such expenses shall be deducted by the Lead Investors from the principal amount otherwise payable for the Debentures purchased by such Lead Investor.

(j) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement. Facsimile copies of signed signature pages shall be deemed executed originals.

(k) Currency. Unless otherwise specified, all dollar amounts referred to in this Agreement mean the lawful currency of the United States.

(l) Acknowledgement regarding Excluded Laws. The Parties hereto agree and acknowledge that no Party makes, will make, or shall be deemed to make or have made any representation or warranty of any kind regarding the compliance of this Agreement or any Debenture with Excluded Laws. No party hereto shall have any right of rescission or amendment arising out of or relating to any non-compliance with Excluded Laws.

(m) Disclosure. The parties hereto hereby consent to the disclosure of the substance of this Agreement in any news release or other disclosure document required by Applicable Law and to the public filing of this Agreement on the System for Electronic Document Analysis and Retrieval (SEDAR) as may be required pursuant to Applicable Law; provided, however, that any such news release or disclosure shall be provided to counsel for the Investors in advance of any public filing and any comments thereto shall be considered in good faith.

10. **Defined Terms**. The following terms shall have the ma

(a) "***Applicable Law***" means, in relation to any Person, property, transaction or event, all applicable provisions of: (a) statutes, laws (including common law), rules, regulations, decrees, ordinances, codes, proclamations, treaties, declarations or orders of any Governmental Authority; (b) any consents or approvals of any Governmental Authority; and (c) any orders, decisions, advisory or interpretative opinions, injunctions, judgments, awards, decrees of, or agreements with, any Governmental Authority, in each case applicable to or binding upon such Person, property, transaction or event. Notwithstanding the foregoing, the definition of Applicable Law excludes any Excluded Laws.

(b) "***Applicable Securities Legislation***" means (i) applicable U.S. federal and state securities laws, including rules, regulations, policies and instruments and (ii) applicable Canadian securities laws, including the rules, regulations, policies and instruments in each of the provinces and territories of Canada.

(c) "***Code***" means the Internal Revenue Code of 1986 and, as applicable, the Treasury Regulations promulgated thereunder, or, if applicable, any successor laws.

(d) "***Excluded Laws***" means any (a) statutes, laws (including common law), rules, regulations, decrees, ordinances, codes, proclamations, treaties, declarations or orders of any U.S. federal Governmental Authority; (b) any consents or approvals of any U.S. federal Governmental Authority; and (c) any orders, decisions, advisory or interpretative opinions, injunctions, judgments, awards, decrees of, or agreements with, any U.S. federal Governmental Authority, in each case (with respect to the foregoing clauses (a), (b) and (c)), which apply or relate, directly or indirectly, to the cultivation, harvesting, production, trafficking, distribution, processing, extraction, sale and/or 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.. § 371 and 21 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; provided that Section 280E of the Internal Revenue Code of 1986, as amended, shall not be an Excluded Law.

(e) "***Excluded Taxes***" means, with respect to any Person, (a) any Taxes, however denominated, imposed on or measured by the such Person's overall capital or net income (including franchise Taxes, branch profits or similar Taxes imposed on such Person in lieu of net income Taxes) (i) by a jurisdiction by reason of such Person being organized under such jurisdiction's Applicable Laws, being a resident of, or having its principal office, or any lending office in, such jurisdiction, or (ii) that are Other Connection Taxes, (b) any U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Purchaser with respect to an applicable interest in the Loan pursuant to the Applicable Law in effect on the date on which (i) such Purchaser acquires such interest in the Loan or (ii) such Purchaser changes its lending office, except in each case to the extent that, pursuant to Section 7(a), amounts with respect to such Taxes were payable either to such Purchaser's assignor immediately before such Purchaser became a party hereto or to such Purchaser immediately before it changed its lending office, (c) Taxes attributable to such Purchaser's failure to comply with Section 7(b), or (d) any U.S. federal withholding Taxes imposed under FATCA.

(f) "***FATCA***" means (a) Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations promulgated thereunder or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code, (b) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the United States and any other jurisdiction with the purpose (in either case) of facilitating the implementation of (a) above, or (c) any agreement pursuant to the implementation of paragraphs (a) or (b) above with the IRS, the United States government or any governmental or taxation authority in the United States.

(g) "***Governmental Authority***" means: (a) any government, parliament or legislature, any regulatory or administrative authority, agency, commission or board and any other statute, rule or regulation making entity having jurisdiction in the relevant circumstances; (b) any Person acting within and under the authority of any of the foregoing or under a statute, rule or regulation thereof; and (c) any judicial, administrative or arbitral court, authority, tribunal or commission having jurisdiction in the relevant circumstances.

(h) "***Indemnified Taxes***" means, (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by the Company or Parent hereunder or under any Debenture; and (b) to the extent not otherwise described in (a) and other than Excluded Taxes, any and all present or future stamp, court, recording, filing, intangible, documentary or similar Taxes or any other excise or property Taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement or registration of, or performance under, or from the receipt or perfection of a security interest under or otherwise with respect to this Agreement.

(i) "***Other Connection Taxes***" means, with respect to any Person, Taxes imposed as a result of a present or former connection between such Person and the jurisdiction imposing such Tax (other than connections arising from such Person having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any transaction pursuant to, or enforced its rights under the Debenture).

(j) "***Person***" means an individual, legal or natural person, corporation, company, firm, body corporate, partnership, joint venture, Governmental Authority, unincorporated organization, trust, association, estate or other entity.

(k) "**Taxes**" means any and all present or future income, stamp or other taxes, levies, imposts, duties, deductions, charges, fees or withholdings imposed, levied, withheld or assessed by any Governmental Authority, together with any interest, additions to tax or penalties imposed thereon and with respect thereto.

(*Signature Pages Follow*)

In Witness Whereof, the parties have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date and year first written above.

COMPANY:
Indus Holding Company

By: /s/ Robert Weakley

Name: Robert Weakley
Title: CEO

In Witness Whereof, the parties have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date and year first written above.

PARENT:
Indus Holdings, Inc.

By: /s/ Robert Weakley

Name: Robert Weakley
Title: CEO

Exhibit 10.5

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE AUGUST 11, 2020.

THIS WARRANT AND THE UNDERLYING SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT"), AS AMENDED, OR UNDER THE SECURITIES LAWS OF ANY STATE. THESE SECURITIES MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED EXCEPT AS PERMITTED UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OR AN EXEMPTION THEREFROM. THE ISSUER OF THESE SECURITIES MAY REQUIRE AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE ISSUER THAT SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION OTHERWISE COMPLIES WITH THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

INDUS HOLDINGS, INC.

WARRANT TO PURCHASE STOCK

No. W-20 **April 10, 2020**

For value received, this Warrant is issued to [ ], located at [ ] ("***Holder***") and entitles Holder to subscribe for and purchase at the Exercise Price (as defined below) from Indus Holdings, Inc., a British Columbia corporation (the "***Company***"), the Exercise Shares (as defined below) upon the terms and subject to the adjustments as provided herein. This Warrant is one of a series of similar Warrants (collectively, the "***Warrants***") issued pursuant to that certain Debenture and Warrant Purchase Agreement, dated as of April 10, 2020 and executed by Holder and the Purchasers identified on Schedule I attached thereto (the "***Purchase Agreement***").

1. Definitions. As used herein, the following terms shall have the following respective meanings:

(a) "***Change of Control***" has the meaning given such term in Section 5 of the Debentures.

(b) "***Conversion Price***" has the meaning set forth in the Debentures.

(c) "***Debentures***" means, collectively, the Senior Secured Convertible Debentures issued pursuant to the Purchase Agreement.

(a) "***Equivalent Amount***" means, in relation to an amount in one currency, the amount in another currency that could be purchased by the amount in the first currency, determined by reference to the applicable Exchange Rate at the time of such determination.

(b) "***Exchange Rate***" means, on the date of determination of any amount of Canadian Dollars to be converted into another currency pursuant to this certificate for any reason, or vice-versa, the spot rate of exchange for converting Canadian Dollars into such other currency or vice-versa, as the case may be, established by Thomson Reuters pursuant to the WM/Reuters 12 noon ET FIX FX Benchmark at approximately 12:30 p.m. (Toronto time) on the date of such determination (or such other date as may be specified herein).

(c) "***Exercise Period***" means the time period commencing on the earlier of July 1, 2020 and a Change of Control and ending on the earlier to occur of (i) immediately prior to a Change of Control or (ii) the 42 month anniversary of the Initial Closing Date.

(d) "***Exercise Price***" means $0.28 USD per share, subject to adjustment as provided in Section 3 hereof.

(e) "***Exercise Shares***" means [ ] Warrant Shares, subject to adjustment as provided in Section 3 of this Warrant.

(f) "***Holders***" means (as the context requires) more than one of the holders of the Warrants or all of the holders of the Warrants collectively.

(g) "***Required Holders***" means one or more Holders holding Warrants exercisable for a majority of the total Exercise Shares issuable at the time.

(h) "***Warrant Shares***" means subordinate voting shares of the Company.

Any capitalized term used but not defined herein shall have the meaning assigned to such term in or by reference in the Purchase Agreement.

2. Exercise of Warrant.

2.1 Cash Exercise. The rights represented by this Warrant may be exercised in whole or in part at any time during the Exercise Period, by delivery of the following to the Company at its address set forth above (or at such other address as the Company may designate in writing to the Holder):

(a) an executed Notice of Exercise in the form attached hereto as Exhibit A;

(b) payment equal to the Exercise Price multiplied by the number of Exercise Shares for which the Warrant is being exercised, (i) in cash, by wire transfer or by check to the Company or (ii) by cancellation of indebtedness of the Company to the Holder; and

(c) this Warrant.

Upon the exercise of the rights represented by this Warrant, a certificate or certificates for the Exercise Shares so purchased, registered in the name of the Holder shall be issued and delivered to the Holder as soon as practicable after the rights represented by this Warrant shall have been so exercised. The person in whose name any certificate or certificates for Exercise Shares are to be issued upon exercise of this Warrant shall be deemed to have become the holder of record of such shares on the date on which this Warrant was surrendered and payment of the Exercise Price was made, irrespective of the date of delivery of such certificate or certificates, except that, if the date of such surrender and payment is a date when the stock transfer books of the Company are closed, such person shall be deemed to have become the holder of such shares at the close of business on the next succeeding date on which the stock transfer books are open.

Any certificates representing shares issued upon exercise of the Warrants prior to the date that is four months and one day after the date of issue of the Warrants, and any shares issued in exchange for such shares, will bear the following legend:

"UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE AUGUST 11, 2020."

2.2 Net Exercise. Notwithstanding any provisions herein to the contrary, if the fair market value of one share of the class and series of the Company's capital stock to which the Exercise Shares belong (the "***Stock***") is greater than the Exercise Price (at the date of calculation as set forth below), in lieu of exercising this Warrant by payment of cash or forgiveness of indebtedness pursuant to Section 2.1(b) above, the Holder may at any time on or after the 18 month anniversary of the Initial Closing Date and at any time in connection with a Change of Control elect to receive shares equal to the value (as determined below) of this Warrant (or the portion thereof being canceled) by surrender of this Warrant at the principal office of the Company together with the properly endorsed Notice of Exercise, in which event the Company shall issue to the Holder a number of shares of the applicable class and series of Stock computed using the following formula:

$$X = \frac{Y\ (A-B)}{A}$$

Where X = the number of shares of Stock to be issued to the Holder

Y = the number of shares of Stock then purchasable under the Warrant

A = the fair market value of one share of the Stock as determined in accordance with Section 2.3 below (at the date of such calculation)

B = Exercise Price (as adjusted to the date of such calculation)

2.3 Determination of Fair Market Value. For purposes of this Warrant, the fair market value of one share of the Stock shall be determined by the Company's Board of Directors in good faith as of the date of such calculation; *provided, however*, that:

(a) (i) if the Stock is traded on a securities exchange or through the Nasdaq National Market or Canadian Securities Exchange, the fair market value per share shall be deemed to be the average of the closing prices of the Stock on such exchange or quotation system (or the Equivalent Amount in United States dollars if the closing prices are quoted in Canadian dollars) over the 10 trading-day period ending three trading days prior to the exercise of the Warrant; (ii) if the Stock is actively traded over-the-counter, the fair market value shall be deemed to be the average of the closing bid or sale prices (whichever is applicable) over the 10 trading-day period ending three days prior to the exercise of the Warrant; and (iii) if there is no active public market, the value shall be the fair market value thereof, as determined by the Company's Board of Directors in good faith; and

(b) in the event that this Warrant is exercised pursuant to this Section 2.2 in connection with a Change of Control of the Company, the fair market value per share of Stock shall be the price paid for such share of Stock (in cash or in property, as determined by the Company's Board of Directors) in connection with the Change of Control.

2.4 Conversion by the Company. At any time (a) on or after the 12-month anniversary of the Initial Closing Date (as defined in the Purchase Agreement) and prior to the 18-month anniversary of the Initial Closing Date, and provided that the closing price for the Warrant Shares has been at least 6 times the Exercise Price on each trading day of the immediately preceding 30-trading day period, (b) on or after the 18-month anniversary of the Initial Closing Date and prior to the 24-month anniversary of the Initial Closing Date, and provided that the closing price for the Warrant Shares has been at least 4 times the Exercise Price on each trading day of the immediately preceding 30-trading day period, and (c) on or after the 24-month anniversary of the Initial Closing Date, and provided that the closing price for the Warrant Shares has been at least USD $0.90 per share (adjusted on the same basis as provided in Section 3) on each trading day of the immediately preceding 30-trading day period, the Company may deliver a written notice to the Holder of this Warrant requiring that this Warrant be exercised for Exercise Shares. Effective as of the fifth business day following delivery of such Notice, this Warrant shall be converted into a number of Exercise Shares determined pursuant to the formula set forth in Section 2.2.

3. Adjustment of Exercise Price. Subject to the requirements of the Canadian Securities Exchange (or such other exchange on which the Exercise Shares are then listed), the Exercise Price and Exercise Shares shall be subject to adjustment from time to time as follows:

3.1 If and whenever at any time prior to end of the Exercise Period the outstanding Stock shall be subdivided, redivided or changed into a greater or consolidated into a lesser number of Stock or reclassified into different shares of capital stock of the Company (a "***Reclassification***"), or the Company shall issue additional Stock (or securities convertible into additional Stock or different shares of capital stock of the Company) to the holders of all or substantially all of its outstanding Stock by way of a stock dividend or otherwise (other than an issue of additional Stock to holders of Stock who have elected to receive dividends in the form of Stock in lieu of receiving cash dividends paid in the ordinary course) (a "***Stock Dividend***"), Holder shall be entitled to receive and shall accept, upon the exercise of such right and payment of the aggregate Exercise Price at any time on the effective date of such Reclassification or Stock Dividend or thereafter, in lieu of the number of Stock to which he was theretofore entitled upon exercise, the aggregate number of Stock, different shares of capital stock of the Company and/or securities convertible into Stock or different shares of capital stock of the Company that Holder would have held immediately following such Reclassification or Stock Dividend had he been the registered holder of the number of Stock to which he was theretofore entitled upon exercise as of the applicable record date or effective date for such action.

3.2 If and whenever at any time prior to the end of the Exercise Period the Company shall issue rights, options or warrants to all or substantially all the holders of its outstanding Stock entitling them to subscribe for or purchase additional Stock, different shares of capital stock of the Company or securities convertible into Stock or different shares of capital stock of the Company, and if such issuance has or is reasonably likely to have a material adverse effect on rights of Holder hereunder, then the Exercise Price shall be adjusted appropriately as determined by the directors of the Company, acting reasonably. If all such rights, options or warrants are not exercised prior to the expiration thereof, the Conversion Price shall be readjusted based upon the number of additional Stock, different shares of capital stock of the Company or securities convertible into Stock or different shares of capital stock of the Company actually issued upon the exercise of such rights, options or warrants, as the case may be.

3.3 No adjustments of the Exercise Price shall be made pursuant to Section 3.1 or Section 3.2 if the Holder is permitted to participate in such Reclassification or Stock Dividend or in the issue of such options, rights or warrants, as the case may be, as though and to the same effect as if it had exercised this Warrant into Exercise Shares prior to the applicable record date or effective date for such Reclassification or Stock Dividend or the issue of such options, rights or warrants, as the case may be.

3.4 The adjustments provided for in this Section 3 are cumulative and shall be computed to the nearest one-tenth of one cent and will be made successively whenever an event referred to therein occurs. Notwithstanding the foregoing, no adjustment of the Exercise Price shall be made in any case in which the resulting increase or decrease in the Exercise Price would be less than one percent of the then prevailing Exercise Price. Any adjustment that would otherwise have been required to be made, but for the minimum percentage threshold, shall be carried forward and made at the time of and together with the next subsequent adjustment to the Exercise Price which, together with any and all such adjustments so carried forward, shall result in an increase or decrease in the Exercise Price by not less than one percent.

4. Fractional Shares; Effect of Exercise. Notwithstanding anything herein contained, the Company shall in no case be required to issue fractional Exercise Shares upon the exercise of this Warrant. If any fractional interest in an Exercise Share would, except for the provisions of this 4, be deliverable upon the exercise of this Warrant, the aggregate number of Exercise Shares to which such holder shall be entitled shall be rounded down to the nearest whole number if the fraction is less than 0.5 and rounded up to the nearest whole number if the fraction is 0.5 or greater.

5. No Stockholder Rights. This Warrant shall not entitle the Holder to any right to receive dividends, voting rights or other rights as a stockholder of the Company.

6. Lost, Stolen, Mutilated or Destroyed Warrant. The Company covenants to the Holder hereof that, upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant or any stock certificate and, in the case of any such loss, theft or destruction, upon receipt of an indemnity reasonably satisfactory to the Company, or in the case of any such mutilation, upon surrender and cancellation of such Warrant or stock certificate, the Company shall make and deliver a new Warrant or stock certificate, of like tenor, in lieu of the lost, stolen, destroyed or mutilated Warrant or stock certificate.

7. Notices. Any notice required or permitted under this Warrant shall be given in accordance with Section 9(g) of the Purchase Agreement.

8. Acceptance. Receipt of this Warrant by the Holder shall constitute acceptance of and agreement to all of the terms and conditions contained herein.

9. Amendment and Waiver. Any provision of this Warrant may be amended or waived in a writing signed by both the Company and the Required Holders and such amendment or waiver shall be binding on all Holders.

10. Governing Law; Venue.

10.1 This Warrant and all actions arising out of or in connection with this Warrant shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to its internal rules governing the conflict of laws.

10.2 Each of the Company and the Holder hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of any Delaware State court or Federal court of the United States of America sitting in Delaware, in Wilmington, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Warrant or the transactions contemplated hereby or for recognition or enforcement of any judgment relating hereto, and each of the Company and the Holder hereby irrevocably and unconditionally (a) agrees not to commence any such action or proceeding except in such courts; (b) agrees that any claim in respect of any such action or proceeding may be heard and determined in such courts; (c) waives any objection or defense which it may now or hereafter have based on personal jurisdiction; (d) waives any objection which it may now or hereafter have to the laying of venue of any such action or proceeding in any such court; and (e) waives the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court. Each of the Company and the Holder agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Each of the Company and the Holder irrevocably consents to service of process in the manner provided for notices in Section 7(g) of the Purchase Agreement.

10.3 EACH OF THE COMPANY AND THE HOLDER HEREBY IRREVOCABLY WAIVES ALL RIGHTS TO TRIAL BY JURY IN ANY PROCEEDING BROUGHT TO RESOLVE ANY DISPUTE BETWEEN THE COMPANY AND THE HOLDER (WHETHER ARISING IN CONTRACT, TORT OR OTHERWISE) ARISING OUT OF, CONNECTED WITH, RELATED TO OR INCIDENTAL TO THIS WARRANT, THE TRANSACTIONS CONTEMPLATED HEREBY OR THE RELATIONSHIPS ESTABLISHED BETWEEN THE COMPANY, THE HOLDER, ANY OTHER HOLDER(S) OF WARRANTS.

(Signature page follows)

In Witness Whereof, the Company has caused this Warrant to be executed by its duly authorized officer as of the date first above written.

COMPANY:

INDUS HOLDINGS, INC.

By: _____

Accepted:

[If Purchaser is an entity:

PURCHASER:

[Purchaser]
By: _____]
[Name]
[Title] _____

[If Purchaser is an individual:

PURCHASER:

_____
[Purchaser]

EXHIBIT A

NOTICE OF EXERCISE

TO: Indus Holdings, Inc.

(1) The undersigned hereby elects to purchase __ shares of _____ of Indus Holdings, Inc. (the "***Company***") pursuant to the terms of the attached Warrant, and tenders herewith payment of the Exercise Price in full, together with all applicable transfer taxes, if any by; Check all that apply:

(a) payment of US$_____ by wire transfer, federal reference number _____,

(b) cancellation of indebtedness in the amount of US$_____, represented by the note enclosed herewith; or

The undersigned hereby elects to purchase _____ shares of _____of the Company pursuant to the terms of the net exercise provisions set forth in Section 2.2 of the attached Warrant, and shall tender payment of all applicable transfer taxes, if any.

(2) Please issue a certificate or certificates representing said shares of Stock in the name of the undersigned or in such other name as is specified below:

_____
Holder

_____
Address

(3) The undersigned represents that (i) the aforesaid shares of Stock are being acquired for the account of the undersigned for investment and not with a view to, or for resale in connection with, the distribution thereof and that the undersigned has no present intention of distributing or reselling such shares; (ii) the undersigned is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision regarding the undersigned's investment in the Company; (iii) the undersigned is experienced in making investments of this type and has such knowledge and background in financial and business matters that the undersigned is capable of evaluating the merits and risks of this investment and protecting the undersigned's own interests; (iv) the undersigned understands that the shares of Stock issuable upon exercise of this Warrant have not been registered under the Securities Act, by reason of a specific exemption from the registration provisions of the Securities Act, which exemption depends upon, among other things, the bona fide nature of the investment intent as expressed herein, and, because such securities have not been registered under the Securities Act, they must be held indefinitely unless subsequently registered under the Securities Act or an exemption from such registration is available; (v) the undersigned is aware that the aforesaid shares of Stock may not be sold pursuant to Rule 144 adopted under the Securities Act unless certain conditions are met and until the undersigned has held the shares for the number of years prescribed by Rule 144, that among the conditions for use of the Rule is the availability of current information to the public about the Company and the Company has not made such information available and has no present plans to do so; (vi) the undersigned is an "accredited investor" (as defined in Rule 501 promulgated pursuant to the Securities Act); and (vii) the undersigned agrees not to make any disposition of all or any part of the aforesaid shares of Stock unless and until there is then in effect a registration statement under the Securities Act covering such proposed disposition and such disposition is made in accordance with said registration statement, or the undersigned has provided the Company with an opinion of counsel satisfactory to the Company, stating that such registration is not required.

Date

(Signature)

(Print name)

Exhibit 10.6

INDUS HOLDINGS, INC.

- and -

ODYSSEY TRUST COMPANY

WARRANT INDENTURE

Providing for the Issue of
up to 12,190,000 Subordinate Voting Share Purchase Warrants

December 21, 2020

TABLE OF CONTENTS

THIS WARRANT INDENTURE dated as of December 21, 2020

B E T W E E N:

INDUS HOLDINGS, INC.,
a company existing under the laws of the Province of British Columbia

(the "**Company**")

A N D

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 23,000,000 Units (as defined below) pursuant to the Prospectus (as defined below), the Company proposes to issue and sell to the public 11,500,000 Warrants (as defined below), of which 10,000,000 Warrants will be issuable as a part of the base Offering and up to 1,500,000 Warrants will be issuable upon the due exercise in full of the Over-Allotment Option (as defined below) (the "**Offering**");

B. In partial consideration of the Underwriters' (as defined below) services rendered in connection with the Offering, the Company has agreed to issue Compensation Options (as defined below) exercisable to purchase up to 1,380,000 Units (including 180,000 Compensation Options issuable upon the due exercise in full of the Over-Allotment Option);

C. Up to an aggregate number of 690,000 Warrants may be issued upon the exercise of the Compensation Options.

D. Each Warrant entitles the holder thereof to purchase, subject to adjustment in certain events, one Warrant Share (as defined below) at a price of $2.20 at any time prior to the Time of Expiry (as defined below);

E. 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;

F. The Company is duly authorized to create and issue the Warrants to be issued as herein provided;

G. 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;

H. The foregoing recitals are made as statements of fact by the Company and not by the Warrant Agent; and

I. 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:

"**Accredited Investor**" has the meaning ascribed to that term in Section 3.7(2)(c);

"**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 21, 2020 or such other date as agreed to by the Company and the Underwriters;

"**Company**" means Indus Holdings, Inc., a corporation existing under the laws of the Province 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;

"**Compensation Options**" means the compensation options issued to or as directed by the Underwriters on the date hereof or after the date hereof in connection with the Offering of Units as described in the Prospectus, each compensation option exercisable to acquire one Unit, at an exercise price equal to $1.50 per Unit for a period of 12 months from the Closing Date.

"**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;

"**Court**" has the meaning ascribed that term in Section 8.8;

"**CSE**" means the Canadian Securities Exchange;

"**Current Market Price**" means, at any date, the volume weighted average price per share at which the Subordinate Voting Shares have traded:

(a) on the CSE;

(b) if the Subordinate Voting Shares are not listed on the CSE, on any stock exchange upon which the Subordinate Voting Shares are listed, as may be selected for this purpose by the board of directors of the Company, acting reasonably; or

(c) if the Subordinate Voting Shares are not listed on any stock exchange, on any over-the-counter market on which the Subordinate Voting 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 ending the third trading day before such date; provided that the volume weighted average price shall be determined by dividing the aggregate sale price of all Subordinate Voting Shares sold on the exchange or market, as the case may be, during the 20 consecutive trading days by the number of Subordinate Voting Shares so sold on said exchange or market or, if not traded on any recognized exchange or market, as determined by such firm of independent chartered accountants as may be selected by the board of 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 Subordinate Voting Share does not in such financial year exceed in aggregate 5% of the Exercise Price;

"**Exchange Act**" has the meaning ascribed that term in Section 9.5;

"**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 $2.20 for each Warrant Share, subject to adjustment in accordance with the provisions of Article 2 hereof;

"**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;

"**Indemnified Parties**" has the meaning ascribed that term in Section 8.7(5);

"**Offering**" has the meaning ascribed thereto in Recital A of this Indenture;

"**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 3,000,000 Units, including up to 3,000,000 Unit Shares and up to 1,500,000 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, on or before the 30th day 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;

"**Prospectus**" means, collectively, the prospectus supplement of the Company dated December 16, 2020 and the base shelf prospectus of the Company dated December 11, 2020;

"**Qualified Institutional Buyer**" has the meaning ascribed to that term in Section 3.7(2)(b);

"**QIB Letter**" has the meaning ascribed to that term in Section 3.7(2)(b);

"**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);

"**SEC**" has the meaning ascribed that term in Section 9.5;

"**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 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 Subordinate Voting 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);

"**Subordinate Voting Share Reorganization**" has the meaning ascribed to that term in Section 2.13(1);

"**Subordinate Voting Shares**" means the Subordinate Voting Shares in the capital of the Company;

"**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 Subordinate Voting 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 December 21, 2023;

"**trading day**" means a day on which the CSE (or such other exchange on which the Subordinate Voting Shares are listed) is open for trading, and if the Subordinate Voting 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 Subordinate Voting Shares;

"**U.S. Person**" means a U.S. person as that term is defined under Regulation S;

"**U.S. Purchaser**" is (a) any U.S. Person that purchased Warrants, (b) any person that purchased Warrants on behalf of any U.S. Person or any person in the United States, (c) any purchaser of Warrants that received an offer of the Warrants while in the United States, or (d) any purchaser that was in the United States at the time the purchaser's buy order was made or the QIB Letter for Warrants was executed or delivered;

"**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., Beacon Securities Limited and PI Financial Corp.;

"**Unit Share**" means a Subordinate Voting 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 of one 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 Subordinate Voting 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 Subordinate Voting 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 hereunder, 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 hereby creates and authorizes the issuance of up to 12,190,000 Warrants, comprised of 11,500,000 Warrants partially comprising the Units and up to 690,000 Warrants issuable upon exercise of the Compensation Options, entitling the registered holders thereof to acquire an aggregate of up to 12,190,000 Warrant Shares, which are hereby authorized to be issued hereunder at the Exercise Price upon the terms and conditions herein set forth. 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 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 legislation and 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 set-off 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 under the U.S. Securities Act and in compliance with applicable local laws and regulations, (C) in compliance with the exemption from registration under the U.S. Securities Act provided by (i) Rule 144 thereunder, if available, or (ii) Rule 144A thereunder, if available, (D) in another transaction that does not require registration under the U.S. Securities Act or any applicable state securities laws, or (E) pursuant to a registration statement that has been declared effective under the U.S. Securities Act.

(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 Section 3.1(4) and the Warrantholder is unable to make the representations in Section 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 Subordinate Voting Shares or securities exercisable, exchangeable for or convertible into Subordinate Voting Shares to all or substantially all the holders of the Subordinate Voting Shares as a stock dividend or other distribution (other than a distribution of Subordinate Voting Shares upon the exercise of Warrants); or

(b) subdivide, redivide or change its then outstanding Subordinate Voting Shares into a greater number of Subordinate Voting Shares; or

(c) reduce, combine or consolidate its then outstanding Subordinate Voting Shares into a lesser number of Subordinate Voting Shares,

(any of such events in these paragraphs (a), (b) or (c) being called a "**Subordinate Voting 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 Subordinate Voting Shares outstanding on such date immediately after giving effect to such Subordinate Voting Share Reorganization (including, in the case where securities exercisable, exchangeable for or convertible into Subordinate Voting Shares are distributed, the number of Subordinate Voting Shares that would have been outstanding had such securities been exchanged for or converted into Subordinate Voting Shares on such record date, assuming in any case where such securities are not then exercisable, convertible or exchangeable but subsequently become so, that they were exercisable, convertible or exchangeable on the record date on the basis upon which they first become exercisable, convertible or exchangeable), and

(b) the denominator of which shall be the total number of Subordinate Voting Shares outstanding on such date before giving effect to such Subordinate Voting 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 exercisable or exchangeable for or convertible into Subordinate Voting Shares and the Subordinate Voting 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 Subordinate Voting Share Reorganization, as the case may be, to the Exchange Basis that would then be in effect, based upon the number of Subordinate Voting Shares actually issued and remaining issuable pursuant to the Subordinate Voting 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 Subordinate Voting 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 Subordinate Voting Shares, or securities exchangeable for or convertible into Subordinate Voting 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 Subordinate Voting 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 Subordinate Voting 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 Subordinate Voting Shares outstanding as of the record date for the Rights Offering, and

(ii) a number of Subordinate Voting 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 Subordinate Voting Shares owned by or held for the account of the Company or any of its Subsidiaries 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 Subordinate Voting 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 Subordinate Voting 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 Subordinate Voting Shares of:

(a) shares of the Company of any class other than Subordinate Voting Shares; or

(b) rights, options or warrants to acquire Subordinate Voting Shares or securities exchangeable for or convertible into Subordinate Voting 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 Subordinate Voting Share Reorganization, a Rights Offering or a Capital Reorganization and is not made in connection with a Capital Reorganization (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 Subordinate Voting 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 Subordinate Voting 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 shall be conclusive), to the holders of the Subordinate Voting 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 Subordinate Voting Shares owned by or held for the account of the Company or any of its Subsidiaries 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 Subordinate Voting Shares at any time outstanding or change or exchange of the Subordinate Voting Shares into or for other shares or into or for other securities or property (other than a Subordinate Voting 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 Subordinate Voting Shares or a change or exchange of the Subordinate Voting 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 Exercise Price which shall be calculated by multiplying the Exercise 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) Exercise Price shall be required unless such adjustment would result in a change of at least 1% of the Exercise 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 Exercise 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 Exercise 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 Subordinate Voting Share Reorganization; (ii) a Dividend Paid in the Ordinary Course; or (iii) a distribution of Subordinate Voting Shares as compensation securities, pursuant to incentive plans of the Company, pursuant to the exercise or vesting of stock options or other compensation securities granted under incentive plans of the Company or pursuant to the conversion, exchange, redemption or exercise of any convertible, exchangeable, redeemable or exercisable securities outstanding as of the date hereof (or pursuant to the conversion, exchange, redemption or exercise of any securities issued upon any such conversion, exchange, redemption or exercise).

(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 Subordinate Voting 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 and prior to the Time of Expiry, shall take any action affecting any Subordinate Voting 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 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 Subordinate Voting 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 Subordinate Voting 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 for 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: 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 THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF INDUS HOLDINGS, INC. (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 COMPLIANCE WITH THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY (1) RULE 144 THEREUNDER, IF AVAILABLE, OR (2) RULE 144A THEREUNDER, IF AVAILABLE, AND, IN BOTH CASES, IN COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS, (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, OR (E) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, AND, IN THE CASE OF (C)(1) AND (D) ABOVE, AFTER THE SELLER FURNISHES TO THE CORPORATION AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE CORPORATION TO SUCH EFFECT. "UNITED STATES" AND "U.S. PERSON" ARE AS DEFINED BY REGULATION S UNDER THE U.S. SECURITIES ACT." DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA."
>
> [if a Warrant: "THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THIS WARRANT MAY NOT BE EXERCISED IN THE UNITED STATES OR BY OR ON BEHALF OF A U.S. PERSON OR PERSON IN THE UNITED STATES UNLESS THIS WARRANT AND SHARES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE BEEN REGISTERED UNDER THE U.S. SECURITIES ACT AND THE APPLICABLE SECURITIES LEGISLATION OF ANY SUCH STATE OR EXEMPTIONS FROM SUCH REGISTRATION REQUIREMENTS ARE AVAILABLE. "UNITED STATES" AND "U.S. PERSON" ARE AS DEFINED BY REGULATION S UNDER THE U.S. SECURITIES ACT."]

provided that, if at the time of issuance of the Warrants the Company is a "foreign issuer" within the meaning of Regulation S and 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 any of such Warrants or Warrant Shares issuable upon exercise of the Warrants are being sold pursuant to Rule 144, if available, under the U.S. Securities Act, the legend may be removed by delivery to the Company, Warrant Agent and the Transfer Agent of 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 or state securities laws.

(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 legislation 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 legislation unless otherwise notified in writing by the Company.

(4) A Beneficial Owner who desires to exercise his 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 Warrants so exercised and appointed such Participant to act as his 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 Subordinate Voting 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; or

(b) a written certification that such holder is the original U.S. Purchaser and (a) purchased the Warrants directly from the Company pursuant to a duly executed qualified institutional buyer letter ("**QIB Letter**") for the purchase of Warrants; (b) is exercising the Warrants solely for its own account or for the account of the original beneficial purchaser, if any; (c) each of it and any beneficial purchaser was on the date the Warrants were purchased from the Company, and is on the date of exercise of the Warrants, a "qualified institutional buyer" as defined under Rule 144A under the U.S. Securities Act ("**Qualified Institutional Buyer**"); and (d) all the representations, warranties and covenants set forth in the QIB Letter (including any required certifications set forth therein) made by such holder for the purchase of Warrants from the Company continue to be true and correct as if duly executed as of the date thereof; or

(c) a written opinion of Counsel of recognized standing in form and substance satisfactory to the Company or other 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; provided, however, that a holder who is an "accredited investor" as defined in Rule 501(a) of Regulation D under the U.S. Securities Act ("**Accredited Investor**") at the time of exercise of the Warrants and who purchased Units in a transaction exempt from registration under the U.S. Securities Act and applicable state securities laws as either a Qualified Institutional Buyer or an Accredited Investor will not be required to deliver an opinion of Counsel or such other evidence in connection with the exercise of Warrants that are part of those Units.

(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.

(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 Subordinate Voting Shares upon the exercise of the Warrants, and all Warrant 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.

(6) The Company will use commercially reasonable efforts to ensure that the Warrants, if and when listed, and the Subordinate Voting Shares outstanding on the date hereof and issuable from time to time on the exercise of the Warrants, continue to be listed and posted for trading on the CSE (or such other Canadian or United States 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 or other transaction that would result in the Warrants and/or the Subordinate Voting Shares ceasing to be listed and posted for trading on such exchanges, so long as the shareholders of the Company have approved the transaction in accordance with applicable corporate and securities laws and the policies of such exchanges or the holders of Subordinate Voting 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, acquisition or sale 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, and to make all requisite filings under applicable Securities Laws, including those necessary to so remain a reporting issuer, so as to not be materially 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 promptly advise the Warrant Agent 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.

(10) 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 commercially reasonable efforts to file such instrument, obtain such permission, order or ruling or take all such other steps, at its expense, as are 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(9) 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.

Subject to applicable law, the Warrant Agent and, by acceptance of a Warrant Certificate or Uncertificated Warrant, as applicable, and as part of the consideration for the issue of the Warrants, the Warrantholders hereby waive and release any right, cause of action or remedy now or hereafter existing in any jurisdiction against any person in its capacity as an incorporator or any past, present or future shareholder, director, officer, employee or agent of the Company for the creation and issue of the Subordinate Voting Shares pursuant to any Warrant or any covenant, agreement, representation or warranty by the Company herein or contained in a Warrant Certificate or Uncertificated Warrant, as applicable.

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 51% 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 66⅔% 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 66⅔%, 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 Subordinate Voting 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 sent by electronic transmission to the following addresses:

(a) If to the Company, to:

Indus Holdings, Inc.
19 Quail Run Circle - Suite B
Salinas, California
93907

Attention: Brian Shure, Chief Financial Officer
Email: [*Redacted – E-Mail Address*]

with a copy to:

Cassels Brock & Blackwell LLP
Suite 2100, Scotia Plaza
40 King Street West
Toronto, Ontario
M5H 3C2

Attention: Jay Goldman
Email: [*Redacted – E-Mail Address*]

(b) If to the Warrant Agent, to:

Odyssey Trust Company
Suite 1230, 300 5th Avenue SW
Calgary, Alberta
T2P 3C4

Attention: Corporate Trust
Email: corptrust@odysseytrust.com

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 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 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. In the event that Warrants are held in the name of CDS, a copy of such notice shall also be sent by electronic communication to CDS and shall be deemed received and given on the day it is so sent. 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 and 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 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

Neither 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.

INDUS HOLDINGS, INC.

By: *(signed) "Brian Shure"*

Brian Shure
Chief Financial Officer

ODYSSEY TRUST COMPANY

By: *(signed) "Dan Sander"*

Dan Sander
VP, Corporate Trust

By: *(signed) "Amy Douglas"*

Amy Douglas
Director, Corporate Trust

SCHEDULE "A"

FORM OF WARRANT CERTIFICATE

WARRANTS TO PURCHASE SUBORDINATE VOTING SHARES OF INDUS HOLDINGS, INC.

(a company existing pursuant to the laws of British Columbia)

[Certificates representing Warrants required to bear the legend set forth in Section 2.20(2) of the Warrant Indenture shall include the following legend:

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 THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF INDUS HOLDINGS, INC. (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 COMPLIANCE WITH THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY (1) RULE 144 THEREUNDER, IF AVAILABLE, OR (2) RULE 144A THEREUNDER, IF AVAILABLE, AND, IN BOTH CASES, IN COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS, (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, OR (E) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, AND, IN THE CASE OF (C)(1) AND (D) ABOVE, AFTER THE SELLER FURNISHES TO THE CORPORATION AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE CORPORATION TO SUCH EFFECT. "UNITED STATES" AND "U.S. PERSON" ARE AS DEFINED BY REGULATION S UNDER THE U.S. SECURITIES ACT." DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA."

THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THIS WARRANT MAY NOT BE EXERCISED IN THE UNITED STATES OR BY OR ON BEHALF OF A U.S. PERSON OR PERSON IN THE UNITED STATES UNLESS THIS WARRANT AND SHARES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE BEEN REGISTERED UNDER THE U.S. SECURITIES ACT AND THE APPLICABLE SECURITIES LEGISLATION OF ANY SUCH STATE OR EXEMPTIONS FROM SUCH REGISTRATION REQUIREMENTS ARE AVAILABLE. "UNITED STATES" AND "U.S. PERSON" ARE AS DEFINED BY REGULATION S UNDER THE U.S. SECURITIES ACT.]

CUSIP No. 45580N110
ISIN No. CA45580N1107

Warrant Certificate Number: ●

Representing ● Warrants to purchase Subordinate Voting Shares

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 Subordinate Voting Shares ("**Subordinate Voting Shares**") of Indus 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 $2.20 per Subordinate Voting 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 Subordinate Voting 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) on December 21, 2023 (the "**Expiry Time**"). 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 December 21, 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 Subordinate Voting 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 Subordinate Voting Shares have been so subscribed for, the number of Subordinate Voting Shares to be issued to such person(s) (provided that if the Subordinate Voting 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 Subordinate Voting 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 Subordinate Voting 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 Subordinate Voting 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 Subordinate Voting Shares issuable upon exercise hereof have been or will be registered under 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 (as defined by Regulation S under the U.S. Securities Act) 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 and the Company, the Warrant Agent and the Company's transfer agent have received an opinion of Counsel of recognized standing or other evidence to such effect in form and substance reasonably satisfactory to the Company; provided, however, that a holder who is an Accredited Investor at the time of exercise of the Warrants and who purchased Units in a transaction exempt from registration under the U.S. Securities Act and applicable state securities laws as either a Qualified Institutional Buyer or an Accredited Investor will not be required to deliver an opinion of Counsel or such other evidence in connection with the exercise of Warrants that are part of those Units.

The holder acknowledges that the Warrants represented by this Warrant Certificate and the Subordinate Voting 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 Subordinate Voting 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 Subordinate Voting 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 Subordinate Voting 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 Subordinate Voting 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__.

INDUS HOLDINGS, INC.

By:_____
Authorized Signing Officer

Countersigned this _____ day of _____, 20__

ODYSSEY TRUST COMPANY

By:_____
Authorized Signing Officer

EXERCISE FORM

TO: INDUS 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 _____ Subordinate Voting Shares of Indus 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 Subordinate Voting 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 21, 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 (i) it is the original U.S. Purchaser, (ii) it purchased the Warrant directly from the Company pursuant to a duly executed qualified institutional buyer letter ("**QIB Letter**") for the purchase of Warrants; (iii) it is exercising the Warrant solely for its own account or for the account of the original beneficial purchaser, if any; (iv) each of it and any beneficial purchaser was on the date the Warrants were purchased from the Company, and is on the date of exercise of the Warrant, a "qualified institutional buyer" as defined under Rule 144A under the U.S. Securities Act; and (v) all the representations, warranties and covenants set forth in the QIB Letter (including any required certifications set forth therein) made by the undersigned for the purchase of Warrants from the Company continue to be true and correct as if duly executed as of the date hereof.

☐ 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 Subordinate Voting 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 provided, however, that a holder who is an Accredited Investor at the time of exercise of the Warrants and who purchased Units in a transaction exempt from registration under the U.S. Securities Act and applicable state securities laws as either a Qualified Institutional Buyer or an Accredited Investor will not be required to deliver an opinion of counsel or such other evidence in connection with the exercise of Warrants that are part of those Units.

It is understood that the Company may require evidence to verify the foregoing representations.

The undersigned hereby directs that the said Subordinate Voting Shares be issued as follows:

NAME(S) IN FULL	ADDRESS(ES)	NUMBER OFSUBORDINATE VOTING SHARES

Please print full name in which certificates representing the Subordinate Voting Shares are to be issued. If any Subordinate Voting 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: INDUS 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.

THE UNDERSIGNED TRANSFEROR HEREBY CERTIFIES AND DECLARES that the Warrants are not being offered, sold or transferred to, or for the account or benefit of, a U.S. Person (as defined in Regulation S under the U.S. Securities Act of 1933, as amended) or a person within the United States unless registered under the U.S. Securities Act and any applicable state securities laws or in compliance with an exemption from registration under the U.S. Securities Act and any applicable state securities law.

DATED this _____ day of _____ , _____.

SPACE FOR GUARANTEES OF SIGNATURES (BELOW)

_____
Signature of Transferor

_____
Guarantor's Signature/Stamp

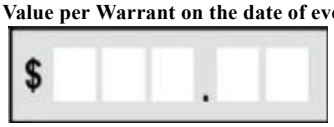
_____
Name of Transferor

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 <u>OR</u> ☐ USD**

<u>NOTES</u>:

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 Indus Holdings, Inc (the "**Company**"). and Odyssey Trust Company dated December 21, 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 United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), and applicable state securities laws, and if such Warrants are being sold in compliance with the requirements of Rule 904 of Regulation S, 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; *provided further*, that, if any of such Warrants are being sold pursuant to Rule 144, if available, under the U.S. Securities Act, the legend may be removed by delivery to the Company and the Company's transfer agent of 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 or state securities laws.

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: INDUS 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 Indus 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:

Exhibit 10.7

EMPLOYMENT AGREEMENT

This Agreement is entered into as of July 1, 2020 (the "**Effective Date**") by and between Edible Management, LLC, a California limited liability company (the "**Company**") and Mark Luciano Ainsworth ("**Executive**").

1. Duties and Scope of Employment.

(a) Positions and Duties. The Company is a management firm presently contracted to provide executive management services to Indus Holding Company, a Delaware corporation ("**Indus**"), and its subsidiaries and affiliates, including Cypress Manufacturing Company (collectively, including the Company, the "**Indus Entities**"). As of the Effective Date, Executive will serve as Chief Executive Officer of Indus and of Indus' parent company and all consolidated subsidiaries. Executive will render such business and professional services in the performance of Executive's duties as are consistent with Executive's position within the Company and as reasonably assigned to Executive by the Company's Board of Directors (the **"Board**") and the Chairman of the Board. The period of Executive's employment under this Agreement is referred to herein as the "**Employment Term**."

(b) Obligations. During the Employment Term, Executive will perform Executive's duties faithfully and to the best of Executive's ability and will devote Executive's full business efforts and time to the Company. For the duration of the Employment Term, Executive agrees not to engage in any other employment, occupation or consulting activity for any direct or indirect remuneration without the prior approval of the Board.

2. Employment. Subject to the provisions hereof under which Executive may be entitled to severance benefits depending on the circumstances of Executive's termination of employment by the Company, the parties agree that Executive's employment with the Company will be "at will" employment and may be terminated at any time with or without cause or notice, for any reason or no reason.

3. Compensation.

(a) Base Salary. Executive's base salary will be $250,000 per year (the "**Base Salary**"). The Base Salary will be paid periodically in accordance with the Company's normal payroll practices and be subject to the usual, required withholding. Executive's salary will be subject to review and adjustments will be made based upon the Company's normal performance review practices.

(b) Stock Options. Executive may receive incentive stock options as determined from time to time in the sole discretion of the Board or its Compensation Committee.

(c) Bonus. Executive shall be eligible to receive annual bonuses in such amounts and subject to such performance metrics or other criteria determined by the Board or its Compensation Committee from time to time, including performance-based bonuses or programs as determined in the discretion of the Board. Employee Benefits. During the Employment Term, Executive will be entitled to participate in the employee benefit plans currently and hereafter maintained by the Company of general applicability to other senior executives of the Company. The Company reserves the right to cancel or change the benefit plans and programs it offers to its employees at any time.

4. Vacation. Executive will be entitled to receive three (3) weeks of paid time off per year during Executive's employment, accruing at 1.25 days per month pursuant and subject to the policies set forth in the Company's Employment Handbook.

5. Expenses. The Company will reimburse Executive for reasonable travel, entertainment or other expenses incurred by Executive in the furtherance of or in connection with the performance of Executive's duties hereunder, in accordance with the Company's expense reimbursement policy as in effect from time to time.

6. Severance Benefits.

(a) Termination without Cause. If Executive's employment with the Company is terminated by the Company other than for Cause during the Employment Term, then for a period of nine months from the date of such termination, Executive will receive from the Company continued payment of Executive's Base Salary in accordance with the normal payroll practices of the Company, and during such period if Executive elects to continue the Company-provided health insurance, the Company shall continue to contribute to (or reimburse Executive for) such health insurance costs in amounts consistent with the benefit provided to Executive by the Company during the Employment Term.

(b) Separation Agreement and Release of Claims. The receipt of any severance will be subject to Executive signing and not revoking a separation agreement and release of claims with the Company in a form acceptable to the Company no later than thirty (30) days after the termination of employment occurs. No severance amounts or benefits will be paid or provided until the separation agreement and release of claims becomes effective, and any severance amounts or benefits otherwise payable between the date of Executive's termination and the date of such release becomes effective shall be paid on the effective date of such release.

(c) Non-Solicitation. Executive agrees, to the fullest extent permitted by applicable law, for a period of two years following the termination of the employment of the Executive for any reason, Executive will not either directly or indirectly, solicit, induce, recruit, encourage, take away, or hire any employee of any Indus Entity (or any affiliate) or cause any employee to leave Indus Entity's (or its affiliate's) employment either for Executive or for any other entity or person; provided that the foregoing shall not restrict the hiring of any individual for a position outside the Indus Entity's industry whose employment with the applicable Indus Entity (or its affiliate) is terminated prior to any solicitation by Executive. Executive represents that Executive (A) is familiar with the foregoing covenant not to solicit, and (B) is fully aware of Executive's obligations hereunder, including, without limitation, the reasonableness of the length of time and scope of these covenants. Upon any breach of this section, any remaining unpaid severance pay and other benefits pursuant to Section 7(a) will immediately cease and Executive shall be required to repay to the Company any severance payments theretofore paid hereunder.

(d) Timing of Severance Payments. The Company will pay the severance payments to which Executive is entitled as salary continuation with the same timing as in effect immediately prior to Executive's termination of employment.

(e) Termination for Cause; Resignation without Good Reason. If Executive's employment with the Company (or any affiliate of the Company) is voluntarily terminated by Executive, or for Cause by the Company, then no payment of severance shall be due to Executive hereunder.

(f) Change of Control. In the event that, within six months following a Change of Control, the title and/or responsibilities of the Executive are materially diminished or the Executive is terminated by the Company without Cause, then upon notice by the Executive to the Company given not later than thirty (30) days following such material diminishment or termination, one half of the remaining unvested portion of any stock options or restricted stock awards previously granted to the Executive shall thereupon vest and become immediately exercisable (without duplicating and without limiting any more favorable accelerated vesting provisions under the terms of any such grants) and any unvested portion shall continue to vest ratably, or be forfeited, in accordance with the terms of such grants. As used herein, "Change of Control" shall mean a transaction or a series of related transactions involving (i) a sale, transfer or other disposition of all or substantially all of the Company's and its subsidiaries' assets, (ii) the consummation of a merger or consolidation of the Company or (iii) a sale or exchange of capital stock of the Company, in any case as a result of which the stockholders of the Company immediately prior to such transaction or series of related transactions own, in the aggregate, less than a majority of the outstanding voting power of the capital stock or equity interests of the surviving, resulting or transferee entity.

7. Section 409A. Notwithstanding anything to the contrary in this Agreement, if Executive is a "specified employee" within the meaning of Section 409A of the Code and the final regulations and any guidance promulgated thereunder ("**Section 409A**") at the time of Executive's termination (other than due to death), then the severance payable to Executive, if any, pursuant to this Agreement, together with any other severance payments or separation benefits that are considered deferred compensation under Section 409A (together, the "**Deferred Compensation Separation Benefits**") that would otherwise be payable within the first six (6) months following Executive's termination of employment, will instead become payable in a lump sum on the first payroll date that occurs on or after the date six (6) months and one (1) day following the date of Executive's termination of employment or the date of Executive's death, if earlier. Any amount paid under this Agreement that qualifies as a payment made as a result of an involuntary separation from service pursuant to Section 1.409A-1(b)(9)(iii) of the Treasury Regulations that does not exceed the Section 409A Limit under applicable Treasury Regulations will not constitute Deferred Compensation Separation Benefits. The foregoing provisions are intended to comply with the requirements of Section 409A so that none of the severance payments and benefits to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply. Executive and the Company agree to work together in good faith to consider amendments to this Agreement and to take such reasonable actions which are necessary, appropriate or desirable to avoid imposition of any additional tax or income recognition prior to actual payment to Executive under Section 409A.

8. Definitions.

(a) Cause. For purposes of this Agreement, "**Cause**" is defined as (i) Executive's conviction of or plea of *nolo contendere* to any felony or any crime involving dishonesty with respect to any Indus Entity; (ii) Executive's willful misconduct in the performance of Executive's duties, breach of any material agreement between Executive and the Company concerning the terms and conditions of Executive's employment with the Company, or Executive's willful violation of a material Company employment policy (including, without limitation, any anti-harassment or insider trading policy), in any case which is materially injurious to the Company and its affiliates; or (iii) Executive's willful commission of an act of fraud, breach of trust, or dishonesty including, without limitation, embezzlement.

9. Successors.

(a) The Company's Successors. Any successor to the Company (whether direct or indirect and whether by purchase, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets will assume the obligations under this Agreement and agree expressly to perform the obligations under this Agreement in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under this Agreement, the term "Company" will include any successor to the Company's business and/or assets which executes and delivers the assumption agreement described in this Section or which becomes bound by the terms of this Agreement by operation of law.

(b) Executive's Successors. The terms of this Agreement and all rights of Executive hereunder will inure to the benefit of, and be enforceable by, Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

10. Confidential Information. Executive agrees, that to the extent that Executive has not already done so, to enter into the Company's standard Employee Proprietary Information Agreement (the "**Employee Proprietary Information Agreement**") upon commencing employment hereunder.

11. Notices. All notices, requests, demands and other communications called for hereunder will be in writing and will be deemed given (i) on the date of delivery if delivered personally, (ii) one (1) day after being sent by a nationally recognized commercial overnight service, or (iii) four (4) days after being mailed by registered or certified mail, return receipt requested, prepaid and addressed to the parties or their successors at the following addresses, or at such other addresses as the parties may later designate in writing:

If to the Company:

Edible Management, LLC
20 Quail Run Circle
Salinas, CA 93907
Attn: Chairman of the Board

With a copy to the Chairman at his last known email address.

If to Executive:
at the last residential address known by the Company,
With a copy to Executive at his last known email address.

12. Arbitration.

(a) Arbitration. In consideration of Executive's employment with the Company, its promise to arbitrate all employment-related disputes, and Executive's receipt of the compensation, pay raises and other benefits paid to Executive by the Company, at present and in the future, Executive agrees that any and all controversies, claims, or disputes with anyone (including the Company and any employee, officer, director, shareholder or benefit plan of the Company in their capacity as such or otherwise) arising out of, relating to, or resulting from Executive's employment with the Company or termination thereof, including any breach of this Agreement, will be subject to binding arbitration under the Arbitration Rules set forth in California Code of Civil Procedure Section 1280 through 1294.2, including Section 1281.8 (the "**Act**"), and pursuant to California law. The Federal Arbitration Act shall also continue to apply with full force and effect, notwithstanding the application of procedural rules set forth under the Act.

(b) Dispute Resolution. **Disputes that Executive agrees to arbitrate, and thereby agrees to waive any right to a trial by jury, include any statutory claims under local, state, or federal law**, including, but not limited to, claims under Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act of 1990, the Age Discrimination in Employment Act of 1967, the Older Workers Benefit Protection Act, the Sarbanes Oxley Act, the Worker Adjustment and Retraining Notification Act, the California Fair Employment and Housing Act, the Family and Medical Leave Act, the California Family Rights Act, the California Labor Code, Claims of harassment, discrimination, and wrongful termination, and any statutory or common law claims. Executive further understands that this Agreement to arbitrate also applies to any disputes that the Company may have with Executive.

(c) Procedure. Executive agrees that any arbitration will be administered by the Judicial Arbitration & Mediation Services, Inc. ("**JAMS**"), pursuant to its Employment Arbitration Rules & Procedures (the "**JAMS Rules**"). The arbitrator shall have the power to decide any motions brought by any party to the arbitration, including motions for summary judgment and/or adjudication, motions to dismiss and demurrers, and motions for class certification, prior to any arbitration hearing. The arbitrator shall have the power to award any remedies available under applicable law, and the arbitrator shall award attorneys' fees and costs to the prevailing party, except as prohibited by law. The Company will pay for any administrative or hearing fees charged by the administrator or JAMS, except that Executive shall pay any filing fees associated with any arbitration that Executive initiates, but only so much of the filing fee as Executive would have instead paid had Executive filed a complaint in a court of law. Executive agrees that the arbitrator shall administer and conduct any arbitration in accordance with California law, including the California Code of Civil Procedure, and that the arbitrator shall apply substantive and procedural California law to any dispute or claim, without reference to the rules of conflict of law. To the extent that the JAMS Rules conflict with California law, California law shall take precedence. The decision of the arbitrator shall be in writing. Any arbitration under this Agreement shall be conducted in Monterey County, California.

(d) Remedy. Except as provided by the Act, arbitration shall be the sole, exclusive, and final remedy for any dispute between Executive and the Company. **Accordingly, except as provided by the Act and this Agreement, neither Executive nor the Company will be permitted to pursue court action regarding claims that are subject to arbitration**. Notwithstanding, the arbitrator will not have the authority to disregard or refuse to enforce any lawful Company policy, and the arbitrator will not order or require the Company to adopt a policy not otherwise required by law which the Company has not adopted.

(e) Administrative Relief. Executive is not prohibited from pursuing an administrative claim with a local, state, or federal administrative body or government agency that is authorized to enforce or administer laws related to employment, including, but not limited to, the Department of Fair Employment and Housing, the Equal Employment Opportunity Commission, the National Labor Relations Board, or the Workers' Compensation Board. However, Executive may not pursue court action regarding any such claim, except as permitted by law.

(f) Voluntary Nature of Agreement. Executive acknowledges and agrees that Executive is executing this Agreement voluntarily and without any duress or undue influence by the Company or anyone else. Executive further acknowledges and agrees that Executive has carefully read this Agreement and that Executive has asked any questions needed for Executive to understand the terms, consequences and binding effect of this Agreement and fully understands it, including that ***EXECUTIVE IS WAIVING EXECUTIVE'S RIGHT TO A JURY TRIAL***. Finally, Executive agrees that Executive has been provided an opportunity to seek the advice of an attorney of Executive's choice before signing this Agreement.

13. Miscellaneous Provisions.

(a) No Duty to Mitigate. Executive will not be required to mitigate the amount of any payment contemplated by this Agreement, nor will any such payment be reduced by any earnings that Executive may receive from any other source.

(b) Amendment. No provision of this Agreement will be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Executive and by an authorized officer of the Company (other than Executive) that is expressly designated as an amendment to this Agreement.

(c) Integration. This Agreement, together with the Employee Proprietary Information Agreement represents the entire agreement and understanding between the parties as to the subject matter herein and supersedes all prior or contemporaneous agreements whether written or oral. This Agreement may be modified only by agreement of the parties by a written instrument executed by the parties that is designated as an amendment to this Agreement.

(d) Waiver of Breach. The waiver of a breach of any term or provision of this Agreement, which must be in writing, will not operate as or be construed to be a waiver of any other previous or subsequent breach of this Agreement.

(e) Headings. All captions and section headings used in this Agreement are for convenient reference only and do not form a part of this Agreement.

(f) Tax Withholding. All payments made pursuant to this Agreement will be subject to all applicable withholdings, including all applicable income and employment taxes, as determined in the Company's reasonable judgment.

(g) Governing Law. This Agreement will be governed by the laws of the State of California (with the exception of its conflict of laws provisions).

(h) Severability. The invalidity or unenforceability of any provision or provisions of this Agreement will not affect the validity or enforceability of any other provision hereof, which will remain in full force and effect.

14. Acknowledgment. Executive acknowledges that he has had the opportunity to discuss this matter with and obtain advice from Executive's private attorney, has had sufficient time to, and has carefully read and fully understands all the provisions of this Agreement, and is knowingly and voluntarily entering into this Agreement.

15. Counterparts. This Agreement may be executed in counterparts, and each counterpart will have the same force and effect as an original and will constitute an effective, binding agreement on the part of each of the undersigned.

[*Remainder of Page Intentionally Left Blank*]

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by their duly authorized officers, as of the day and year first above written.

COMPANY:

Edible Management LLC

By: _____ Date: _____

Name: _____

Title _____

EXECUTIVE:

_____ Date: _____

Mark Luciano Ainsworh

Address: _____

_____

Exhibit 10.8

EMPLOYMENT AGREEMENT

This Agreement is entered into as of November 10, 2020 (the "**Effective Date**") by and between Edible Management, LLC, a California limited liability company (the "**Company**") and Brian Shure ("**Executive**").

1. Duties and Scope of Employment.

(a) Positions and Duties. The Company is a management firm presently contracted to provide executive management services to Indus Holding Company, a Delaware corporation ("**Indus**"), and its subsidiaries and affiliates, including Cypress Manufacturing Company (collectively, including the Company, the "**Indus Entities**"). As of the Effective Date, Executive will serve as Chief Financial Officer of Indus and of Indus' parent company and all consolidated subsidiaries. Executive will render such business and professional services in the performance of Executive's duties as are consistent with Executive's position and as reasonably assigned to Executive by the Company's Chief Executive Officer and the Company's Board of Directors (the "**Board**"). The period of Executive's employment under this Agreement is referred to herein as the "**Employment Term**."

(b) Obligations. Executive shall report to the Chief Executive Officer and the Board and Executive shall devote Executive's good faith best efforts and full business time and attention (except for permitted vacation periods and reasonable periods of illness or other incapacity) to the business and affairs of the Indus Entities. Executive shall perform Executive's duties, responsibilities and functions to the Indus Entities hereunder in good faith and to the best of Executive's abilities in a diligent, trustworthy, professional and efficient manner and shall comply with the policies and procedures of the Indus Entities. So long as Executive is employed by the Company or any Indus Entity, Executive shall not, without the prior written consent of the Chief Executive Officer or Chairman of the Board, accept other employment or perform other services for compensation or that unreasonably interfere with Executive's employment with the Company; provided that Executive may serve as an officer or director of or otherwise participate in purely educational, welfare, social, religious and civic organizations so long as such activities do not unreasonably interfere with executive' obligations, responsibilities and services hereunder and provided, further, that Executive may also continue to serve as trustee/administrator of his family's estate, and shall be entitled to receive compensation for such services.

2. Employment. Subject to the provisions hereof under which Executive may be entitled to severance benefits depending on the circumstances of Executive's termination of employment by the Company, the parties agree that Executive's employment with the Company will be "at will" employment and may be terminated at any time with or without cause or notice, for any reason or no reason.

3. Compensation.

(a) Base Salary. Executive's base salary will be $250,000 per year (the "**Base Salary**"). The Base Salary will be paid periodically in accordance with the Company's normal payroll practices and be subject to the usual, required withholding. Executive's salary will be subject to review and adjustments will be made based upon the Company's normal performance review practices.

(b) Stock Options. Executive shall be granted options (the "**Option**s") to purchase 300,000 shares of Subordinated Voting Stock of Indus Holdings, Inc.("**Parent**") under Parent's 2019 Stock Incentive Plan (the "**Plan**"), having an exercise price equal to the closing price of such shares on the Canadian Securities Exchange on the date of approval of this Agreement by the Parent Board of Directors. The Options shall be vested as follows: 50,000 of the Options shall be vested immediately upon grant and the remaining 250,000 Options shall vest in four equal annual installments on each anniversary of the date of grant, provided that following a Change of Control (as defined below), if within twelve months following such Change of Control the title and/or responsibilities of Executive are materially diminished or Executive is terminated by the Company without Cause (as defined below), then upon notice by Executive to the Company given not later than thirty (30) days following such material diminishment or termination, the remaining unvested portion of this Option shall thereupon vest and become immediately exercisable. As used herein, "**Change of Control**" shall mean a transaction or a series of related transactions involving (i) a sale, transfer or other disposition of all or substantially all of the assets of the Indus Entities, (ii) the consummation of a merger or consolidation of Parent or (iii) a sale or exchange of capital stock of Parent, in any case as a result of which the stockholders of Parent immediately prior to such transaction or series of related transactions own, in the aggregate, less than a majority of the outstanding voting power of the capital stock or equity interests of the surviving, resulting or transferee entity. In addition, in the event Executive and the Chairman of the Board determine to seek a replacement for Executive, in the event Executive identifies a suitable replacement that is approved by the Parent Board of Directors and provides cooperation and assistance in the transition of such individual for a period of at least one fiscal quarter, in the reasonable determination of the Chairman, then all Options that are unvested shall become vested and immediately exercisable.

(c) Bonus. Executive shall be eligible to receive annual bonuses in such amounts and subject to such performance metrics or other criteria determined by the Board or its Compensation Committee from time to time, including performance-based bonuses or programs as determined in the discretion of the Board.

(d) Employee Benefits. During the Employment Term, Executive will be entitled to participate in the employee benefit plans currently and hereafter maintained by the Company of general applicability to other senior executives of the Company. The Company reserves the right to cancel or change the benefit plans and programs it offers to its employees at any time.

4. Vacation. Executive will be entitled to receive three (3) weeks of paid time off per year during Executive's employment, accruing at 1.25 days per month pursuant and subject to the policies set forth in the Company's Employment Handbook.

5. Expenses. The Company will reimburse Executive for reasonable travel, entertainment or other expenses incurred by Executive in the furtherance of or in connection with the performance of Executive's duties hereunder, in accordance with the Company's expense reimbursement policy as in effect from time to time.

6. Severance Benefits.

(a) Termination without Cause. If Executive's employment with the Company is terminated by the Company other than for Cause during the Employment Term, then for a period of six months from the date of such termination, Executive will receive from the Company continued payment of Executive's Base Salary in accordance with the normal payroll practices of the Company, and during such period if Executive elects to continue the Company-provided health insurance, the Company shall continue to contribute to (or reimburse Executive for) such health insurance costs in amounts consistent with the benefit provided to Executive by the Company during the Employment Term.

(b) Separation Agreement and Release of Claims. The receipt of any severance will be subject to Executive signing and not revoking a separation agreement and release of claims with the Company in a form acceptable to the Company no later than thirty (30) days after the termination of employment occurs. No severance amounts or benefits will be paid or provided until the separation agreement and release of claims becomes effective, and any severance amounts or benefits otherwise payable between the date of Executive's termination and the date of such release becomes effective shall be paid on the effective date of such release.

(c) Non-Solicitation. Executive agrees, to the fullest extent permitted by applicable law, for a period of two years following the termination of the employment of the Executive for any reason, Executive will not either directly or indirectly, solicit, induce, recruit, encourage, take away, or hire any employee of any Indus Entity (or any affiliate) or cause any employee to leave Indus Entity's (or its affiliate's) employment either for Executive or for any other entity or person; provided that the foregoing shall not restrict the hiring of any individual for a position outside the Indus Entity's industry whose employment with the applicable Indus Entity (or its affiliate) is terminated prior to any solicitation by Executive. Executive represents that Executive (A) is familiar with the foregoing covenant not to solicit, and (B) is fully aware of Executive's obligations hereunder, including, without limitation, the reasonableness of the length of time and scope of these covenants. Upon any breach of this section, any remaining unpaid severance pay and other benefits pursuant to Section 7(a) will immediately cease and Executive shall be required to repay to the Company any severance payments theretofore paid hereunder.

(d) Timing of Severance Payments. The Company will pay the severance payments to which Executive is entitled as salary continuation with the same timing as in effect immediately prior to Executive's termination of employment.

(e) Termination for Cause; Resignation without Good Reason. If Executive's employment with the Company (or any affiliate of the Company) is voluntarily terminated by Executive, or for Cause by the Company, then no payment of severance shall be due to Executive hereunder.

7. Section 409A. Notwithstanding anything to the contrary in this Agreement, if Executive is a "specified employee" within the meaning of Section 409A of the Code and the final regulations and any guidance promulgated thereunder ("**Section 409A**") at the time of Executive's termination (other than due to death), then the severance payable to Executive, if any, pursuant to this Agreement, together with any other severance payments or separation benefits that are considered deferred compensation under Section 409A (together, the "**Deferred Compensation Separation Benefits**") that would otherwise be payable within the first six (6) months following Executive's termination of employment, will instead become payable in a lump sum on the first payroll date that occurs on or after the date six (6) months and one (1) day following the date of Executive's termination of employment or the date of Executive's death, if earlier. Any amount paid under this Agreement that qualifies as a payment made as a result of an involuntary separation from service pursuant to Section 1.409A-1(b)(9)(iii) of the Treasury Regulations that does not exceed the Section 409A Limit under applicable Treasury Regulations will not constitute Deferred Compensation Separation Benefits. The foregoing provisions are intended to comply with the requirements of Section 409A so that none of the severance payments and benefits to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply. Executive and the Company agree to work together in good faith to consider amendments to this Agreement and to take such reasonable actions which are necessary, appropriate or desirable to avoid imposition of any additional tax or income recognition prior to actual payment to Executive under Section 409A.

8. Definitions.

(a) Cause. For purposes of this Agreement, "**Cause**" is defined as (i) Executive's conviction of or plea of *nolo contendere* to any felony or any crime involving dishonesty with respect to any Indus Entity; (ii) Executive's willful misconduct in the performance of Executive's duties, breach of any material agreement between Executive and the Company concerning the terms and conditions of Executive's employment with the Company, or Executive's willful violation of a material Company employment policy (including, without limitation, any anti-harassment or insider trading policy), in any case which is materially injurious to the Company and its affiliates; or (iii) Executive's willful commission of an act of fraud, breach of trust, or dishonesty including, without limitation, embezzlement.

9. Successors.

(a) The Company's Successors. Any successor to the Company (whether direct or indirect and whether by purchase, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets will assume the obligations under this Agreement and agree expressly to perform the obligations under this Agreement in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under this Agreement, the term "Company" will include any successor to the Company's business and/or assets which executes and delivers the assumption agreement described in this Section or which becomes bound by the terms of this Agreement by operation of law.

(b) Executive's Successors. The terms of this Agreement and all rights of Executive hereunder will inure to the benefit of, and be enforceable by, Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

10. Confidential Information. Executive agrees, that to the extent that Executive has not already done so, to enter into the Company's standard Employee Proprietary Information Agreement (the "**Employee Proprietary Information Agreement**") upon commencing employment hereunder.

11. Notices. All notices, requests, demands and other communications called for hereunder will be in writing and will be deemed given (i) on the date of delivery if delivered personally, (ii) one (1) day after being sent by a nationally recognized commercial overnight service, or (iii) four (4) days after being mailed by registered or certified mail, return receipt requested, prepaid and addressed to the parties or their successors at the following addresses, or at such other addresses as the parties may later designate in writing:

If to the Company:

Edible Management, LLC
20 Quail Run Circle
Salinas, CA 93907
Attn: Chairman of the Board

With a copy to the Chairman at his last known email address.

If to Executive:
at the last residential address known by the Company,
With a copy to Executive at his last known email address.

12. Arbitration.

(a) Arbitration. In consideration of Executive's employment with the Company, its promise to arbitrate all employment-related disputes, and Executive's receipt of the compensation, pay raises and other benefits paid to Executive by the Company, at present and in the future, Executive agrees that any and all controversies, claims, or disputes with anyone (including the Company and any employee, officer, director, shareholder or benefit plan of the Company in their capacity as such or otherwise) arising out of, relating to, or resulting from Executive's employment with the Company or termination thereof, including any breach of this Agreement, will be subject to binding arbitration under the Arbitration Rules set forth in California Code of Civil Procedure Section 1280 through 1294.2, including Section 1281.8 (the "**Act**"), and pursuant to California law. The Federal Arbitration Act shall also continue to apply with full force and effect, notwithstanding the application of procedural rules set forth under the Act.

(b) Dispute Resolution. **Disputes that Executive agrees to arbitrate, and thereby agrees to waive any right to a trial by jury, include any statutory claims under local, state, or federal law**, including, but not limited to, claims under Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act of 1990, the Age Discrimination in Employment Act of 1967, the Older Workers Benefit Protection Act, the Sarbanes Oxley Act, the Worker Adjustment and Retraining Notification Act, the California Fair Employment and Housing Act, the Family and Medical Leave Act, the California Family Rights Act, the California Labor Code, Claims of harassment, discrimination, and wrongful termination, and any statutory or common law claims. Executive further understands that this Agreement to arbitrate also applies to any disputes that the Company may have with Executive.

(c) Procedure. Executive agrees that any arbitration will be administered by the Judicial Arbitration & Mediation Services, Inc. ("**JAMS**"), pursuant to its Employment Arbitration Rules & Procedures (the "**JAMS Rules**"). The arbitrator shall have the power to decide any motions brought by any party to the arbitration, including motions for summary judgment and/or adjudication, motions to dismiss and demurrers, and motions for class certification, prior to any arbitration hearing. The arbitrator shall have the power to award any remedies available under applicable law, and the arbitrator shall award attorneys' fees and costs to the prevailing party, except as prohibited by law. The Company will pay for any administrative or hearing fees charged by the administrator or JAMS, except that Executive shall pay any filing fees associated with any arbitration that Executive initiates, but only so much of the filing fee as Executive would have instead paid had Executive filed a complaint in a court of law. Executive agrees that the arbitrator shall administer and conduct any arbitration in accordance with California law, including the California Code of Civil Procedure, and that the arbitrator shall apply substantive and procedural California law to any dispute or claim, without reference to the rules of conflict of law. To the extent that the JAMS Rules conflict with California law, California law shall take precedence. The decision of the arbitrator shall be in writing. Any arbitration under this Agreement shall be conducted in Monterey County, California.

(d) Remedy. Except as provided by the Act, arbitration shall be the sole, exclusive, and final remedy for any dispute between Executive and the Company. **Accordingly, except as provided by the Act and this Agreement, neither Executive nor the Company will be permitted to pursue court action regarding claims that are subject to arbitration**. Notwithstanding, the arbitrator will not have the authority to disregard or refuse to enforce any lawful Company policy, and the arbitrator will not order or require the Company to adopt a policy not otherwise required by law which the Company has not adopted.

(e) Administrative Relief. Executive is not prohibited from pursuing an administrative claim with a local, state, or federal administrative body or government agency that is authorized to enforce or administer laws related to employment, including, but not limited to, the Department of Fair Employment and Housing, the Equal Employment Opportunity Commission, the National Labor Relations Board, or the Workers' Compensation Board. However, Executive may not pursue court action regarding any such claim, except as permitted by law.

(f) Voluntary Nature of Agreement. Executive acknowledges and agrees that Executive is executing this Agreement voluntarily and without any duress or undue influence by the Company or anyone else. Executive further acknowledges and agrees that Executive has carefully read this Agreement and that Executive has asked any questions needed for Executive to understand the terms, consequences and binding effect of this Agreement and fully understands it, including that ***EXECUTIVE IS WAIVING EXECUTIVE'S RIGHT TO A JURY TRIAL***. Finally, Executive agrees that Executive has been provided an opportunity to seek the advice of an attorney of Executive's choice before signing this Agreement.

13. Miscellaneous Provisions.

(a) No Duty to Mitigate. Executive will not be required to mitigate the amount of any payment contemplated by this Agreement, nor will any such payment be reduced by any earnings that Executive may receive from any other source.

(b) Amendment. No provision of this Agreement will be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Executive and by an authorized officer of the Company (other than Executive) that is expressly designated as an amendment to this Agreement.

(c) Integration. This Agreement, together with the Employee Proprietary Information Agreement represents the entire agreement and understanding between the parties as to the subject matter herein and supersedes all prior or contemporaneous agreements whether written or oral. This Agreement may be modified only by agreement of the parties by a written instrument executed by the parties that is designated as an amendment to this Agreement.

(d) Waiver of Breach. The waiver of a breach of any term or provision of this Agreement, which must be in writing, will not operate as or be construed to be a waiver of any other previous or subsequent breach of this Agreement.

(e) Headings. All captions and section headings used in this Agreement are for convenient reference only and do not form a part of this Agreement.

(f) Tax Withholding. All payments made pursuant to this Agreement will be subject to all applicable withholdings, including all applicable income and employment taxes, as determined in the Company's reasonable judgment.

(g) Governing Law. This Agreement will be governed by the laws of the State of California (with the exception of its conflict of laws provisions).

(h) Severability. The invalidity or unenforceability of any provision or provisions of this Agreement will not affect the validity or enforceability of any other provision hereof, which will remain in full force and effect.

14. Acknowledgment. Executive acknowledges that he has had the opportunity to discuss this matter with and obtain advice from Executive's private attorney, has had sufficient time to, and has carefully read and fully understands all the provisions of this Agreement, and is knowingly and voluntarily entering into this Agreement.

15. Counterparts. This Agreement may be executed in counterparts, and each counterpart will have the same force and effect as an original and will constitute an effective, binding agreement on the part of each of the undersigned.

[*Remainder of Page Intentionally Left Blank*]

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by their duly authorized officers, as of the day and year first above written.

COMPANY:

Edible Management LLC

By: /s/ Mark Ainsworth Date: 11/8/2020

Name: Mark Ainsworth

Title: CEO

EXECUTIVE:

/s/ Brian Shure Date: 11/8/2020
Brian Shure

Address: 5050 Millwood LN, NW
Washington DC 20016

Exhibit 10.9

Execution Version

ASSET PURCHASE AGREEMENT

BY AND AMONG

THE HACIENDA COMPANY, LLC,

BRAND NEW CONCEPTS, LLC,

LFCO, LLC,

LOWELL FARMS, LLC,

LFHMP, LLC,

LFLC, LLC,

INDUS LF LLC,

AND

INDUS HOLDINGS, INC.

FEBRUARY 25, 2021

TABLE OF CONTENTS

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement"), dated as of February 25, 2021, is by and among The Hacienda Company, LLC, a California limited liability company ("THC"), Brand New Concepts, LLC, a California limited liability company ("BNC"), LFCO, LLC, a California limited liability company ("LFCO"), Lowell Farms LLC, a California limited liability company ("Lowell"), LFHMP, LLC, a California limited liability company ("LFHMP"), LFLC, LLC, a California limited liability company ("LFLC," and together with THC, BNC, LFCO, Lowell, and LFHMP, the "Sellers," and each, a "Seller"), Indus LF LLC, a California limited liability company (the "Purchaser"), and Indus Holdings, Inc., a British Columbia corporation (the "Parent"). The Sellers, the Purchaser and the Parent are sometimes referred to herein collectively as the "Parties," and each individually as a "Party." Capitalized terms used and not otherwise defined herein have the meanings assigned to them in ARTICLE VIII.

WHEREAS, the Sellers are engaged in the business of the processing, manufacture and distribution of products containing cannabis, for both medicinal and recreational uses, and related products, in each case within the State of California (the "Business");

WHEREAS, BNC holds the following licenses for the manufacture and distribution of cannabis (a) a Provisional Manufacturing License – Adult and Medicinal Cannabis Products (the "Manufacturer License"), issued by the Manufactured Cannabis Safety Branch of the California Department of Public Health, (b) an Adult-Use and Medicinal – Distributor Provisional License (the "Distributor License") issued by the California Bureau of Cannabis Control ("BCC") and (c) provisional licenses from the City of Los Angeles Department of Cannabis Regulation (the "DCR"): in the following classes: Medical Distributor, J080; Medical Manufacturer Level 1, J083, Adult-Use Distributor, J090, and Adult-Use Manufacturer Level 1, J093 (the "DCR Licenses" and, together with the Manufacturer License and the Distributor License, the "BNC Cannabis Licenses");

WHEREAS, BNC previously submitted applications to the DCR to modify the DCR Licenses to reflect the ownership of BNC set forth on Schedule I (the "Pending Applications");

WHEREAS, after acceptance of the Pending Applications by the DCR, BNC shall submit an additional application to modify DCR Licenses to list the Purchaser as the sole owner of BNC (the "Amended DCR Applications");

WHEREAS, on the First Closing Date, the Parties desire for the Purchaser to purchase the Initial Assets and assume the First Closing Assumed Liabilities, in each case, subject to the terms and conditions set forth herein; and

WHEREAS, on the Second Closing Date, the Sellers will convey to the Purchaser, without further consideration, the Regulated Assets, and the Purchaser will assume the Second Closing Assumed Liabilities, in each case, subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants, representations and warranties made herein and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the Parties agree as follows:

ARTICLE I
PURCHASE AND SALE

Section 1.1 Initial Assets.

(a) Acquisition of Initial Assets. On the terms and conditions set forth herein, on the First Closing Date, the Sellers shall sell, assign, transfer, convey and deliver to the Purchaser, and the Purchaser shall purchase from the Sellers, free and clear of all Liens (other than Permitted Liens), all of the Sellers' right, title and interest in, to and under all of the assets, properties and rights of every kind and nature, whether real, personal or mixed, tangible or intangible, wherever located, which relate to, or are used or held for use in connection with, the Business except for the Regulated Assets and the Excluded Assets (collectively, the "Initial Assets"), including the following:

(i) all accounts receivable;

(ii) all finished goods, raw materials, work in progress, packaging, supplies, parts and other inventory ("Inventory");

(iii) all of the Assumed Contracts;

(iv) all Intellectual Property Rights;

(v) all Tangible Personal Property;

(vi) to the extent their transfer is permitted by Law, all Permits (other than the BNC Cannabis Licenses) which are held by the Sellers and required for the conduct of the Business as currently conducted or for the ownership and use of the Assets;

(vii) all Books and Records;

(viii) all Actions and rights of recovery available to the Sellers against third parties (including insurers) with respect to the Business, the Assets or the Assumed Liabilities, whether arising by way of direct claim, counterclaim or otherwise;

(ix) all prepaid expenses, credits, advance payments, rights to refunds, rights of set-off, rights of recoupment and deposits (including all deposits and other security provided by the Sellers or their Affiliates under the Assumed Contracts);

(x) all insurance benefits and proceeds and rights thereto, whether liquidated or contingent; and

(xi) all goodwill and the going concern value of the Business.

(b) Excluded Assets. Notwithstanding the foregoing, the Initial Assets shall not include the Regulated Assets or any of following assets (all such assets listed in clauses (i) to (v) below, other than the BNC Equity, collectively the "Excluded Assets"):

(i) any Equity Interests held by any of the Sellers;

(ii) Contracts that are not Assumed Contracts (the "Excluded Contracts"), provided that the Purchaser may, at its option, by notice to the Sellers, assume any such Contract with effect from the First Closing Date, whereupon such contract will deemed to be an Assumed Contract;

(iii) all Employee Benefit Plans and assets attributable thereto;

(iv) the Sellers' corporate organization records, such as minute books, seals and similar items; and

(v) the rights which accrue or will accrue to the Sellers under this Agreement and the other Transaction Documents.

(c) First Closing Assumed Liabilities. Subject to the terms and conditions set forth herein, effective as of the First Closing, the Purchaser shall assume and agree to pay, perform and discharge only the following Liabilities of the Sellers (collectively, the "First Closing Assumed Liabilities" and, together with the Second Closing Assumed Liabilities, the "Assumed Liabilities"):

(i) up to $208,000 in ordinary course trade payables (represented by the line items "Indus" and "WCA," reduced by amounts owed to Affiliates of the Purchaser, on the closing funds flow statement);

(ii) obligations arising under the Assumed Contracts after the First Closing (other than any such Liabilities that are based on, arise from or relate to (A) any breach, default or violation thereof by a Seller on or prior to the First Closing Date or (B) any breach, default or violation of the Management Services Agreement by a Seller); and

(iii) ordinary course payroll obligations accrued from February 20, 2021 through the First Closing Date with respect to the Group III Employees in the amount set forth on Schedule I to the Closing Statement (the "Assumed Payroll Amount").

(d) Excluded Liabilities. Notwithstanding any other provision in this Agreement to the contrary, the Purchaser shall not assume and shall not be responsible to pay, perform or discharge any Liabilities of the Sellers or any of their Affiliates of any kind or nature whatsoever, whether presently in existence or arising hereafter, other than the Assumed Liabilities (the "Excluded Liabilities"). The Sellers shall be solely responsible for all Excluded Liabilities and shall, and shall cause each of their Affiliates to, pay and satisfy in due course all Excluded Liabilities. Without limiting the generality of the foregoing, the Excluded Liabilities shall include the following:

(i) Cash in the Reserve Account in the approximate amount of $2,160,834;

(ii) all Liabilities of the Sellers arising or incurred in connection with the negotiation, preparation, investigation and performance of this Agreement, the other Transaction Documents and the transactions contemplated hereby and thereby;

(iii) all Liabilities for Indemnified Taxes;

(iv) all Liabilities in respect of any pending or threatened Action;

(v) all product Liabilities or similar claims for injury to a Person or property with respect to products sold or manufactured by any Seller or its Affiliates or contractors prior to the First Closing, including any such Liability or claim which arises out of or is based upon any express or implied representation, warranty, agreement or guaranty, any theory of strict liability, by reason of the improper performance or malfunctioning of a product, improper design or manufacture, failure to adequately warn of hazards, other product defects or any other theory;

(vi) all Liabilities of any Seller arising under or in connection with any Employee Benefit Plan providing benefits to any present or former employee of the Sellers and, except for the Assumed Payroll Amount and as expressly set forth in Section 4.10, any other Liabilities of the Sellers for any present or former employees, officers, directors, independent contractors or consultants, including any Liabilities associated with any claims for wages, bonuses, accrued vacation, workers' compensation, severance, retention, termination or other payments, including all Liabilities under the Workers Adjustment and Retraining Notification Act (the "WARN Act") or similar state Laws;

(vii) all Environmental Claims and all other Liabilities under Environmental Laws arising out of or relating to any actions or omissions of the Sellers or any facts, circumstances or conditions existing on or prior to the First Closing;

(viii) all Liabilities to indemnify, reimburse or advance amounts to any present or former officer, director, employee or agent of any Seller (including with respect to any breach of fiduciary obligations by same);

(ix) all Liabilities under the Excluded Contracts or any other Contracts, (A) which are not validly and effectively assigned to the Purchaser pursuant to this Agreement; (B) which do not conform to the representations and warranties with respect thereto contained in this Agreement; or (C) to the extent such Liabilities arise out of or relate to a breach by any Seller of (i) such Contracts prior to the First Closing or (ii) the Management Services Agreement;

(x) all Indebtedness of any Seller and/or the Business and all Liabilities associated therewith;

(xi) all Liabilities arising out of, in respect of or in connection with the failure by any Seller or any of its Affiliates to comply with any Law or Order;

(xii) all Liabilities of the Sellers arising from the operation or conduct of the Business or the Assets prior to the First Closing that are not within the items expressly assumed by the Purchaser pursuant to Section 1.1(c);

(xiii) all Liabilities of any Seller to the extent arising out of the operation or conduct by such Seller of any activities or business other than the Business; and

(xiv) except as expressly assumed pursuant to Section 1.1(c), all matters described on the Disclosure Schedule.

Section 1.2 Regulated Assets.

(a) Acquisition of Regulated Assets. On the Second Closing Date, the Sellers shall, without further consideration, assign, transfer, convey and deliver to the Purchaser, and the Purchaser shall accept from the Sellers, free and clear of all Liens (other than Permitted Liens), all of the Sellers' right, title and interest in, to and under all of the assets, properties and rights set forth below (collectively, the "Regulated Assets"):

(i) the BNC Equity; and

(ii) all cannabis and cannabis products, including work in process and finished good inventory and related assets subject to the BNC Cannabis Licenses.

(b) Second Closing Assumed Liabilities. Subject to the terms and conditions set forth herein, effective as of the Second Closing, the Purchaser shall assume and agree to pay, perform and discharge any Liabilities related to the Regulated Assets arising from and after the date of this Agreement that are not based on and do not arise from or relate to (i) any breach, default or violation of any Seller prior to the date hereof of any Law or Contract or (ii) any breach, default or violation of any Seller from and after the date hereof of the Management Services Agreement.

Section 1.3 Closings.

(a) First Closing. The closing of the transactions set forth in Section 1.1 (the "First Closing") shall take place at the offices of Akerman LLP, 1251 Avenue of the Americas, 37th Floor, New York, New York 10020, or at such other place as shall be agreed to among the Parties, at 10:00 a.m. Pacific time on the date hereof (the "First Closing Date").

(b) Second Closing. The closing of the transactions set forth in Section 1.2 (the "Second Closing") shall take place at the offices of Akerman LLP, 1251 Avenue of the Americas, 37th Floor, New York, New York 10020, or at such other place as shall be agreed to among the Parties, as soon as practicable (and in any event within three Business Days) following the satisfaction or waiver of the applicable conditions set forth in ARTICLE V, or on such other date as the Purchaser and THC may mutually agree upon (the "Second Closing Date").

Section 1.4 Purchase Price; Closing Payments and Deliveries.

(a) The aggregate consideration to be paid by the Purchaser for the Assets shall consist of $4,100,000 in cash (the "Base Cash Consideration") and 22,643,678 Parent Shares (the "Base Share Consideration").

(b) At least one Business Day prior to the First Closing Date, the Sellers shall have prepared and delivered to the Purchaser a statement (the "Closing Statement") signed by an authorized representative of THC setting forth the Sellers' calculation as of the First Closing Date of the amounts specified on Schedules I and II to Exhibit E.

(c) At least one Business Day prior to the First Closing Date, the Sellers shall have prepared and delivered to the Purchaser a certificate (the "Closing Payoff Certificate") signed by an authorized representative of THC, which shall set forth the amount of all outstanding Indebtedness as of immediately prior to the First Closing, and instructions regarding the payoff or discharge of all such Indebtedness consistent with the payoff letters delivered pursuant to Section 1.4(e)(vi).

(d) At the First Closing (or at the time of termination of employment, in the case of paragraph (ii)(B) below),

(i) the Purchaser shall:

(A) pay from the Base Cash Consideration (I) the amount of all Indebtedness as provided in the Closing Payoff Certificate and (II) the sum of the amounts under the caption "Paid by Purchaser" on Schedule I to the Closing Statement, estimated to be approximately $241,128, in accordance with the payment instructions annexed to the Closing Statement;

(B) issue to THC, to be further allocated among the Sellers (other than any Seller that is not an "accredited investor" (as defined in Rule 501(a) of Regulation D under the Securities Act)) as THC determines, a number of Parent Shares equal to the Base Share Consideration minus the Escrow Shares (the "Closing Share Consideration");

(C) deposit with the Escrow Agent the Escrow Shares in accordance with the terms of an escrow agreement by and among the Purchaser, THC and the Escrow Agent, in substantially the form attached hereto as Exhibit A (the "Escrow Agreement"); and

(D) pay to THC, for deposit into the Reserve Account, an amount equal to (I) the Base Cash Consideration, minus (II) the sum of the amounts of Indebtedness paid pursuant to the preceding clause (i)(A)(I), minus (III) the sum of the amounts set forth under the caption "Paid by Purchaser" on Schedule I to the Closing Statement pursuant to the preceding clause (i)(A)(II), minus (IV) the sum of the amounts set forth on Section 2.5(b) of the Disclosure Schedule, if any, minus (V) the sum of the outstanding and projected accrued vacation costs set forth on Schedule II to the Closing Statement for the Group III Employees minus (VI) 50% of the fees and expenses of the Escrow Agent under the Escrow Agreement minus (VII) $53,919 (the "Closing Cash Consideration"); and

(ii) the Sellers shall pay from the Reserve Fund, to the extent not previously paid, state and city Taxes in the approximate amount of $1,068,822 set forth under the caption "Paid by Sellers" on Schedule I to the Closing Statement (it being understood that all other Taxes of Sellers shall remain Excluded Liabilities and, except as otherwise provided in the Management Services Agreement with respect to non-income Taxes, shall be paid by the Sellers from the Reserve Fund).

(e) At the First Closing, the Sellers shall deliver (or caused to be delivered) the following to the Purchaser:

(i) a bill of sale in form and substance satisfactory to the Purchaser (the "First Closing Bill of Sale") and duly executed by each of the Sellers, transferring the Initial Assets to the Purchaser;

(ii) an assignment and assumption agreement in form and substance satisfactory to the Purchaser (the "First Closing Assignment and Assumption Agreement") and duly executed by each of the Sellers, effecting the assignment to and assumption by the Purchaser of the First Closing Assumed Liabilities;

(iii) (A) an assignment agreement in form and substance satisfactory to the Purchaser (the "Intellectual Property Assignment Agreement") and duly executed by each applicable Seller, transferring all of such Sellers' rights, titles and interests in and to registered Intellectual Property (other than domain names) to the Purchaser, (B) a domain name transfer agreement in form and substance satisfactory to the Purchaser (the "Domain Name Transfer Agreement") and duly executed by each applicable Seller, transferring all of such Sellers' rights, titles and interests in and to the domain names used in the Business to the Purchaser and (C) information sufficient to transfer control over social media accounts used in the business or incorporating any of the trademarks used in the Business to Purchaser;

(iv) the Escrow Agreement, duly executed by THC and the Escrow Agent;

(v) the Management Services Agreement, duly executed by BNC and THC;

(vi) payoff letters from the applicable lenders with respect to all outstanding Indebtedness of Sellers and evidence reasonably satisfactory to the Purchaser that all Liens (other than Permitted Liens) affecting the Assets will be released upon the consummation of the First Closing (including, where applicable, UCC termination statements authorized to be filed by the Purchaser upon the consummation of the First Closing);

(vii) evidence reasonably satisfactory to the Purchaser that all Consents set forth in Section 2.4 of the Disclosure Schedule shall have been made or obtained;

(viii) an opinion of Eisner, LLP with respect to the due authorization of this Agreement and the other Transaction Documents, and the transactions contemplated hereby and thereby, and the non-contravention of this Agreement and the other Transaction Documents, and the transactions contemplated hereby and thereby, with Seller's organizational documents and with such additional contracts as are specified by Purchaser and Sellers;

(ix) undertakings from (A) Beehouse Lowell, LLC, Beehouse Lowell B, LLC and Moorland Lowell, LLC (collectively, the "Lead Investors") and (B) the sole manager of THC not to liquidate any of the Sellers unless adequate provision is made for the payment and satisfaction of their Liabilities, including any Liabilities under ARTICLE VI;

(x) (A) general releases of BNC by the Lead Investors and (B) releases of the Purchaser and the Parent by the Lead Investors with respect to all Liabilities of the Sellers to which Purchaser or Parent might otherwise succeed;

(xi) evidence that each Seller has obtained an irrevocable "tail" insurance policy (the "Tail Policies") with respect to products liability for a period of three (3) years following the Closing Date;

(xii) a certificate of non-foreign status as described in Treasury Regulation Section 1.1445-2(b)(2) for each Seller; and

(xiii) certificates, signed by an authorized officer of each Seller, dated as of the First Closing Date, attaching certified copies of the organizational documents of each Seller and resolutions of each Seller's board of managers and/or members, as applicable, approving this Agreement and the transactions contemplated hereby on behalf of each such Seller.

(f) At the First Closing, the Purchaser shall deliver the following to the Sellers:

(i) the First Closing Bill of Sale, the First Closing Assignment and Assumption Agreement, the Intellectual Property Assignment Agreement and the Domain Name Transfer Agreement, each duly executed by the Purchaser;

(ii) the Management Services Agreement, duly executed by the Purchaser; and

(iii) the Escrow Agreement, duly executed by the Purchaser.

(g) At the First Closing, BNC and the Purchaser shall disclose the interest of the Purchaser under the Management Services Agreement to the BCC as required by BCC regulations;

(h) At the Second Closing, the Sellers shall deliver (or caused to be delivered) the following to the Purchaser:

(i) a bill of sale in the form attached as Exhibit C (the "Second Closing Bill of Sale"), duly executed by each of the Sellers, transferring the Regulated Assets (other than Regulated Assets owned by BNC) to the Purchaser;

(ii) an assignment and assumption agreement in form and substance in the form attached as Exhibit D (the "Second Closing Assignment and Assumption Agreement") and duly executed by each of the Sellers, effecting the assignment to and assumption by the Purchaser of the Second Closing Assumed Liabilities;

(iii) a membership interest assignment or other instrument of transfer reasonably acceptable to Purchaser transferring the BNC Equity to Purchaser;

(iv) (A) general releases of BNC by the Lead Investors and the Sellers and (B) releases of the Purchaser and the Parent by the Lead Investors and the Sellers with respect to all Liabilities of the Sellers to which Purchaser or Parent might otherwise succeed; and

(v) such other documents, instruments or certificates as shall be reasonably requested by the Purchaser or its counsel to effectuate the transactions contemplated by this Agreement to be consummated at or in connection with the Second Closing.

(i) Until the Closing Liabilities and any unsatisfied Indebtedness are satisfied in full, cash held in the Reserve Account will be used by the Sellers solely for the purpose of paying the Liabilities set forth under the caption "Seller Post-Closing" on Schedule I to the Closing Statement and other Closing Liabilities and any unsatisfied Indebtedness. Following the First Closing, the Sellers will report disbursements from the Reserve Account to the Purchaser and will provide the Purchaser with such other information regarding the satisfaction of the Closing Liabilities as the Purchaser may reasonably request. Sellers shall maintain at their sole expense accounting infrastructure and support sufficient to, and shall, account for post-closing disbursements, severance, Taxes for which Sellers are responsible in accordance with Section 4.6(b), pending civil claims and other Closing Liabilities.

(j) At the Second Closing, the Purchaser shall deliver (or caused to be delivered) the following to the Sellers:

(i) the Second Closing Bill of Sale, duly executed by the Purchaser;

(ii) the Second Closing Assignment and Assumption Agreement, duly executed by the Purchaser; and

(iii) such other documents, instruments or certificates as shall be reasonably requested by the Sellers or their counsel to effectuate the transactions contemplated by this Agreement to be consummated at or in connection with the Second Closing.

(k) THC shall allocate the Closing Cash Consideration among the Sellers and the Closing Share Consideration among the Selling Shareholders in such manner as THC may determine and the Purchaser shall have no liability therefor.

Section 1.5 Tax Withholding.

Notwithstanding anything in this Agreement to the contrary, the Purchaser shall be entitled to deduct and withhold from the consideration otherwise payable pursuant to this Agreement to any Person such amounts as it is required to deduct and withhold from such Person with respect to the making of such payment under the Code and the rules and regulations promulgated thereunder, or any provision of any Law relating to Taxes. To the extent that amounts are so withheld by the Purchaser and remitted to the appropriate Governmental Authority, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to such Person in respect of which such deduction and withholding was made by the Purchaser. The Purchaser shall furnish to the Person in respect of which such withholding was made reasonably satisfactory evidence of the remittance of any such Taxes to the appropriate Governmental Authority.

Section 1.6 Tax Classification and Reporting.

(a) The parties intend that the transactions contemplated by this Agreement shall qualify under Section 368(a)(1)(C) and related Treasury Regulations as a "triangular" type C reorganization, among other requirements, involving the acquisition of substantially all of the assets in exchange for an amount of voting stock of Parent equal to eighty percent of the THC gross assets in fair market value terms (before liabilities). As such, neither party (nor the THC members) will report the transactions as constituting a taxable asset acquisition of a trade or business by Purchaser.

(b) Accordingly, the First Closing and Second Closing are integral parts of the plan of reorganization of THC that shall be treated as a single integrated transaction for U.S. federal income tax purposes, which qualifies as a tax-free reorganization under Section 368(a)(1)(C), notwithstanding the temporal separation of the various closing events, which is necessitated by regulatory approval requirements. In the event of a delay or failure of the Second Closing to occur, the parties will to the extent possible continue to characterize the transaction as a reorganization qualifying under Section 368(a)(1)(C). Any arrangements made by the Parties to address, or in response to, the failure of the Second Closing to occur shall be given its normal and regular tax effect governed by the form and substance of such other arrangements, including but not limited to a license, contractual joint venture, or otherwise, as the case may be.

ARTICLE II
REPRESENTATIONS AND WARRANTIES OF THE SELLERS

The Sellers jointly and severally represent and warrant to the Purchaser that the following statements are true, correct and complete.

Section 2.1 Organization and Related Matters.

(a) Each Seller is duly organized, validly existing and in good standing under the Laws of the State of California. Each Seller has all requisite company power and authority to own, lease and operate its properties and to carry on the Business and to own and use the Assets. Each Seller is a U.S. person within the meaning of Rule 902 of Regulation S under the Securities Act.

(b) Except for THC's ownership of the other Sellers or as set forth in Section 2.1(b) of the Disclosure Schedule, no Seller has any Subsidiaries or owns any equity interest in any other Person.

Section 2.2 Authorization and Enforceability.

Each Seller has all requisite company power and authority to execute and deliver this Agreement and each other Transaction Documents to which such Seller is or will be a party and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance by each Seller of each of the Transaction Documents to which such Seller is or will, pursuant to the terms of this Agreement, become a party has been or will be (as applicable) duly authorized by all necessary action on the part of each such Seller and its direct and/or indirect equity owners, and no other proceedings or actions on the part of any such Seller or any direct and/or indirect equity owners of any Seller are necessary to authorize the execution, delivery and performance by the Sellers of this Agreement and the other Transaction Documents. This Agreement and the other Transaction Documents to which each Seller is or will, pursuant to the terms of this Agreement, become a party have been or will be (as applicable) duly and validly executed and delivered by such Seller and, assuming due authorization, execution and delivery by the other parties thereto (other than the Sellers), constitute legal, valid and binding obligations of such Seller, enforceable against such Seller in accordance with their respective terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or similar Laws affecting creditors' rights and remedies generally and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding at Law or in equity).

Section 2.3 Ownership of Sellers.

(a) Section 2.3(a) of the Disclosure Schedule sets forth all of the outstanding Equity Interests in THC and the record holders and beneficial owners thereof. Except as set forth in Section 2.3(a) of the Disclosure Schedule, there are no voting agreements, voting trusts, proxies, registration rights agreements, equity holder agreements or other Contracts with respect to any of the Equity Interests of THC.

(b) Section 2.3(b) of the Disclosure Schedule sets forth all of the outstanding Equity Interests in each of the Sellers other than THC. Except as set forth in Section 2.3(b) of the Disclosure Schedule, there are no voting agreements, voting trusts, proxies, registration rights agreements, equity holder agreements or other Contracts with respect to any of the Equity Interests of any Seller other than THC.

(c) Except as set forth in Section 2.3(a) and Section 2.3(b) of the Disclosure Schedule, no equity or voting interests in any Seller are authorized, issued, reserved for issuance or outstanding. No current or former equity owner of any Seller or any other Person is contesting (whether or not pursuant to any Action) the legal or beneficial ownership of the outstanding Equity Interests of any Seller or any distributions or contributions relating thereto or asserting that Equity Interests other than those set forth on Section 2.3(a) and Section 2.3(b) of the Disclosure Schedule are or should be outstanding. All of the outstanding Equity Interests of each Seller have been duly authorized and validly issued and were not issued in violation of any preemptive or other rights. No Person is a party to any outstanding or authorized option, warrant, right (including any preemptive right), subscription, claim of any character, Contract, obligation, convertible or exchangeable securities, or other commitments, contingent or otherwise, pursuant to which any Seller is or may become obligated to issue, deliver or sell, or cause to be issued, delivered or sold, Equity Interests in any Seller or any securities convertible into, exchangeable or exercisable for, or evidencing the right to subscribe for or acquire, any Equity Interests in any Seller.

Section 2.4 Conflicts; Consents of Third Parties.

Except as set forth in Section 2.4 of the Disclosure Schedule, the execution and delivery of this Agreement and the other Transaction Documents to which each Seller is a party, the consummation of the transactions contemplated hereby and thereby, and compliance by such Seller with the provisions hereof and thereof do not and will not: (a) conflict with, or result in the breach of, any provision of the Governing Documents of such Seller; (b) in any material respect, conflict with, violate, result in the breach or termination of, constitute a default under, modify the rights of any party under, result in an acceleration of or create in any party the right to accelerate, terminate, modify or cancel any Contract to which such Seller is a party or by which such Seller or any of the properties or assets of such Seller are bound, or require a Consent from any Person in order to avoid any such conflict, violation, breach, termination, default, modification or acceleration; (c) violate any Law or Order applicable to such Seller, the Business or the Assets; or (d) result in the creation of any Lien upon any of the properties or assets of any Seller. Except as set forth in Section 2.4 of the Disclosure Schedule, no Consent, Order, waiver, declaration or filing with, or notification to any Governmental Authority is required on the part of any Seller in connection with the execution, delivery and performance of this Agreement or the other Transaction Documents or the compliance by any Seller with any of the provisions hereof or thereof. True, correct and complete copies of the Governing Documents of each Seller have been made available to the Purchaser and there are no claims that any such Governing Document is invalid or unenforceable in whole or in part or that such Governing Documents are not a complete statement of the rights and obligations of the Sellers and their respective members or other equity owners with respect to governance matters involving the Sellers, including the matters addressed in this Section 2.4.

Section 2.5 Financial Statements.

(a) Included in Section 2.5(a) of the Disclosure Schedule are true and complete copies of (i) the consolidated balance sheets of THC as of December 31, 2020 (the "Balance Sheet Date" and the balance sheet as of such date the "Balance Sheet") and December 31, 2019 and the related consolidated statements of income and retained earnings, member's equity and cash flows of THC for the fiscal years then ended, and (ii) the consolidated balance sheet of THC as at January 31, 2021 (together with all the statements set forth in clause (i), including the related notes and schedules thereto, the "Financial Statements"). The Financial Statements: (i) fairly present, in all material respects, the financial position, results of operations, members' equity, and retained earnings of THC and the other Sellers on a consolidated basis and the changes in the financial position of THC and the other Sellers on a consolidated basis as of the times and for the applicable periods indicated therein, (ii) were prepared in good faith from the Books and Records of THC and the other Sellers, and (iii) except for assets, liabilities, results of operations, equity or retained earnings of the prior Subsidiaries of Sellers, do not reflect any assets, liabilities, results of operations, equity or retained earnings of (A) any other Person or (B) any business operations other than the Business.

(b) Since the Balance Sheet Date, except as set forth on Section 2.5(b) of the Disclosure Schedule, (i) no Seller has made any distribution of cash or property to any Person other than another Seller, and (ii) no cash or other property of any Seller has been used to acquire Excluded Assets or to satisfy Liabilities that would, if they remained outstanding as of the Closing Date, (A) constitute Indebtedness, (B) constitute Closing Liabilities or (C) constitute Excluded Liabilities.

Section 2.6 No Undisclosed Liabilities.

Sellers have no Liabilities (and there is no basis for any present or future Action against any Seller giving rise to any Liability) except (a) to the extent specifically reflected and accrued for or specifically reserved against in the Balance Sheet, and (b) for current Liabilities incurred subsequent to the Balance Sheet Date in the Ordinary Course of Business (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).

Section 2.7 Absence of Certain Developments.

Except as set forth in Section 2.7 of the Disclosure Schedule (arranged in subsections corresponding to the subsections set forth below), since the Balance Sheet Date, the Sellers have conducted the Business in the Ordinary Course of Business, there has not been any Material Adverse Change, and the Sellers have not:

(a) failed to maintain the Assets in substantially the same condition as on the Balance Sheet Date (ordinary wear and tear excluded);

(b) suffered any damage, destruction or loss, whether or not covered by insurance, with respect to the Assets of more than $25,000 for any single loss or $50,000 in the aggregate for any related losses;

(c) made any change in the rate, timing, vesting, or funding of compensation, commission, bonus, or other direct or indirect remuneration payable or paid, or agreed or orally promised to pay, conditionally or otherwise, any bonus, incentive, retention, or other compensation, retirement, welfare, fringe or severance benefit, or vacation pay, to or in respect of any manager, officer or Employee, other than increases in the Ordinary Course of Business in the base wages or salaries of Employees other than officers or managers;

(d) made any change in accounting or Tax principles or methods, entered into a settlement of any Tax controversy, or filed any amendment of any Tax Return;

(e) except for the transactions contemplated by this Agreement and the other Transaction Documents, entered into or amended any Business Contract;

(f) acquired any assets or sold, assigned, transferred, conveyed, leased, or otherwise disposed of any assets, except for: (i) any obsolete or worn out property, (ii) assets or property having a value not exceeding $25,000; or (iii) Inventory acquired, sold, assigned, transferred, conveyed, leased or otherwise disposed of in the Ordinary Course of Business;

(g) canceled, written off, or compromised any debt or claim except for discounts in the Ordinary Course of Business;

(h) entered into, amended, renewed, terminated, or permitted to lapse any Contract or transaction with any of their Affiliates, or paid to or received from any of their Affiliates any amount;

(i) made or committed to make any capital expenditures or capital additions or improvements: (i) in excess of $25,000 individually or $50,000 in the aggregate; or (ii) outside the Ordinary Course of Business;

(j) entered into any prepaid transactions or otherwise accelerated revenue recognition or the sales for periods prior to the First Closing;

(k) materially changed their policies or practices with respect to the payment of accounts payable or other current liabilities or the collection of accounts receivable (including any acceleration or delay or deferral of the payment or collection thereof) or materially failed to maintain the level and quality of its Inventory;

(l) amended any of their Governing Documents, failed to maintain their existence as limited liability companies or failed to qualify or maintain their qualifications in any jurisdictions in which the Sellers are required to be qualified to conduct the Business as a foreign entity;

(m) adopted any plan of merger, consolidation, reorganization, liquidation, or dissolution, filed a petition in bankruptcy under any provisions of foreign, federal or state bankruptcy Law or consented to the filing of any bankruptcy petition against them under any similar Law;

(n) incurred or guaranteed any Liabilities other than in the Ordinary Course of Business or any Lien (other than a Permitted Lien);

(o) written up or down (or failed to write up or down) the value of any Assets, except in the Ordinary Course of Business in accordance with the Accounting Principles;

(p) introduced any material change with respect to the Business, including with respect to the products or services it sells, the areas in which such products or services are sold, its methods of manufacturing or distributing its products, the levels of Inventory that it maintains or its marketing techniques; or

(q) entered into any agreements or commitments to do or perform in the future any actions referred to in this Section 2.7 (or disclosed an intent to do so).

Section 2.8 Taxes.

(a) The Sellers have timely filed with the appropriate taxing authorities all Tax Returns that they were required to file. All such Tax Returns are complete and correct in all material respects. All Taxes owed by any Seller (whether or not shown on any Tax Return) have been paid. Except as set forth in Section 2.8(a) of the Disclosure Schedule, no Seller is the beneficiary of any extension of time within which to file any Tax Return. No written claim has ever been made by an authority with respect to any Seller in a jurisdiction in which such Seller does not file Tax Returns that it is or may be subject to taxation by that jurisdiction. There are no Liens on any of the assets of any Seller that have arisen in connection with any failure (or alleged failure) to pay any Tax on or prior to the due date for the payment of such Tax.

(b) Each Seller has withheld and paid to the appropriate taxing authority or other Governmental Authority all Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, member, or other third party.

(c) No Seller has waived or extended any statute of limitations in respect of Taxes or agreed to any extension of time with respect to the assessment, payment or collection of any Tax.

(d) No deficiency or proposed adjustment which has not been settled or otherwise resolved for any amount of Taxes has been asserted or assessed by any taxing authority against any Seller. There has not been any audit, examination or written notice of potential examination of any Tax Returns filed by any Seller.

(e) There is no Action, examination, investigation, audit or claim for refund in progress, pending, or, to the Knowledge of the Sellers, proposed or threatened (and no Seller has within the past five (5) years received written notice of any such threatened Action, examination, investigation or audit) against or with respect to any Seller regarding Taxes.

(f) No Seller has been a member of an affiliated group (as defined in Section 1504 of the Code), filed or been included in a combined, consolidated or unitary income Tax Return, or is a partner, member, owner or beneficiary of any entity treated as a partnership or a trust for Tax purposes. No Seller has Liability for Taxes of any Person under Treasury Regulations Section 1.1502-6 or similar state or local Laws, as a successor or transferee, by contract or otherwise. No Seller is a party to or bound by any agreement the principal purpose of which is the allocation or sharing of Taxes.

(g) Complete and correct copies of all income and sales Tax Returns filed by or with respect to all of the Sellers for taxable periods since inception have been delivered or made available to the Purchaser.

(h) No Seller has participated in any reportable transaction as contemplated in Treasury Regulations Section 1.6011-4. All applicable Sellers have disclosed on their federal income Tax Returns all positions taken therein that could give rise to a substantial understatement of federal income Tax within the meaning of Section 6662 of the Code.

(i) No Seller is subject to Tax in, nor does any Seller have a permanent establishment in, any foreign jurisdiction.

(j) THC is, and has been since the effective date of January 1, 2017 of such election, a corporation for U.S. Federal and state and local income tax purposes. Each Seller other than THC is, and has been since Seller's formation, classified as a disregarded entity for U.S. federal and state and local income tax purposes.

(k) No Seller has claimed deductions in computing taxable income for expenses that are not allowed under Section 280E of the Code, including but not limited to employee salaries, utility costs, health insurance premiums, marketing and advertising costs, repairs and maintenance, rental fees, and payments to independent contractors.

(l) No Seller has capitalized expenses otherwise described as nondeductible under Section 280E of the Code as part of inventory cost and realized such amounts as a deduction for cost of goods sold to reduce gross income and resulting taxable income (or to create or increase a net operating loss).

(m) THC has not deferred any employment Taxes under the authority of IRS Notice 2020-65 authorizing the deferral of certain payroll tax obligations.

Section 2.9 Tangible Personal Property; Title; Sufficiency of Assets.

(a) The Sellers have good and valid title, free and clear of all Liens other than Permitted Liens, to all of the Assets. Sellers exclusively own, and upon the consummation of the First Closing the Purchaser shall exclusively own, all of the initial Assets and all goodwill associated therewith or derived therefrom. Sellers exclusively own, and upon the consummation of the Second Closing the Purchaser shall exclusively own, all of the Regulated Assets and all goodwill associated therewith or derived therefrom. The Assets and the Real Property Leases are adequate and suitable for the purposes for which they are presently being used and are sufficient for the operation of the Business as currently conducted by the Sellers. No direct or indirect equity owner of any Seller (other than another Seller), has any interest in the Assets, the Business or any other business currently or previously conducted under the name “Lowell Farms” or any derivative thereof, except, in the case of the holders of equity interests in THC, for such equity interests (none of which provide any such holder with an interest in the Assets, the Business or any other business currently or previously conducted under the name “Lowell Farms” or any derivative thereof).

(b) All of Sellers’ material tangible personal property (“Tangible Personal Property”) is in good operating condition, ordinary wear and tear excepted.

Section 2.10 Intellectual Property.

(a) The Business Intellectual Property includes all Intellectual Property Rights used in the Business as currently conducted by the Sellers. The Sellers own or have the right to use all Owned Intellectual Property and the Licensed Intellectual Property that is reasonably necessary to conduct the Business as currently conducted, including the design, development, manufacture, use, import, marketing, and sale of any product, technology or service. The Sellers have good, valid and marketable title to the Owned Intellectual Property, free and clear of any and all Liens except any Permitted Liens. No Owned Intellectual Property is subject to any Order, settlement agreement or Contract that restricts in any manner the use, transfer, licensing or enforcing thereof by the Sellers or may affect the validity, use or enforceability thereof.

(b) Section 2.10(b)(i) of the Disclosure Schedule sets forth a true, complete and correct list of all Intellectual Property Registrations, including domain name registrations, and such list includes for each Intellectual Property Registration, as applicable: the title, mark, design or domain name; the record owner; the jurisdiction by or in which it has been issued, registered, or filed or, in the case of a domain name, the registry on which it is maintained; the patent, registration, or application serial number; the issue, registration, or filing date; and the current status. Section 2.10(b)(ii) of the Disclosure Schedule sets forth a true, complete and correct list of all material unregistered Trademarks and service marks that are Owned Intellectual Property. Section 2.10(b)(iii) of the Disclosure Schedule sets forth a true, complete and correct list of each corporate, trade or fictitious name under which the Business has been conducted at any time in the three (3) years prior to the First Closing. Each Intellectual Property Registration is valid and subsisting, and, as of the date of this Agreement, all necessary registration, maintenance and renewal fees in connection with such Intellectual Property Registrations have been paid and all necessary documents and certificates in connection with such Intellectual Property Registrations have been filed with the relevant Patent, Copyright, or Trademark office or other Governmental Authority for the purposes of maintaining such Intellectual Property Registrations. Section 2.10(b)(iv) of the Disclosure Schedule sets forth a true, complete and correct list of all social media accounts currently used in the Business or incorporating any of the trademarks included in the Owned Intellectual Property.

(c) Section 2.10(c) of the Disclosure Schedule sets forth a true, complete and correct list of written agreements (other than ordinary course licenses of commercially available software that, in each case, does not exceed license fees of Twenty-Five Thousand Dollars ($25,000) in the aggregate), pursuant to which the use by a Seller of any Intellectual Property Rights of another Person is permitted by that Person (collectively, the "Intellectual Property Licenses"). True and complete copies of the Intellectual Property Licenses have been provided to the Purchaser by the Sellers. The Intellectual Property Licenses are valid, binding and enforceable between the applicable Seller and the other parties thereto and are in full force and effect. There is no material default under any Intellectual Property License by any Seller or, to the Knowledge of the Sellers, any other party thereto, and no event has occurred that, with the lapse of time or the giving of notice or both, would constitute a default thereunder. The Sellers have obtained and possess valid licenses to use all of the software programs present on the computers and other software-enabled electronic devices that they own or lease for their employees' use in connection with the Business.

(d) Except as provided for in Section 2.10(d) of the Disclosure Schedule, no Seller has granted any license of or right to use, or authorized the retention of any rights to use or joint ownership of, any Owned Intellectual Property to any Person. Section 2.10(d) of the Disclosure Schedule contains a complete and correct list of all Contracts or rights under which any Seller has granted to others a license, covenant not to sue, or any right to use or exploit any Owned Intellectual Property.

(e) The operation of the Business as currently conducted by the Sellers, including the design, development, use, branding, advertising, promotion, marketing, manufacture, and sale of any product, technology or service of the Business, does not infringe or misappropriate any Intellectual Property Rights of any Person, or constitute unfair competition or trade practices under the Laws of any jurisdiction in which a Seller operates. No Seller has received notice from any Person claiming that such operation or any act, any product, technology or service or Owned Intellectual Property infringes or misappropriates any Intellectual Property Rights of any Person, violates any right of any Person (including any right to privacy or publicity), or constitutes unfair competition or trade practices under the Laws of any jurisdiction.

(f) There is no written claim or demand of any Person pertaining to, or any proceeding which is pending or, to the Knowledge of the Sellers, threatened, that challenges the rights of any Seller in respect of any Owned Intellectual Property. To the Knowledge of the Sellers, no Person is infringing or misappropriating any Owned Intellectual Property.

(g) Neither this Agreement nor the transactions contemplated by this Agreement will result in (i) any third party being granted rights or access to any Owned Intellectual Property, (ii) any Seller or the Purchaser losing any right to any Owned Intellectual Property or under any Intellectual Property Licenses, or (iii) the Purchaser being obligated to pay any royalties or other amounts to any third party in excess of those payable by Sellers prior to the First Closing pursuant to any Intellectual Property License.

(h) There has, to the Knowledge of Sellers, been no unauthorized access or limitation of access, use, intrusion or breach of security affecting any Information Technology.

(i) Each Seller is and at all times has been in material compliance with its privacy policies and security standards and any applicable Laws and contractual obligations pertaining to personal and payment card information of all individuals whose information any Seller receives, processes and/or shares with others, including, without limitation, CCPA, CalOPPA, and PCI-DSS. Each Seller takes reasonable measures to ensure that such information is protected against theft and unauthorized access, use, modification, disclosure, or other misuse. True and complete copies of all current and historical privacy policies of the Business have been provided to the Purchaser. All data which has been collected, stored, maintained or otherwise used by any Seller has been collected, stored, maintained and used in accordance with all applicable Laws, rules, regulations, guidelines, Contracts, privacy policy notice requirements, and data security breach requirements in all material respects. The transfer of data relating to the transactions contemplated by the Transaction Documents will not breach any privacy statements or other consumer-facing disclosures of Sellers or Laws related to privacy or personal information maintained by Sellers in any material respect.

Section 2.11 Contracts.

(a) Section 2.11(a) of the Disclosure Schedule sets forth a correct, complete and accurate list (organized by subsection) as of the date hereof of each of the following Contracts and arrangements to which (x) any Seller is a party and for which the period of performance has not yet expired or been terminated (each Contract or arrangement set forth or required to be set forth on Section 2.11(a) of the Disclosure Schedule pursuant to this clause (x) is referred to herein as a "Business Contract") or (y) a Seller is intended to be a party that are currently under active negotiation, which Contracts under negotiation are separately identified on Section 2.11(a) of the Disclosure Schedule:

(i) all Contracts relating to (A) equipment or other capital expenditures or (B) other purchases or sales of material, supplies, maintenance, or other assets or properties or services in excess, in each case, of $25,000 individually or $100,000 in the aggregate;

(ii) all Contracts involving a loan (other than accounts receivable owing from trade debtors in the Ordinary Course of Business), advance to (other than travel and entertainment advances to the employees of the Sellers extended in the Ordinary Course of Business), or investment in, any Person or any Contract relating to the making of any such loan, advance or investment;

(iii) all Contracts evidencing Indebtedness of any Seller or granting or evidencing a Lien on any property or asset of any Seller;

(iv) all Contracts with customers and suppliers listed in Section 2.20(a) of the Disclosure Schedule;

(v) all Contracts with brokers or under which any Seller otherwise incurs any Liability for commissions;

(vi) all leases of tangible personal property with annual payments in excess of $10,000 individually or $50,000 in the aggregate;

(vii) any management service, consulting, financial advisory or any other similar type of Contract;

(viii) all Contracts with investment or commercial banks;

(ix) all Contracts limiting the ability of any Seller to engage in any line of business or to compete with any Person or in any geographical area or to solicit or offer employment to or hire any Person;

(x) all Contracts between or among any Seller, on the one side, and any other Seller or any Related Party of any Seller, on the other side;

(xi) all Contracts (including letters of intent) (A) involving any merger, consolidation, sale of assets or similar business combination transaction, whether or not enforceable, or (B) relating to the acquisition by any Seller of any operating business or business line or the capital stock or other equity interests or assets of any other Person pursuant to which any Seller has continuing obligations;

(xii) (A) all Contracts involving any joint strategic alliance, co-marketing, co-promotion, co-packaging, joint development or similar arrangement, (B) all Contracts involving any joint venture, partnership or similar arrangement and (C) all operating agreements, shareholders agreements or similar arrangements;

(xiii) all Contracts involving any resolution or settlement of any actual or threatened Action or other dispute during the past two years or which have ongoing obligations;

(xiv) all Contracts that contain any "take or pay" provisions, minimum purchase provisions, exclusive purchase or sale provisions, "most favored nations" provisions, required rebate provisions, or exclusive rights to use or acquire any of a Seller's assets or properties;

(xv) all Contracts (A) for the employment or engagement of any officer, individual employee or other Person on a full-time, part-time or consulting basis who cannot be dismissed immediately without notice and without liability or obligation of any kind whatsoever, other than accrued base salary, (B) requiring bonus payments, severance payments or payments upon a change-in-control or (C) pursuant to which any Person other than the Sellers is entitled to any portion of the proceeds from the transactions contemplated by this Agreement;

(xvi) all Contracts imposing confidentiality or indemnification obligations on any Seller, other than such provisions entered into in the Ordinary Course of Business pursuant to agreements with distributors and other customers and suppliers;

(xvii) all Contracts relating to the provision of Information Technology, data or internet-related products or services and not entered into in the Ordinary Course of Business;

(xviii) all collective bargaining agreements or other agreements with any labor union;

(xix) all Contracts that involve the performance of services for, or delivery of goods or materials to, any Seller of an amount or value in excess of $100,000 during any twelve (12) month period;

(xx) all Contracts containing a grant by any Seller to a Person of any right relating to or under the Business Intellectual Property or any grant to a Seller of any right relating to or under the Intellectual Property of any Person;

(xxi) all powers of attorney granted to any Person;

(xxii) all Contracts granting exclusive sales, distribution, marketing or other exclusive rights, rights of first refusal, rights of first negotiation or similar rights or terms to any Person; and

(xxiii) all Contracts other than as set forth above to which any Seller is a party or by which any of its assets or businesses are bound that are material to the Business.

(b) True and complete copies of the Business Contracts have been provided to the Purchaser by the Sellers. All of the Business Contracts are and shall, following the First Closing (and, for any Contracts that are Regulated Assets, the Second Closing), be enforceable by the Purchaser and binding on the other parties thereto and shall not be subject to any claims, charges, setoffs or defenses. No Seller is in material default, and no event has occurred which, with the giving of notice or the passage of time or both, would constitute a material default, by any Seller under any such Business Contract. To the Sellers' Knowledge, no other party to any Business Contract is in material default, and no event has occurred which, with the giving of notice or the passage of time or both, would constitute a material default, by any such other party under any such Business Contract. Each Business Contract, together with any other Business Contracts with the other party thereto, constitutes the entirety of the business relationship between the Sellers and such other party. There are no disputes pending (and no Seller has received notice of any dispute) under any Business Contract.

Section 2.12 Compliance with Laws; Permits.

(a) The Sellers are, and have at all times been, in material compliance with all Laws (including Marijuana Laws other than Federal Marijuana Laws). No Seller has received notice from any Governmental Authority or any other Person of any failure to comply with any Law applicable to the conduct of the Business or the ownership and use of the Assets, and to the Knowledge of the Sellers, there has been no failure by any Seller to comply with any such Law. To the Knowledge of the Sellers, there is no investigation by a Governmental Authority pending or threatened (and no Seller has previously received notice of any such pending or threatened investigation) against any Seller related to the conduct of the Business or the ownership and use of the Assets.

(b) Section 2.12(b) of the Disclosure Schedule contains a complete and accurate list of each Permit that is held by any Seller. Each such Permit held by any Seller is valid and in full force and effect. Except as set forth in Section 2.12(b) of the Disclosure Schedule, (i) each Seller is, and has been, in compliance in all material respects with all of the terms and requirements of each of its Permits, (ii) no event has occurred or circumstance exists that may result in the revocation, withdrawal, suspension, cancellation or termination of, or any modification to, any Permit; (iii) no Seller has received any notice or from any Governmental Authority or any other Person regarding (A) any actual or potential violation of any Permit or (B) any actual or potential revocation, withdrawal, suspension, cancellation, termination of or modification of any Permit; and (iv) all applications for renewal and other filings required to have been made with respect to the Sellers' Permits have been duly made on a timely basis with the appropriate Governmental Authorities. The Permits identified in Section 2.12(b) of the Disclosure Schedule collectively constitute all of the Permits necessary to enable the Sellers to conduct and operate the Business and to own and use the Assets as currently conducted, owned and used in compliance with all Laws (including Marijuana Laws other than Federal Marijuana Laws).

Section 2.13 Employee Benefits.

Section 2.13 of the Disclosure Schedule sets forth each Employee Benefit Plan in which any employee or any spouse or dependent of any employee participates and the Sellers have provided or made available to the Purchaser, to the extent applicable, complete and correct copies of each such Employee Benefit Plan. Neither any Seller, nor any ERISA Affiliate, sponsors, maintains or contributes to, or has ever sponsored, maintained or contributed to (or been obligated to sponsor, maintain or contribute to), or has any direct, indirect or contingent liability with respect to (i) any "multiemployer plan", as that term is defined in Section 3(37) or 4001(a)(3) of ERISA; (ii) any "employee benefit plan" subject to Title IV of ERISA, Section 302 of ERISA or Section 412 of the Code; or (iii) any employee benefit plan, program, policy or arrangement covering employees outside of the United States or subject to the laws of any jurisdiction other than the United States. None of the Employee Benefit Plans provides severance, life insurance, medical or other welfare benefits (within the meaning of Section 3(1) of ERISA) to any current or former employee of a Seller or any ERISA Affiliate, or to any other person, after his or her retirement or other termination of employment or service, and neither any Seller, nor any ERISA Affiliate, has ever represented, promised or contracted to any employee or former employee, or to any other person, that such benefits would be provided, except to the extent required by Part 6 of Subtitle B of Title I of ERISA or Section 4980B(f) of the Code. Each Employee Benefit Plan is, and at all times since inception has been, maintained, administered, operated and funded in accordance with its terms and in material compliance with ERISA, the Code and all other applicable Laws.

Section 2.14 Labor.

(a) Section 2.14(a) of the Disclosure Schedule contains a true and complete listing of each employee that is providing services to any Seller as of the date of this Agreement, his or her current rate of annual base salary or hourly rate, current wages or compensation, fiscal year 2021 bonus target, if any, job title, employment status, work location and credited service date, and date of hire. Section 2.14(a) of the Disclosure Schedule also contains a true and complete listing of each independent contractor who has provided any service to any Seller within the twelve (12) month period immediately preceding the date of this Agreement or who is otherwise engaged in substantial part in providing services to the Business (excluding, however, any independent contractor providing services through an entity by which such worker is employed on a W-2 basis) and describing the fee arrangement pertaining to such independent contractor. Each Seller has complied in all material respects with its payment obligations to all employees in respect of all wages, salaries, commissions, bonuses, profit sharing, benefits, vacation pay and other compensation due and payable to such employees under any policy, practice, Contract, program or applicable requirements of Law.

(b) Except as set forth in Section 2.14(b) of the Disclosure Schedule, the Sellers have and have always been in compliance in all material respects with all applicable Laws respecting employment, including those Laws concerning discrimination or harassment prohibitions, terms and conditions of employment, termination of employment, wages, overtime compensation, pay cards, payroll stubs, classification as exempt and non-exempt, span of hours, occupational safety and health, employee whistle-blowing, immigration, employee privacy including the use of biometric data, disability and related accommodations, pay equity, background checks, leaves of absence, drug testing, use of lawful substances, protecting paid sick leave and vacation, training obligations, payment of expenses, and classification of employees, consultants and independent contractors. The Sellers maintain appropriate written policies ensuring compliance and upon onboarding, and all employees of Sellers receive and acknowledge receipt of such applicable policies.

(c) Except as set forth in Section 2.14(c) of the Disclosure Schedule, no employee of any Seller is receiving any long-term disability benefits. Each Seller has properly classified independent contractors and employees in compliance with all Laws, and has paid or remitted all Taxes required to be paid related to such independent contractors and employees. Except as set forth in Section 2.14(c) of the Disclosure Schedule, each Seller has properly classified employees as exempt or nonexempt from the minimum wage and overtime requirements of the federal Fair Labor Standards Act and applicable state wage and hour laws. No Seller has received any notice from any Governmental Authority disputing either the exempt classification of any employees of any Seller or the classification of any independent contractors as independent contractors rather than employees. Each Seller maintains current employee files containing evidence of hours worked for non-exempt employees, together with accurate pay records for all employees. Each Seller maintains current employee files containing proof of work eligibility to the extent required by Law.

(d) No allegations of sexual misconduct have been made against any officer or senior-level employee of any Seller, and no Seller has entered into any settlement agreements related to allegations of sexual misconduct by an officer or senior-level employee of any Seller.

(e) Each Seller has completed and retained in accordance with Immigration and Naturalization Service regulations Form I-9 and any successor and related forms for all of its employees to the extent required by Law.

(f) Each Seller has established, implemented and complied with commercially reasonable policies, practices and procedures to protect the health and safety of its employees and independent contractors, and otherwise mitigate liability and ensure each Seller's compliance with Law, in connection with COVID-19. No Seller has received any written notification or, to the Knowledge of the Sellers, oral notification, alleging that any employee or contractor has any claim against any Seller, or that any Seller otherwise has any Liability to any employee or independent contractor, in each case, in connection with COVID-19.

(g) The consummation of the transactions contemplated by the Transaction Documents will not: (i) cause to arise any bonus, incentive, deferred compensation, severance, termination, retention, change of control, equity option, equity appreciation, equity purchase, phantom equity or other compensation plan, program, arrangement, agreement, policy or understanding, whether written or oral, that provides or may provide benefits or compensation to any employees of any Seller; (ii) result in (A) an increase in the amount of compensation or benefits of any of the employees of any Seller or (B) the acceleration of the vesting or timing of payment of any compensation or benefits payable to or in respect of any employees of any Seller; or (iii) result in a violation of or an impermissible accrual or allocation under applicable Laws, except, with respect to clauses (i) and (ii), to the extent (and in the amounts) set forth in Section 2.14(g) of the Disclosure Schedule.

(h) Except as set forth on Section 2.14(h) of the Disclosure Schedule, all employees of the Sellers are employed on an at-will basis and may be terminated without advance notice or the payment of severance.

(i) To the Knowledge of the Sellers, no current employee or independent contractor of any Seller is subject to any agreement with or obligation to any third party that (i) restricts the employee or independent contractor from competing with, or soliciting actual or potential business from any Person or entity; (ii) restricts the employee or independent contractor from soliciting any current or former employees of any Person or entity; or (iii) limits the employee's or independent contractor's ability to perform the employee's regular duties on behalf of any Seller.

(j) No Seller is a party to or bound by any collective bargaining agreement, nor has any Seller experienced any strike or material grievance, claim of unfair labor practices, or other collective bargaining dispute. No Seller has committed any material unfair labor practice. To the Sellers' Knowledge, there is no organizational effort presently being made or threatened by or on behalf of any labor union with respect to any Seller's employees, and no such effort has occurred within the past 3 years. No Seller has planned, announced or implemented any employee layoffs, reductions in force, early retirement programs, severance programs, or other programs or efforts concerning termination of employment of employees (other than routine employee terminations for cause), including any such measures requiring notice under the WARN Act or similar state Laws.

(k) The Sellers' physical areas and websites accessible to the public are in compliance in all material respects with all Laws that require that such areas to accommodate members of the public with disabilities.

Section 2.15 Litigation.

Except as set forth in Section 2.15 of the Disclosure Schedule, there is not now and there has never been any Action pending or, to the Knowledge of the Sellers, threatened (and no Seller has received notice of any such threatened Action) against (a) any Seller or (b) to the extent related to or affecting the Business, the Assets or the Assumed Liabilities, any of the officers, managers, directors or employees of any Seller before any Governmental Authority, and there is no basis for any such Action. Except as set forth in Section 2.15 of the Disclosure Schedule, no Seller has engaged in any Action relating to or affecting the Business, the Assets or the Assumed Liabilities to recover monies due it or for damages sustained by it. No Seller is subject to any Order.

Section 2.16 Environmental Matters.

(a) The Sellers are 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 the Sellers, no Hazardous Materials are present in, on or under the land and the improvements, ground water and surface water at the real property subject to the Leases, (c) the Sellers do not use, store, treat or transport Hazardous Materials at any location where the Business is conducted, except for Hazardous Materials in quantities customarily used, stored, or disposed of in the ordinary course of the Business and in all cases in full compliance with all Environmental Laws and Permits, and (d) the Sellers have not received any written notice of any actual or alleged noncompliance with or Liability under any Environmental Law or Permit. The Sellers have provided to the Purchaser complete copies of all environmental audits, reports and other documents relating to Environmental Laws or Environmental Claims within the Sellers' possession or control relating to the Business or the Assets.

Section 2.17 Insurance.

Section 2.17 of the Disclosure Schedule includes a complete and correct list and description, including policy number, coverage and deductible, of all insurance policies owned by the Sellers relating to the Business, the Assets or the Assumed Liabilities, complete copies of which policies have been provided to the Purchaser by the Sellers. Such policies are in full force and effect, all premiums due thereon have been paid and no Seller is in default thereunder. Such insurance policies are of the type and in the amounts customarily carried by Persons conducting a business similar to the Business and are sufficient for compliance with all applicable Laws and Contracts to which any Seller is a party or by which it is bound. No Seller has received any notice of cancellation or intent to cancel or increase or intent to increase premiums with respect to such insurance policies nor, to the Knowledge of the Sellers, is there any basis for any such action. Section 2.17 of the Disclosure Schedule also contains a list of all pending and prior claims made to any insurance company by any Seller and any instances of a denial of coverage by any insurance company.

Section 2.18 Real Property Leases.

No Seller owns or, except as set forth in Section 2.18 of the Disclosure Schedule, has ever owned any Real Property, nor is any Seller party to any agreement to purchase any Real Property. Section 2.18 of the Disclosure Schedule sets forth a true, correct and complete list of all Real Property and interests in Real Property leased, subleased or licensed by any Seller as lessor, lessee, sublessor, sublessee, licensor or licensee (such leases, subleases, licenses and sublicenses required to be set forth, the "Leases"). The description in Schedule 2.18 shall include (i) the address of each parcel of leased Real Property; (ii) the use of each leased Real Property; and (iii) a true, complete and correct list of all leases, subleases, licenses or other occupancy agreements and any assignments, amendments, modifications, side letters, estoppels, consents and other agreements relating thereto. True, correct and complete copies of the Leases have been made available to the Purchaser by the Sellers. The Sellers are currently in possession of the leased Real Property, and no sublease, license or other right of occupancy of or use by a third party affects any of the premises subject to the Leases. All of the Leases are valid, binding and in full force and effect. Sellers have valid leasehold interests in all the Leases free and clear of any and all Liens, except for Permitted Liens, and there exists no default or event, occurrence, condition or act which, with the giving of notice, the lapse of time or the happening of any further event or condition, would become a default under any of the Leases on the part of any Seller or, to the Knowledge of the Sellers, any other party thereto. Except as set forth in Section 2.18 of the Disclosure Schedule, to the Knowledge of the Sellers, the premises that are the subject of the Leases are in good operating condition (ordinary wear and tear excepted) and are adequate for the purposes for which they are being used.

Section 2.19 Receivables; Payables; Inventory.

(a) The accounts receivable reflected on the Balance Sheet or arising after the date thereof have arisen in bona fide arm's-length transactions in the Ordinary Course of Business, and, subject to the allowance for doubtful accounts, if any, set forth in the Balance Sheet, all such accounts receivable are valid and binding obligations of the account debtors without any counterclaims, setoffs or other defenses thereto. All such reserves, allowances and discounts were and are adequate and consistent in extent with the reserves, allowances and discounts previously maintained by the Sellers in the Ordinary Course of Business and determined in accordance with the Accounting Principles. A list as of the date three (3) days prior to the date hereof, prepared by Sellers in good faith after due inquiry, showing to Sellers' Knowledge of all accounts receivable and the number of days each such account receivable has been outstanding is included in Section 2.19(a) of the Disclosure Schedule.

(b) All accounts payable reflected on the Balance Sheet or arising after the date thereof are the result of bona fide transactions in the Ordinary Course of Business and have been paid or are not yet due and payable. A complete list of all accounts payable as of the date three (3) days prior to the date hereof, showing the number of days each such Account Payable has been outstanding, is included in Section 2.19(b) of the Disclosure Schedule.

(c) The Inventory of the Sellers is in the physical possession of the Sellers or in transit to or from a customer or supplier of the Sellers, and no Inventory has been pledged as collateral or otherwise is subject to any Lien (other than Permitted Liens), or is held on consignment from others. The Inventory consists of a quality and quantity useable and salable in the Ordinary Course of Business, is in quantities reasonably sufficient for the normal operation of the Business in the Ordinary Course of Business, and is reflected on the Balance Sheet in accordance with the Accounting Principles.

Section 2.20 Customers, Suppliers and Service Providers.

(a) Section 2.20(a) of the Disclosure Schedule sets forth (i) each customer representing five percent (5%) or more of the aggregate sales of the Sellers for each of fiscal year 2019 and 2020 (each, a "Material Customer") and the amount of consideration paid by each Material Customer during such period; and (ii) each supplier representing five percent (5%) or more of the aggregate purchases of the Sellers for each of fiscal year 2019 and 2020 (each, a "Material Supplier") and the amount of purchases from each Material Supplier during such periods.

(b) No Material Customer or Material Supplier has cancelled, terminated, materially reduced or otherwise adversely modified or threatened to cancel, terminate, materially reduce, or otherwise materially adversely modify, its relationship with any Seller. No Seller has been advised or has any reason to believe that any such customer or supplier may cancel, terminate, materially reduce, or otherwise materially adversely modify, its relationship with any Seller as a result of the transactions contemplated hereby. To the Knowledge of the Sellers, no Material Customer has made a material complaint to any Seller that has not been resolved.

(c) The Contacts and other arrangements between Sellers and their customers and suppliers have been negotiated and maintained on an arms'-length basis. Sellers have no actual knowledge that the transactions contemplated hereby will have an adverse impact on the relationship between any Seller, on the one hand, and any material customer, supplier or service provider of any Seller, on the other hand, or the terms and conditions on which business is conducted between such Seller and any such other Person.

Section 2.21 Related Party Transactions.

Except as described in Section 2.21 of the Disclosure Schedule, no Seller has loaned or borrowed any amounts to or from, and no Seller has any outstanding Indebtedness or other similar obligations to or from, any Related Party of any Seller. Except as described in Section 2.21 of the Disclosure Schedule, no Related Party of any Seller (i) has owned any direct or indirect interest of any kind in, or controlled or has been a manager, director, officer, employee or partner of, or consultant to, or lender to or borrower from or has had the right to participate in the profits of, any Person which is or was (A) a competitor, supplier, distributor, customer, landlord, tenant, creditor or debtor of the Business, (B) engaged in a business related to the Business or (C) a participant in any transaction to which a Seller has been a party or (ii) has been a party to any Contract with respect to the Business or engaged in any transaction or business with respect to the Business. No Seller has any Contract or understanding with any officer, manager, director, employee, member, shareholder or partner of any Seller that relates, directly or indirectly, to the subject matter of any Transaction Document or the consideration payable thereunder or that contains any terms, provisions or conditions relating to the entry into or performance of any Transaction Document by any Seller.

Section 2.22 Brokers Fees.

No Seller has any Liability to pay any fees, commissions or other amounts to any investment banker, broker, finder or agent with respect to the transactions contemplated by this Agreement.

Section 2.23 Investment Representations.

(a) Each Seller that acquires any portion of the Base Share Consideration (each a "Selling Shareholder") is an "accredited investor" (as defined in Rule 501(a) of Regulation D under the Securities Act) and is knowledgeable, sophisticated and experienced in financial and business matters, in making, and is qualified to make, decisions with respect to investments in shares, including investments in securities issued by the Parent and comparable entities, has the ability to bear the economic risks of an investment in the Parent Shares. Each Selling Shareholder understands that its investment in the Base Share Consideration involves a significant degree of risk, including a risk of total loss of each Selling Shareholder's investment, and each Selling Shareholder has full cognizance of and understands all of the risk factors related to each Selling Shareholder's acquisition of the Base Share Consideration.

(b) Each Selling Shareholder has, in connection with its decision to acquire its Base Share Consideration, relied solely upon the representations and warranties of the Parent contained herein. Each Selling Shareholder has had an opportunity to (i) ask questions and receive answers from representatives of the Parent concerning the merits and risks of investing in the Parent Shares, (ii) access to information about the Parent and its financial condition, results of operations, business, properties, management and prospects sufficient to enable it to evaluate its investment and (iii) the opportunity to obtain such additional information that the Parent possesses or can acquire without unreasonable effort or expense that is necessary to make an informed investment decision with respect to the investment. Each Selling Shareholder has undertaken an independent analysis of the merits and risks of an investment in the Parent Shares based on its own financial circumstances. Each Selling Shareholder understands that nothing in this Agreement or any other materials presented to each Selling Shareholder in connection with the acquisition of the Base Share Consideration constitutes legal, tax or investment advice. Each Selling Shareholder has consulted such legal, tax and investment advisors as it, in its sole discretion, has deemed necessary or appropriate in connection with its acquisition of the Base Share Consideration.

(c) Each Selling Shareholder shall acquire Parent Shares for its own account for investment only and with no present intention of distributing any Parent Shares or entering into any arrangement or understanding with any other persons regarding the distribution of any Parent Shares, provided that this representation and warranty shall not limit any Selling Shareholder's right to sell pursuant to the Resale Registration Statement. No Selling Shareholder will, directly or indirectly, offer, sell, pledge, transfer or otherwise dispose of (or solicit any offers to buy, purchase or otherwise acquire or take a pledge of) any Parent Shares except in compliance with the Securities Act and applicable state securities laws. Each Selling Shareholder acknowledges that Rule 144 under the Securities Act is not available for the resale of Parent Shares and will not be available for such resale until Parent has become a registrant under the Securities Act and has met all of the requirements of Rule 144(i). Notwithstanding the foregoing, nothing in this provision is meant to prevent such Seller from liquidating or distributing the Parent Shares to its equityholders in accordance with applicable Securities Laws.

(d) Each Selling Shareholder has completed or caused to be completed a resale registration statement questionnaire provided for use in preparation of the Resale Registration Statement, and the answers thereto are true and correct in all material respects as of the date hereof and will be true and correct in all material respects as of the effective date of the Resale Registration Statement, and each Selling Shareholder will notify the Parent immediately of any material change in any such information until such time as such Selling Shareholder has sold all of its Base Share Consideration or until the Parent is no longer required to keep the Resale Registration Statement effective. All other written information furnished to the Parent by or on behalf of each Selling Shareholder expressly for inclusion in the Resale Registration Statement will be true and correct in all material respects as of the date such other written information is provided and will be true and correct as of the effective date of the Resale Registration Statement and each Selling Shareholder will notify the Parent immediately of any material change in any such other written information until such time as Selling Shareholder has sold all of its Base Share Consideration or until the Parent is no longer required to keep the Resale Registration Statement effective.

(e) Each Selling Shareholder understands that the Base Share Consideration is being offered to it in reliance upon specific exemptions from the registration requirements of the Securities Act and state securities laws and that the Parent is relying upon the truth and accuracy of, and each Selling Shareholder's compliance with, the representations, warranties, agreements, acknowledgments and understandings of the Selling Shareholders set forth herein in order to determine the availability of such exemptions and the eligibility of each Selling Shareholder to acquire the Base Share Consideration.

Section 2.24 No Misrepresentation.

No representation or warranty of the Sellers contained in this Agreement or any other Transaction Document or in the Disclosure Schedule hereto or in any certificate or other instrument furnished to the Purchaser in connection herewith contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained herein or therein not misleading.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF PARENT AND PURCHASER

The Parent and the Purchaser represent and warrant to the Sellers that the following statements are true, correct and complete.

Section 3.1 Organization.

Each of the Parent and the Purchaser is duly organized, validly existing and in good standing under the Laws of the jurisdiction of its organization or formation, and has all requisite limited liability company or corporate power and authority to own, lease and operate its properties and to carry on its business. Each of the Parent and the Purchaser is duly qualified or authorized to do business as a foreign company and is in good standing under the Laws of each jurisdiction in which the conduct of its business or the ownership of its properties requires such qualification or authorization.

Section 3.2 Authorization and Enforceability.

The execution, delivery and performance of this Agreement and all Transaction Documents to which either the Parent or the Purchaser is a party has been duly authorized by all necessary action by or on behalf of the Parent or the Purchaser, as applicable. Each of the Parent and the Purchaser has full corporate or company power and authority to execute and deliver this Agreement and each other Transaction Document to which it is a party, and to perform its obligations hereunder and thereunder. This Agreement and each Transaction Document to which the Parent or the Purchaser is or will be a party, has been or will be duly and validly executed and delivered and constitutes the valid and legally binding obligation of the Parent or the Purchaser, as applicable, enforceable against the Parent or the Purchaser in accordance with its 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 (regardless of whether enforcement is sought in a proceeding at Law or in equity).

Section 3.3 Conflicts; Consent of Third Parties.

Neither the execution and the delivery by the Parent and the Purchaser of this Agreement and the other Transaction Documents to which the Parent or the Purchaser is a party, nor the consummation of the transactions contemplated hereby and thereby on the part of the Parent and the Purchaser, will, with or without the passage of time or the giving of notice (a) conflict with, or result in the breach of, any provision of the Governing Documents of the Parent or the Purchaser or (b) conflict with, violate, result in the breach or termination of, or constitute a default under, result in an acceleration of, or create in any party the right to accelerate, terminate, modify or cancel, any Contract to which the Parent or the Purchaser is a party or by which the Parent or the Purchaser or their respective properties or assets are bound.

Section 3.4 Base Share Consideration.

Upon issuance, the Base Share Consideration will be duly authorized and validly issued, fully paid and non-assessable and will not have been issued in violation of applicable Law (it being understood that no representation or warranty is made by Parent or Purchaser with respect to any Federal Marijuana Law) or any preemptive right, right of first refusal or similar right of any Person to subscribe for or purchase securities of the Parent.

Section 3.5 Brokers Fees.

Neither the Parent nor the Purchaser has any Liability to pay any fees, commissions or other amounts to any broker, finder or agent with respect to the transactions contemplated by this Agreement.

Section 3.6 No Proceedings.

No suit, action or other proceeding is pending before any Governmental Authority seeking to restrain or prohibit the Parent or the Purchaser from entering into this Agreement or the performance of any obligation hereunder.

Section 3.7 Taxes.

The Parent and the Purchaser have timely filed with the appropriate taxing authorities all Tax Returns that they were required to file. All such Tax Returns are complete and correct in all material respects. All Taxes owed by the Parent and the Purchaser (whether or not shown on any Tax Return) have been paid. No written claim has ever been made by an authority with respect to the Parent or the Purchaser in a jurisdiction in which such the Parent or the Purchaser does not file Tax Returns that it is or may be subject to taxation by that jurisdiction. Except as described in Schedule 3.7, there has not been any audit, examination or written notice of potential examination of any Tax Returns filed by the Parent or the Purchaser.

ARTICLE IV
COVENANTS

Section 4.1 Further Assurances; Pendleton Lease; Litigation Support; Name Change.

(a) If any further action is necessary or desirable to carry out the purposes of this Agreement, each of the Parties will take such further action (including the execution and delivery of such further instruments and documents) as any other Party reasonably may request; provided, however, that neither the Parent nor the Purchaser shall be required to incur any material out-of-pocket expense in connection therewith. The Sellers shall and shall cause their Affiliates to reasonably cooperate with the Purchaser to encourage each lessor, licensor, customer, supplier or other business associate of the Business to maintain the same business relationships with the Business after the First Closing as it maintained with the Business prior to the First Closing. After the acceptance of the Pending Applications by the DCR, BNC and the Purchaser shall submit the Amended DCR Application to the DCR.

(b) Without limitation of Section 4.1(a), Sellers shall use their reasonable best efforts to cause Beachwood Industries LLC (the "Beachwood") and, to the extent necessary, the master landlord with respect to the Pendleton Property to (i) consent to the deemed assignment (by virtue of the change of control of BNC at the Second Closing) of BNC's occupancy and other rights under the lease agreement dated January 1, 2018 (the "Pendleton Lease") between Beachwood and BNC related to the premises currently used by BNC at 11618 Pendleton Street, Sun Valley, California 91352 (the "Pendleton Property"), without modification thereof except as described in clause (iii) below, (ii) raise no objection to BNC's continued occupancy of the full premises (in excess of 11,000 square feet) (the "BNC Premises") currently occupied by BNC at the Pendleton Property during the period of the Management Services Agreement and (iii) amend the Pendleton Lease to cover the BNC Premises at the same price per square foot charged under the Pendleton Lease for the 7,657 square feet reflected in the Pendleton Lease as being leased to BNC. Clauses (i) through (iii) of the preceding sentence are referred to collectively as the "Pendleton Lease Assignment Condition". If (x) Beachwood or the master landlord with respect to the Pendleton Property at any time objects to, interferes with or seeks to interfere with BNC's occupancy of all or any portion of the BNC Premises, or if for any reason BNC, under Purchaser's supervision pursuant to the Management Services Agreement, is unable to fully and peaceably enjoy the use of the full BNC Premises or (y) Beachwood and, to the extent necessary, the master landlord with respect to the Pendleton Property have not consented to the deemed assignment of the Pendleton Lease, covering the full BNC Premises, by the date the Amended DCR Applications are accepted by the DCR, Sellers shall, without duplication of recovery pursuant to Section 6.7, be liable to Purchaser for liquidated damages in the amount of $500,000 (payable pursuant to the methodology set forth in Section 6.4(c)) and the Purchaser may relocate all or any portion of the operation of the Regulated Assets to a different location. The foregoing liquidated damages provision, and the provisions of Section 6.7, shall not be affected by the exclusion of the Master Services Agreement from the definition of "Transaction Documents" for purposes of Article VI.

(c) Following the First Closing, in the event and for so long as the Purchaser actively is involved in, contesting or defending against any Action in connection with any fact, situation, circumstances, status, condition, activity, practice, plan, occurrence, event, incident, action, Tax matter, failure to act, or transaction involving the Business which occurred or existed prior to the First Closing, the Sellers shall and shall cause their Affiliates to reasonably cooperate with the Purchaser and the Purchaser's counsel in such involvement, contest or defense, and provide such testimony and access to its books and records as shall be reasonably necessary in connection with such contest or defense, all at the sole reasonable cost and expense of the Purchaser (unless the Purchaser is entitled to indemnification therefor hereunder).

(d) Within ten (10) days after the First Closing, the Sellers shall file a certificate of amendment to the certificate of formation of Lowell, and take all other action reasonably necessary, to change the name of Lowell to another name that does not include "Lowell".

Section 4.2 Share Registration; Seller Financial Information.

(a) The Parent shall prepare and file with the Securities and Exchange Commission (the "SEC") a registration statement (the "Resale Registration Statement") on Form S-1 (or any other available form) relating to the resale of the Base Share Consideration by the Selling Shareholders. The Parent shall use its commercially reasonable best efforts to (i) file the Resale Registration Statement by the later of ninety (90) days after the First Closing Date or forty-five (45) days after the provision by the Sellers of the Seller Financial Information and (ii) subject to receipt of necessary information from the Selling Shareholders, cause the SEC to declare the Resale Registration Statement effective as promptly as is reasonably practicable. The Parent shall promptly prepare and file with the SEC such amendments and supplements to the Resale Registration Statement and the prospectus used in connection therewith (the "Prospectus") as may be necessary to keep the Resale Registration Statement effective until the earlier of (A) two (2) years after the First Closing Date or (B) such time as the remaining Base Share Consideration has become eligible for resale without any volume limitations or other restrictions pursuant to Rule 144 under the Securities Act. The Parent may amend the Resale Registration Statement on Form S-3 at any time it is eligible to do so.

(b) For not more than ninety (90) days in any twelve (12) month period, the Parent may suspend the use of any Prospectus included in the Resale Registration Statement contemplated by this Section in the event that the Parent determines in good faith that such suspension is necessary to (A) delay the disclosure of material non-public information concerning the Parent, the disclosure of which at the time is not, in the good faith opinion of the Parent in the best interests of the Parent or (B) amend or supplement the Resale Registration Statement or the related Prospectus so that the Resale Registration Statement or Prospectus shall not include an 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 the case of the Prospectus in light of the circumstances under which they were made, not misleading (an "Allowed Delay"); provided, that the Parent shall promptly (I) notify THC in writing of the commencement of an Allowed Delay, but shall not (without the prior written consent of THC) disclose to THC or any other Selling Shareholder any material non-public information giving rise to an Allowed Delay, (II) advise THC in writing to cease all sales under the Resale Registration Statement until the end of the Allowed Delay, and (III) use commercially reasonable efforts to terminate an Allowed Delay as promptly as is reasonably practicable.

(c) The Parent shall use commercially reasonable efforts to effect the registration of the Base Share Consideration in accordance with the terms hereof, and pursuant thereto the Parent will, as expeditiously as possible:

(i) prepare and file with the SEC such amendments and post-effective amendments to the Resale Registration Statement and the related Prospectus as may be necessary to keep the Resale Registration Statement effective for the period in which the Resale Registration Statement is required to be kept effective and to comply with the provisions of the Securities Act and the Exchange Act with respect to the distribution of all of the Base Share Consideration covered thereby;

(ii) provide copies to and permit any counsel designated by THC to review the Resale Registration Statement and all amendments and supplements thereto no fewer than three (3) days prior to their filing with the SEC;

(iii) furnish to each Selling Shareholder (A) promptly after the same is prepared and filed with the SEC, if requested by the Selling Shareholder, one (1) copy of any Resale Registration Statement and any amendment thereto, each preliminary prospectus and Prospectus and each amendment or supplement thereto, and each letter written by or on behalf of the Parent to the SEC or the staff of the SEC, and each item of correspondence from the SEC or the staff of the SEC, in each case relating to such Registration Statement (other than any portion of any thereof which contains information for which the Parent has sought confidential treatment), and (B) such number of copies of a Prospectus, including a preliminary prospectus, and all amendments and supplements thereto and such other documents as the Selling Shareholder may reasonably request in order to facilitate the disposition of the Base Share Consideration owned by the Selling Shareholder;

(iv) use commercially reasonable efforts to (A) prevent the issuance of any stop order or other suspension of effectiveness and, (B) if such order is issued, obtain the withdrawal of any such order at the earliest practical moment;

(v) use commercially reasonable efforts to register or qualify or cooperate with any Selling Shareholder and its counsel in connection with the registration or qualification of the Base Share Consideration for offer and sale under the securities or blue sky laws of such jurisdictions requested by such Selling Shareholder and do any and all other commercially reasonable acts or things necessary or advisable to enable the distribution in such jurisdictions of the Base Share Consideration covered by the Resale Registration Statement; provided, however, that the Parent shall not be required in connection therewith or as a condition thereto to (A) qualify to do business in any jurisdiction where it would not otherwise be required to qualify but for this provision, (B) subject itself to general taxation in any jurisdiction where it would not otherwise be so subject but for this Section 4.2(b)(v), or (C) file a general consent to service of process in any such jurisdiction;

(vi) promptly notify THC, upon discovery that, or upon the happening of any event as a result of which, the Prospectus includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing, and promptly prepare, file with the SEC and furnish to such holder a supplement to or an amendment of such Prospectus as may be necessary so that such Prospectus shall not include an 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 not misleading in light of the circumstances then existing;

(vii) use commercially reasonable efforts to comply with all applicable rules and regulations of the SEC under the Securities Act and the Exchange Act in connection with the Shelf Registration Statement; and

(viii) with a view to making available to the Selling Shareholders the benefits of Rule 144 (or its successor rule) and any other rule or regulation of the SEC that may at any time permit the Selling Shareholders to sell shares included in the Base Share Consideration to the public without registration, the Parent covenants and agrees from and after the date it becomes registered and for so long as it remains registered under the Exchange Act, to (A) file with the SEC in a timely manner all reports and other documents required of the Parent under the Exchange Act and (B) furnish to each Selling Shareholder upon request, as long as such Selling Shareholder owns any Base Share Consideration, (I) a written statement by the Parent that it has complied with the reporting requirements of the Exchange Act, (II) a copy of the Parent's most recent Annual Report on Form 10-K or Quarterly Report on Form 10-Q, and (III) such other information as may be reasonably requested in order to avail such Selling Shareholder of any rule or regulation of the SEC that permits the selling of any such Base Share Consideration without registration.

(d) In the event that the SEC for any reason limits the number of Parent Shares that may be included and sold by the Selling Shareholders in the Resale Registration Statement, the Parent shall reduce the number of Parent Shares included in the Resale Registration Statement on behalf of the Selling Shareholders accordingly (such portion shall be allocated pro rata among the Selling Shareholders) (such excluded shares, the "Reduction Securities"). The Parent shall not be liable for any Losses in connection with the exclusion of such Reduction Securities or in connection with any delay in the effectiveness of the Resale Registration Statement arising from any interactions between the Parent and the SEC with respect to the number of Parent Shares that may be included and sold by the Selling Shareholders in the Resale Registration Statement. The Parent shall use commercially reasonable efforts to register the Reduction Securities for resale as soon as is reasonably practicable pursuant to a new registration statement covering the Reduction Securities (or such portion thereof as the SEC will allow to be registered for resale at such time) for an offering to be made on a continuous basis pursuant to Rule 415.

(e) The Parent shall bear all expenses in connection with the procedures in clauses (a) through (d) of this Section 4.2 and the registration of the Base Share Consideration on behalf of the Selling Shareholders pursuant to the Resale Registration Statement, other than fees and expenses, if any, of counsel or other advisers to the Selling Shareholders or underwriting discounts, brokerage fees and commissions incurred by the Selling Shareholders, if any in connection with the offering of the Base Share Consideration on behalf of the Selling Shareholders pursuant to the Resale Registration Statement or any new registration statement(s) covering the Reduction Securities.

(f) If required by applicable securities Laws, the rules or policies of any applicable stock exchange or the Parent, each Seller covenants and agrees to execute, deliver and file or assist, including by way of providing requisite information to, the Parent in filing or in causing the filing of such disclosure documents, reports, undertakings and other documents with respect to or in connection with the issuance of the Base Share Consideration and the completion of any associated transactions as may be required by any securities commission, stock exchange or other regulatory authority pursuant to applicable securities Laws or rule or policies or as they may otherwise require.

(g) Each Selling Shareholder agrees that it will not effect any disposition of the Base Share Consideration that would constitute a sale within the meaning of the Securities Act or pursuant to any applicable state securities laws, except as contemplated in the Resale Registration Statement referred to in this Section 4.2 or as otherwise permitted by Law, and will promptly notify the Parent of any changes in the information set forth in the Resale Registration Statement regarding such Selling Shareholder or its plan of distribution.

(h) The Sellers shall provide to Parent as promptly as practicable such financial statements and other information concerning the Sellers' and their business affairs (including the Seller Financial Information) as Parent may reasonably require, and shall direct that their counsel and accountants cooperate with Parent's counsel and accountants, in connection with the preparation of the Resale Registration Statement or any other securities filings made by Parent after the First Closing that require information regarding the Sellers. Without limitation of the foregoing, the Sellers shall provide to Parent (i) on or prior to March 31, 2021 (it being understood that time is of the essence), unaudited financial statements, prepared in accordance with GAAP, for the fiscal years of the Sellers ended December 31, 2020 and 2019, and shall respond promptly to inquiries of the Parent or its auditor related thereto, (ii) on or prior to April 23, 2021 (it being understood that time is of the essence), unaudited financial statements, prepared in accordance with GAAP, for the fiscal quarters of the Sellers ended March 31, 2021 and March 31, 2020 and (iii) by the dates specified in the preceding clauses (i) and (ii), for the periods referenced, (x) such additional financial information of the Sellers as may be required under Regulations S-K and S-X and published guidance to be included in a registration statement on Form S-1 under the Securities Act (assuming no financial results of Sellers are reflected in any Parent financial statements included in such filing and that no such information is permitted to be deferred under Rule 3-05(b)(4)(i)(B) of Regulation S-X or any similar rule or published guidance), provided that any such information that would otherwise be required to be audited may be unaudited, and (y) to the extent reasonably requested by Parent, assistance in the preparation of management's discussion and analysis and other relevant narrative discussions of Sellers' business, financial condition, results of operations and cash flows. None of the information supplied, or to be supplied, by the Sellers for inclusion in the Resale Registration Statement or any other securities filings shall 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 made therein, in light of the circumstances under which they are made, not misleading. If any event occurs with respect to any Seller, or any change occurs with respect to the information provided by any Seller, that causes any such information to 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 made therein, in light of the circumstances under which they are made, not misleading, the Sellers shall notify Parent promptly of such event or change and supplement such information so that it does not include any misstatement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

Section 4.3 Transfer Restrictions.

(a) Each Selling Shareholder acknowledges that the Base Share Consideration may only be disposed of in compliance with applicable Law, including Canadian and United States state and federal securities laws. In connection with any transfer of the Base Share Consideration other than pursuant to an effective registration statement or to an Affiliate of a Selling Shareholder, the Parent may require the transferor thereof to provide to the Parent an opinion of counsel selected by the transferor and reasonably acceptable to the Parent, the form and substance of which opinion shall be reasonably satisfactory to the Parent, to the effect that such transfer does not require registration of such transferred Base Share Consideration under the Securities Act. As a condition of transfer, any such transferee shall agree in writing to be bound by the terms of this Section 4.3.

(b) Each Selling Shareholder acknowledges that the securities constituting the Base Share Consideration shall have attached to them, whether through the electronic deposit system of CDS Clearing and Depository Services Inc., entered into a direct registration or other electronic book-entry system, or on any certificates that may be issued, the following legends:

THIS SECURITY HAS NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS.

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE JUNE 26, 2021.

(c) Each Selling Shareholder agrees with the Parent (i) that such Selling Shareholder will sell any Base Share Consideration pursuant to either the registration requirements of the Securities Act, including any applicable prospectus delivery requirements, or an exemption therefrom, (ii) that if any Base Share Consideration is sold pursuant to a registration statement, it will be sold in compliance with the plan of distribution set forth therein, (iii) that if, after the effective date of the registration statement, such registration statement ceases to be effective and the Parent has provided notice to such Selling Shareholder to that effect, such Selling Shareholder will sell Base Share Consideration only in compliance with an exemption from the registration requirements of the Securities Act; and acknowledges that the removal of the restrictive legend from the Base Share Consideration due to the effectiveness of a registration statement is predicated upon the Parent's reliance upon this Agreement.

Section 4.4 Mail; Payments; Receivables; Record Retention.

From and after the First Closing, the Sellers shall refer to the Purchaser all customer, supplier, employee or other inquiries or correspondence received by any of them or any of their Affiliates relating to the conduct of the Business after the First Closing Date, the Assets or the Assumed Liabilities. From and after the First Closing, the Sellers shall remit to the Purchaser all payments and invoices received by any of them or any Affiliates thereof that relate to the Business, the Assets (including accounts receivable) or the Assumed Liabilities within five Business Days after receipt thereof. From and after the First Closing, the Purchaser shall remit to the Sellers all payments and invoices received by it or any Affiliate thereof that relate to the Excluded Assets or the Excluded Liabilities within five Business Days after its receipt thereof. Each Party agrees, on behalf of itself and its Affiliates, that for a period of not less than six (6) years following the First Closing Date, it shall not destroy or otherwise dispose of any of the Books and Records relating to the Assets, the Excluded Assets, the Assumed Liabilities, the Excluded Assets or the Business with respect to periods prior to the First Closing and shall make such Books and Records available to one another for any lawful purpose upon reasonable prior written notice. Each Party shall have the right to destroy all or part of such books and records after the sixth anniversary of the First Closing Date or, at an earlier time by giving each other party hereto 10 days' prior written notice of such intended disposition and by offering to deliver to the other Party, at the other Party's expense, custody of such books and records as such first party may intend to destroy. This Section 4.4 is not intended to alter the normal rules of discovery in connection with any dispute among the Parties.

Section 4.5 Public Announcements.

Unless otherwise required by applicable Law, the Sellers shall not, and the Sellers shall cause their Affiliates, agents, professionals and other representatives not to, make any disclosure or public announcements in respect of this Agreement or the transactions contemplated hereby (including price and terms) or otherwise communicate with any news media without the prior written consent of the Purchaser, provided that the Sellers may make disclosures to their equity holders of the material terms of this Agreement without the consent of the Purchaser provided that such disclosures are made on a confidential basis with respect to any material aspect of this Agreement that has not become publicly available (without a breach of the confidentiality provisions of this Agreement by Sellers).

Section 4.6 Tax Covenants.

(a) All transfer, sales and use, value added, registration, documentary, stamp and similar Taxes (including any penalties, interest, additions to Tax and costs and expenses relating to such Taxes, but excluding any transfer gains Taxes), whether for real or personal property, imposed in connection with the transaction that occurs pursuant to this Agreement or the other Transaction Documents (collectively, "Transfer Taxes") shall be borne by the Sellers. The Sellers shall, at their sole expense, timely file any Tax Return or other document with respect to any Transfer Taxes (and the Purchaser shall reasonably cooperate with respect thereto as necessary).

(b) All Taxes and Tax Liabilities with respect to the income or operations of the Business or the ownership of the Assets that relate to any Straddle Period shall be apportioned between the Sellers and the Purchaser as follows: (i) in the case of ad valorem or other property Taxes, on a per diem basis; and (ii) in the case of income, sales and use and withholding Taxes, employment Taxes, or other Taxes based on or measured by income, receipts or profits, as determined from the closing of the books and records of the Sellers and the Business as of 11:59 p.m. on the Closing Date.

(c) After the First Closing Date, the Purchaser and the Sellers shall furnish or cause to be furnished to each other, upon request, as promptly as practicable, such information and assistance (including access to books, records, work papers and Tax Returns for Pre-Closing Periods) relating to the Business or the Assets as is reasonably necessary for the preparation of any Tax Return, claim for refund or audit, and the prosecution or defense of any claim, suit or proceeding relating to any proposed Tax adjustment (it being understood that Sellers shall, at their sole expense, be responsible to prepare all post-Closing Tax Returns of Sellers). Upon reasonable notice, the Sellers and the Purchaser shall make their employees and facilities available on a mutually convenient basis to provide reasonable explanation of any documents or information provided hereunder. Any request for information or documents pursuant to this Section 4.6(c) shall be made by the requesting party in writing. The other party hereto shall promptly (and in no event later than 30 days after receipt of the request) provide the requested information. The requesting party shall indemnify the other party for any out-of-pocket expenses incurred by such party in connection with providing any information or documentation pursuant to this Section 4.6(c). Any information obtained under this Section 4.6(c) shall be kept confidential, except as otherwise reasonably may be necessary in connection with the filing of Tax Returns or claims for Tax refunds or in conducting any Tax audit, dispute or contest.

Section 4.7 Confidentiality.

Each Seller shall, and shall cause its Affiliates to, hold in confidence (and not disclose or provide access to any other Person) any and all information, whether written or oral, concerning the Business, except to the extent that such Seller can show that such information (i) is generally available to and known by the public through no fault of such Seller or any of its respective Affiliates or representatives; or (ii) is required to be disclosed by judicial or administrative process or by other requirements of Law. If any Seller or any of its Affiliates or representatives are compelled to disclose any information by judicial or administrative process or by other requirements of Law, such Seller shall promptly notify the Purchaser in writing and shall disclose or permit disclosure of only that portion of such information which such Seller is advised by its counsel in writing is legally required to be disclosed; provided, however, that such Seller shall use its best efforts to obtain an appropriate protective order or other reasonable assurance that confidential treatment will be accorded such information. In the event a breach or threatened breach of this Section 4.7, the Purchaser and each of its 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 shall be entitled to be indemnified with respect thereto by Sellers.

Section 4.8 Bulk Sales Laws.

The Parties hereby waive compliance with the provisions of any bulk sales, bulk transfer or similar Laws of any jurisdiction (collectively, "Bulk Sales Laws") that may otherwise be applicable with respect to the sale of any or all of the Assets to the Purchaser, it being understood that any Liabilities arising out of the failure of Sellers to comply with the requirements and provisions of any Bulk Sales Laws of any jurisdiction which would not otherwise constitute Assumed Liabilities shall be treated as Excluded Liabilities.

Section 4.9 Release.

Sellers, on behalf of themselves and their Affiliates, and the predecessors, successors and assigns of the foregoing (collectively, the "Releasors"), hereby unconditionally release (i) the Purchaser, the Parent and their Affiliates, (ii) BNC, (iii) the directors, officers, employees, managers, members, partners, direct and indirect investors, advisors, agents and other representatives of the Purchaser, the Parent and their Affiliates and BNC and (iv) the predecessors, successors, assigns, heirs, executors, administrators and personal representatives of the foregoing (collectively, the "Releasees") from and against any and all claims, causes of actions, damages, judgments, expenses and other Liabilities, at law or in equity, that Releasors may have in any capacity against Releasees as of the date hereof or to which any Releasee might otherwise succeed as a result of the transactions contemplated by the Transaction Documents (collectively, the "Released Claims"), provided that insofar as the Purchaser, the Parent, their Affiliates and the Releasees related to the foregoing are concerned, such release is limited to Released Claims related to, arising from or in connection with the Business. Notwithstanding the foregoing, the Sellers' rights under the Transaction Documents are excluded from the Released Claims. The Sellers, on behalf of the Releasors, agree to, upon the request of any Releasee, release or reduce any claim asserted against a third party that would be a Released Claim if asserted by a Seller against a Releasee to discharge the third party claim asserted against such Releasee. The Sellers, on behalf of Releasors, hereby agree that this agreement shall apply to all unknown or unanticipated Released Claims as well as those known and anticipated, and upon advice of counsel, the Sellers hereby knowingly waive all rights and protections under California Civil Code Section 1542, which reads as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

Section 4.10 Employees and Employee Benefits.

(a) On the First Closing Date or as promptly thereafter as is practicable, the Purchaser shall extend offers of employment to the Group I Employees. From and after the First Closing, the Purchaser shall have the right, but not the obligation, at any time or from time to time to extend offers to any other employees of the Business that the Purchaser so chooses. All such offers of employment shall be on such terms as the Purchaser determines in its sole discretion and the Sellers shall use their good faith efforts to encourage such employees to accept such offers. Employees of the Business who accept the Purchaser's offer of employment are referred to as "Transferring Employees".

(b) Except as consented to in writing by the Purchaser, the Sellers shall and shall cause their Affiliates to terminate the employment, on or about March 1, 2021, of the Group I Employees and Group II Employees. The Sellers shall be responsible to issue (and shall be liable for) final paychecks to the Group I Employees and Group II Employees, which shall include salary/wages and accrued vacation through the termination date, and to make all related payroll Tax deposits, on the termination date. The Purchaser shall not assume any Liability under any of the Employee Benefit Plans.

(c) The Sellers shall and shall cause their Affiliates to terminate (i) any contractual provisions or other restrictions that would otherwise prevent any employees of the Business from becoming an employee of the Purchaser or its Affiliates and (ii) any confidentiality or other obligations to the extent they would prevent any employees who accept employment with the Purchaser from using or transferring to the Purchaser or its Affiliates any information related to the Business.

(d) Unless required by applicable Law, any offer of employment by the Purchaser to an employee of the Business who is not actively at work as of the First Closing Date due to an approved leave of absence will be effective on the date following the First Closing Date on which such individual returns to active employment, so long as such date is within six (6) months following the date hereof. If any such employee who is on an approved leave of absence as of the Closing Date does not return to active employment within such six (6)-month period, then the Sellers will continue to employ such employee or terminate such employee at the Sellers' sole expense.

(e) Except as otherwise provided in the Management Services Agreement with respect to the Group III Employees or as otherwise expressly provided in this Section 4.10, the Sellers shall be solely responsible for, and the Purchaser shall have no obligations whatsoever for, any compensation or other amounts payable to any current or former employee, officer, director, independent contractor, or consultant of the Business, including hourly pay, commission, bonus, salary, accrued vacation, fringe, pension or profit sharing benefits, or severance pay for any period relating to their service with the Sellers, and the Sellers shall pay all such amounts to all entitled persons on or prior to their termination date. Payroll for the Group III Employees for the period in which the First Closing occurs shall be administered in accordance with the historical practices of the Sellers and the payment of accrued vacation shall not be required to be made to the Group III Employees by reason of the occurrence of the First Closing. Upon termination of the Management Services Agreement, (i) if the Pendleton Lease Assignment Condition has been satisfied, the Purchaser shall be responsible for all severance and termination costs for the Group III Employees and (ii) if the Pendleton Lease Assignment Condition has not been satisfied, then (x) the Sellers shall be responsible for all severance and terminations costs (other than unpaid wages and accrued vacation) for the Group III Employees and (y) the Purchaser shall reimburse the Sellers for the accrued and projected vacation costs for the Group III Employees reserved by the Purchaser pursuant to Section 1.4(d)(i)(D)(V).

(f) The Purchaser will cooperate reasonably with the Sellers to provide notices of termination to the Group III Employees required by the WARN Act and similar state Laws provided that neither Beachwood nor the master landlord with respect to the Pendleton Property objects to, interferes with or seeks to interfere with BNC's occupancy of all or any portion of the BNC Premises and BNC, under Purchaser's supervision pursuant to the Management Services Agreement, is able to fully and peaceably enjoy the use of the full BNC Premises. For the avoidance of doubt, the Sellers shall retain responsibility for providing any notices required under the WARN Act or similar state Laws.

(g) The Sellers shall remain solely responsible for the satisfaction of all claims for medical, dental, life insurance, health accident, or disability benefits brought by or in respect of current or former employees, officers, directors, independent contractors, or consultants of the Business or the spouses, dependents, or beneficiaries thereof, which claims, in the case of Transferring Employees, relate to conditions or events occurring prior to the commencement of their employment (if any) with the Purchaser, provided that in the case of the Group III Employees, the Purchaser shall be responsible for such claims which relate to conditions or events occurring following the First Closing Date to the extent provided under the Management Services Agreement. The Sellers also shall remain solely responsible for all worker's compensation claims of any current or former employees, officers, directors, independent contractors, or consultants of the Business, which claims, in the case of Transferring Employees, relate to conditions or events occurring prior to the commencement of their employment (if any) with the Purchaser, provided that in the case of the Group III Employees, the Purchaser shall be responsible for worker's compensation claims which relate to conditions or events occurring following the First Closing Date to the extent provided under the Management Services Agreement. The Sellers shall pay, or cause to be paid, all such amounts for which they are responsible to the appropriate persons as and when due.

(h) Nothing in this Agreement or the other Transaction Documents confers upon any Employee any rights or remedies of any nature or kind whatsoever under or by reason of this Section 4.10. Nothing in this Agreement or the other Transaction Documents shall limit the right of the Purchaser to terminate or reassign any Employee after such Employee becomes an employee of the Purchaser, or to change the terms and conditions of his or her employment in any manner.

ARTICLE V
CONDITIONS TO SECOND CLOSING; TERMINATION

Section 5.1 Conditions to Obligations of the Parties.

The respective obligations of each Party to effect the Second Closing are subject to the satisfaction on or prior to the Second Closing Date 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) the Amended DCR Applications shall have been approved by the DCR; and

(b) no Governmental Authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any statute, rule, regulation, or Order (whether temporary, preliminary or permanent), other than any Federal Marijuana Law, that remains in effect and has the effect of making the Second Closing illegal or otherwise prohibiting consummation of the Second Closing.

Section 5.2 Conditions to Obligations of the Purchaser.

The obligations of the Purchaser and the Parent to effect the Second Closing are subject to the satisfaction at or prior to the Second Closing Date of the following conditions, any or all of which may be waived in writing by the Purchaser, in whole or in part, to the extent permitted by applicable Law:

(a) (i) the Fundamental Reps of the Sellers shall have been true, correct and complete in all respects as of the Closing Date and shall be true, correct and complete in all respects as of the Second Closing Date and (ii) all other representations and warranties of the Sellers contained in this Agreement and the other Transaction Documents (A) that are qualified by the terms "material", "materiality" or "material adverse effect" shall have been true, correct and complete in all respects as of the Closing Date and shall be true, correct and complete in all respects as of the Second Closing Date as if made as of the Second Closing Date (or, with respect to such representations and warranties which specifically relate to an earlier date, at and as of such earlier date instead) and (B) that are not qualified by the terms "material", "materiality" or "material adverse effect" shall have been true, correct and complete in all material respects as of the Closing Date and shall be true, correct and complete in all material respects as of the Second Closing Date as if made as of the Second Closing Date (or, with respect to such representations and warranties which specifically relate to an earlier date, at and as of such earlier date instead), provided that the condition in this clause (ii) shall apply only if reasonably anticipated Losses from all breaches of and inaccuracies in such other representations and warranties exceed, in the aggregate, the value of the remaining Escrow Shares, net of any other then pending claims;

(b) the Sellers and the other signatories to the First Closing deliverables shall have performed and satisfied in all material respects all covenants and agreements required by the Transaction Documents and such deliverables to be performed and satisfied by such Persons at or prior to the Second Closing;

(c) no Action shall be pending or threatened before any Governmental Authority seeking to restrain any Seller or prohibit the Second Closing or seeking damages against any Party as a result of the consummation of this Agreement; and

(d) the Purchaser shall have received a certificate executed by the Sellers to the effect that the conditions set forth in Section 5.2(a), Section 5.2(b) and (with respect to the Sellers) Section 5.2(c) have been satisfied.

Section 5.3 Termination.

(a) The Purchaser shall have the right, in its sole discretion, to terminate the transactions to be consummated at the Second Closing by notice to THC as follows:

(i) if any of the representations and warranties of the Sellers shall not be true and correct, or if the Sellers or the other signatories to the First Closing deliverables have failed to perform any covenants or agreements on the part of such Persons set forth in the Transaction Documents and such deliverables such that the conditions to the Second Closing set forth in Section 5.2(a) or Section 5.2(b) would not be satisfied as of the Second Closing Date and such breaches or the failures are not cured by the earlier of the Outside Date or thirty (30) days after written notice thereof is delivered to THC; or

(ii) if the Second Closing shall not have been consummated on or prior to the first anniversary of the date of this Agreement (such date, the "Outside Date") and neither the Purchaser nor the Parent shall have breached in any material respect its obligations under this Agreement or the Management Services Agreement in any manner that shall have been the proximate cause of the failure to effect the Second Closing on or before the Outside Date.

(b) For the avoidance of doubt, the termination of the transactions to be consummated at the Second Closing shall not have any impact on the transactions consummated at the First Closing or on any of the other rights or remedies of the Parties hereunder or under any of the other Transaction Documents or closing deliverables.

ARTICLE VI
INDEMNIFICATION

Section 6.1 Survival.

All representations and warranties contained in this Agreement shall survive until the date which is one year after the First Closing Date; provided, however, that (a) the representations and warranties stated in Section 2.8, Section 2.16 and Section 3.7 shall survive for the full period of all applicable statutes of limitations (giving effect to any waiver, mitigation or extension thereof), (b) the representations and warranties stated in Section 2.12 shall survive until the second anniversary of the First Closing and (c) the representations and warranties stated in Section 2.1, Section 2.2, Section 2.3, Section 2.5(a) (solely as to the current asset and current liability portions of the Balance Sheet only) and (b), Section 2.9(a), Section 2.21, Section 2.22, Section 3.1, Section 3.2, Section 3.4 or Section 3.5 (collectively, the "Fundamental Reps") shall survive indefinitely. The covenants and agreements of any Party set forth in this Agreement or any of the other Transaction Documents shall survive and remain in full force and effect until fully performed. In the event that an Indemnified Party shall deliver written notice of a claim for indemnification to an Indemnifying Party prior to the expiration of any applicable survival period set forth above, then such claim shall survive the expiration of such survival period until the final resolution thereof. The foregoing survival period limitations shall not apply to any claim based upon fraud, intentional misrepresentation or willful misconduct.

Section 6.2 Indemnity Obligations of the Sellers.

The Sellers (other than BNC) covenant and agree to and shall, jointly and severally, defend, indemnify and hold harmless the Purchaser, the Parent, their Affiliates and their respective directors, officers, employees, managers, members, partners, advisors, agents and other representatives (collectively, the "Purchaser Indemnitees") from and against, and to pay or reimburse the Purchaser Indemnitees for, any and all claims, Liabilities, obligations, losses, fines, costs, proceedings or damages, including all reasonable fees and disbursements of counsel incurred in the investigation or defense of any of the same or in asserting any of their respective rights hereunder (collectively, "Losses"), based on, resulting from, arising out of or relating to:

(a) any breach of any representation or warranty of any Seller contained in the Transaction Documents (other than the Fundamental Reps);

(b) any breach by a Seller of any of the Fundamental Reps;

(c) any breach of or failure to perform any covenant or agreement of the Sellers or any of them or any of their Affiliates contained in the Transaction Documents or any other closing deliverables or the failure to fulfill any obligation in respect thereof;

(d) any Excluded Liability (including for the avoidance of doubt any Indebtedness, Indemnified Taxes or Closing Liabilities) or Excluded Asset and any amount required to be set forth on Section 2.5(b) of the Disclosure Schedule;

(e) any damages (including any liquidated damages) to which Purchaser becomes entitled pursuant to Section 4.1(b) or Section 6.7; and

(f) any item set forth in Section 6.2(f) of the Disclosure Schedule.

Section 6.3 Indemnity Obligations of the Purchaser.

The Parent and the Purchaser covenant and agree to and shall, jointly and severally, defend, indemnify and hold harmless the Sellers and their respective directors, officers, employees, managers, members, partners, advisors, agents and other representatives (collectively, the "Seller Indemnitees") from and against, and to pay or reimburse Seller Indemnitees for, any and all any and all Losses based on, resulting from, arising out of or relating to:

(a) any breach of any representation or warranty of the Purchaser contained in the Transaction Documents (other than the Fundamental Reps and the representations and warranties set forth in Section 3.7);

(b) any breach by the Purchaser of any of the Fundamental Reps or the representations and warranties set forth in Section 3.7; and

(c) any breach of or failure to perform any covenant or agreement of the Parent or the Purchaser or any of their Affiliates contained in the Transaction Documents or any other closing deliverables or the failure to fulfill any obligation in respect thereof.

Section 6.4 Indemnification Procedures.

(a) Third Party Claims. In the case of any claim asserted by a third party (a "Third Party Claim") against a party entitled to indemnification under this Agreement (the "Indemnified Party"), notice shall be given by the Indemnified Party to the party required to provide indemnification (the "Indemnifying Party") promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought. If the Indemnifying Party provides a written notice to the Indemnified Party within 30 days after its receipt of notice of such claim that it will indemnify and hold the Indemnified Parties harmless from all Losses related to such Third Party Claim, the Indemnified Party shall permit the Indemnifying Party (at the expense of such Indemnifying Party) to assume the defense of such Third Party Claim or any litigation with a third party resulting therefrom; provided, however, that (i) the counsel for the Indemnifying Party who shall conduct the defense of such claim or litigation shall be subject to the reasonable approval of the Indemnified Party, (ii) the Indemnified Party may participate in such defense at such Indemnified Party's expense, (iii) the failure by any Indemnified Party to give notice of a Third Party Claim to the Indemnifying Party as provided herein shall not relieve the Indemnifying Party of its indemnification obligation under this Agreement except and only to the extent that, as a result of such failure to give notice, the defense against such claim is materially impaired, and (iv) the fees and expenses incurred by the Indemnified Party prior to the assumption of a Third Party Claim hereunder by the Indemnifying Party shall be borne by the Indemnifying Party. Except with the prior written consent of the Indemnified Party, no Indemnifying Party, in the defense of any Third Party Claim, shall consent to entry of any judgment or enter into any settlement that provides for injunctive or other nonmonetary relief affecting the Indemnified Party, that does not include as an unconditional term thereof the giving by each claimant or plaintiff to such Indemnified Party of a general release from any and all liability with respect to such Third Party Claim or that includes any admission of wrongdoing by the Indemnified Party. Notwithstanding anything herein to the contrary, the Indemnifying Party shall not be entitled to assume (or, if applicable, to maintain) control of the defense against a Third Party Claim if (1) the claim for indemnification relates to or arises in connection with any criminal or quasi criminal proceeding, action, indictment, allegation or investigation; (2) the claim seeks an injunction, specific performance or any other equitable or non-monetary relief against the Indemnified Party; (3) the Indemnified Party reasonably believes an adverse determination with respect to the Third Party Claim would be materially detrimental to or materially injure the Indemnified Party's reputation or future business prospects; (4) the Indemnified Party has been advised by counsel that a reasonable likelihood exists of a conflict of interest between the Indemnifying Party and the Indemnified Party; or (5) the Indemnifying Party fails to vigorously prosecute or defend such claim. If the Indemnifying Party does not accept the defense of a Third Party Claim within 30 days after receipt of the written notice thereof from the Indemnified Party described above, the Indemnified Party shall have the full right to defend against any such claim or demand. In any event, the Indemnifying Party and the Indemnified Party shall reasonably cooperate in the defense of any Third Party Claim and the records of each shall be reasonably available to the other with respect to such defense.

(b) Non-Third Party Claims. With respect to any claim for indemnification hereunder which does not involve a Third Party Claim, the Indemnified Party will give the Indemnifying Party written notice of such claim. The Indemnifying Party may acknowledge and agree by notice to the Indemnified Party in writing to satisfy such claim within 30 days of receipt of notice of such claim from the Indemnified Party. If the Indemnifying Party shall dispute such claim, the Indemnifying Party shall provide written notice of such dispute to the Indemnified Party within such 30 day period. If the Indemnifying Party shall fail to provide written notice to the Indemnified Party within 30 days of receipt of notice from the Indemnified Party that the Indemnifying Party either acknowledges and agrees to pay such claim or disputes such claim, the Indemnifying Party shall be deemed to have acknowledged and agreed to pay such claim in full and to have waived any right to dispute such claim.

(c) Escrow Claims. Upon any claim for indemnification in favor of a Purchaser Indemnitee being determined (whether by way of an Order of a Governmental Authority or a settlement or agreement between the Purchaser and THC, on behalf of the Sellers), the Purchaser and THC shall instruct the Escrow Agent to release to the Purchaser a number of Escrow Shares having a value equal to the amount of such indemnification claim. To the extent there are insufficient Escrow Shares remaining in escrow to satisfy any such claim in favor of a Purchaser Indemnitee, subject to the limitations in Section 6.5, Sellers shall be liable for the direct payment thereof.

(d) Escrow Shares. For purposes of Section 5.2(a) and Article VI, and for any other matter arising hereunder that requires the Escrow Shares, or any of the, to be valued, the Escrow Shares shall be deemed to have a value equal to $1.74 per share.

Section 6.5 Certain Limitations.

The indemnification provided for in Section 6.2 and Section 6.3 shall be subject to the following limitations:

(a) The Sellers shall not be liable to the Purchaser Indemnitees for indemnification under Section 6.2(a) until the aggregate amount of all Losses in respect of indemnification under Section 6.2(a) exceeds $200,000, exclusive of claims or groups of related claims for Losses not exceeding $10,000 (the "Deductible"), in which case the Sellers shall be liable under Section 6.2(a) only for such Losses that exceed the Deductible. The Purchaser shall not be liable to Seller Indemnitees for indemnification under Section 6.3(a) until the aggregate amount of all Losses in respect of indemnification under Section 6.3(a) exceeds the Deductible, in which case the Purchaser shall be liable under Section 6.3(a) only for such Losses that exceed the Deductible.

(b) The Purchaser Indemnitees shall not be entitled to indemnification pursuant to Section 6.2(a) with respect to aggregate Losses in excess of an amount equal to $4,350,000 (the "General Cap"). The Purchaser Indemnitees shall not be entitled to indemnification pursuant to Section 6.2(b) or Section 6.2(c) with respect to aggregate Losses in excess of an amount equal to $43,500,000. Seller Indemnitees shall not be entitled to indemnification pursuant to Section 6.3(a) with respect to aggregate Losses in excess of the General Cap. Seller Indemnitees shall not be entitled to indemnification pursuant to Section 6.3(b) or Section 6.3(c) with respect to aggregate Losses in excess of an amount equal to $43,500,000.

(c) Notwithstanding anything to the contrary in this Agreement or any other Transaction Document, there shall be no deductible, cap or other limitation or restriction on, and nothing herein shall impair, any claim based upon fraud, intentional misrepresentation or willful misconduct.

(d) The Purchaser Indemnitees will not be indemnified, and the Sellers will have no liability hereunder, for (i) any Losses to the extent of any amount with respect thereto that is set forth on the Closing Statement, the Closing Payoff Certificate or Section 2.5(b) of the Disclosure Schedule and taken into account as a deduction in determining the Closing Cash Consideration or (ii) any Losses constituting punitive damages except to the extent actually awarded to a third party.

(e) The amount of any Losses for which indemnification is provided under Section 6.2 or Section 6.3 shall be reduced by (i) any amounts that are actually recovered by the Indemnified Party from any third party with respect to such Losses and (ii) any insurance proceeds or other cash receipts or source of reimbursement that are actually received by an Indemnified Party with respect to such Losses (net of reasonable costs of recovery or collection and any retention or deductible related to an insurance claim in respect of Losses thereof); provided, however, that no Indemnified Party shall have any obligation to claim, seek or otherwise obtain any such third party recoveries or insurance proceeds or other reimbursement to which it may be entitled.

(f) With respect to any claim brought by a the Purchaser Indemnitee against any Seller relating to this Agreement, the Sellers expressly waive any right of subrogation, contribution, advancement, indemnification or other claim against any the Purchaser Indemnified Party with respect to any amounts owed by any Seller to any the Purchaser Indemnitee.

Section 6.6 Certain Determinations.

Notwithstanding anything to the contrary contained in this Agreement, for the sole purpose of determining any Losses with respect to any claim for breach of any representation or warranty that is subject to indemnification hereunder (and not for purposes of determining whether there is a breach of any such representation or warranty), each representation and warranty in any of the Transaction Documents shall be read without regard and without giving effect to the term(s) "material" or "Material Adverse Effect" or similar qualifiers as if such words were deleted from such representation and warranties. The right to indemnification, payment of Losses of an Indemnified Person or for other remedies based on any representation, warranty, covenant or agreement contained in or made pursuant to any of the Transaction Documents shall not be affected by any investigation conducted with respect to, or any knowledge acquired (or capable of being acquired) at any time with respect to the accuracy or inaccuracy of, compliance with, or performance or fulfillment of, any such representation, warranty, covenant or agreement.

Section 6.7 Release of Escrow Shares.

On the 9-month anniversary of the First Closing, provided the Second Closing has occurred, THC and the Purchaser shall instruct the Escrow Agent to release the remaining Escrow Shares to THC. If the Second Closing Date does not occur prior to the 9-month anniversary of the First Closing Date, THC and the Purchaser shall instruct the Escrow Agent to continue to hold Escrow Shares having a value of $500,000 (the "Second Closing Escrow Shares") until the Second Closing occurs or is terminated pursuant to Section 5.3. In the event the Second Closing occurs after the 9-month anniversary of the First Closing and the Pendleton Lease Assignment Condition has been satisfied, the Second Closing Escrow Shares shall be released to the Sellers. In the event the Second Closing does not occur and is terminated pursuant to Section 5.3 or the Second Closing occurs but the Pendleton Lease Assignment Condition has not been satisfied by such time, Sellers shall, without duplication of recovery pursuant to Section 4.1(b), be liable to Purchaser for liquidated damages in the amount of $500,000. The number of Escrow Shares to be released to the Sellers on any date for the release of Escrow Shares provided for above shall be reduced by a number of Escrow Shares having an aggregate value equal to the amount of any indemnity claim asserted by a Purchaser Indemnitee pursuant to this ARTICLE VI that has not been resolved as of such release date. Promptly, and in any event not later than three (3) Business Days, following the resolution of any indemnity claim with respect to which Escrow Shares are withheld on a release date, the Purchaser and THC shall instruct the Escrow Agent to release to THC the portion of the Escrow Shares that were withheld on the basis of such claim and that are not required to be used to satisfy such claim (provided that if there are then other indemnity claims pending against the Escrow Shares, such Escrow Shares shall continue to be withheld to the extent required to secure satisfaction of such other indemnity claims and shall be released in the same manner upon the resolution of such other indemnity claims, and provided further that, if the Second Closing Date does not occur prior to the 9-month anniversary of the First Closing Date, notwithstanding the resolution of any such indemnity claim, the Escrow Agent shall continue to hold the Second Closing Escrow Shares until the Second Closing occurs or is terminated pursuant to Section 5.3). Escrow Shares released to THC shall be allocated among the Selling Shareholders in such manner as THC may determine and the Purchaser shall have no liability therefor.

Section 6.8 Exclusive Remedy.

Except (a) for a party's right to specific performance or injunctive relief under Section 7.15 or in any other Transaction Document, and (b) claims with respect to fraud, intentional misrepresentation or willful misconduct, the parties hereto acknowledge and agree that the remedies provided for in this ARTICLE VI shall be the sole and exclusive remedies for any breach of the representations and warranties or covenants contained in this Agreement and the other Transaction Documents or any claims relating to this Agreement or the other Transaction Documents. The Sellers hereby waive, to the fullest extent permitted by applicable Law, any and all rights, claims, and causes of action for contribution, subrogation or indemnification by or against BNC.

Section 6.9 Treatment of Indemnification Payments.

All indemnification payments made under this Agreement shall be treated by the Parties as an adjustment to the Purchase Price to the extent permitted by applicable Law.

ARTICLE VII
MISCELLANEOUS

Section 7.1 The Representative.

(a) Each Seller other than THC hereby irrevocably appoints THC as the sole and exclusive representative of such Seller regarding any matter relating to or arising under this Agreement, the other Transaction Documents and the transactions contemplated hereby and thereby.

(b) Each Seller other than THC hereby appoints THC as such Seller's true and lawful attorney-in-fact and agent, with full powers of substitution and resubstitution. This power of attorney, all authority hereby conferred and the powers, immunities and rights to indemnification granted to THC hereunder are granted and shall be irrevocable and shall not be terminated by any act of any Seller, by operation of applicable Law, whether by death, disability, protective supervision, bankruptcy, liquidation, incompetence or any other event. All actions taken by THC under any of the Transaction Documents shall be binding upon each Seller and each such Seller's successors as if expressly confirmed and ratified in writing by such Seller, and all defenses which may be available to any Seller to contest, negate or disaffirm the action of THC taken in good faith under any of the Transaction Documents are waived. Without limitation of the foregoing, any notice provided to THC shall be deemed to have been provided to each Seller. THC shall promptly deliver to each Seller any notice received by THC concerning this Agreement. Without limiting the generality of the foregoing, THC has full power and authority, on behalf of each Seller and each Seller's successors and assigns, to: (i) interpret the terms and provisions of the Transaction Documents and the documents to be executed and delivered by such Seller in connection herewith and therewith, (ii) execute and deliver and receive deliveries of all agreements, certificates, statements, notices, approvals, extensions, waivers, undertakings, amendments, and other documents required or permitted to be given in connection with the consummation of the Transaction Documents and the transactions contemplated hereunder and thereunder, (iii) receive service of process in connection with any claims under this Agreement, (iv) agree to, negotiate, enter into settlements and compromises of, assume the defense of claims, and demand arbitration and comply with orders of courts and awards of arbitrators with respect to such claims, and to take all actions necessary or appropriate in the judgment of THC for the accomplishment of the foregoing, (v) give and receive notices and communications, and (vi) take all actions necessary or appropriate in the judgment of THC on behalf of the Sellers in connection with the Transaction Documents. THC shall be entitled to: (i) rely upon any signature of a Seller believed by it to be genuine and (ii) reasonably assume that a signatory has proper authorization to sign on behalf of the applicable Seller.

(c) The Purchaser may rely exclusively, without independent verification or investigation, upon all decisions, communications or writings made, given or executed by THC in connection with this Agreement and the transactions contemplated hereby. the Purchaser is entitled to deal exclusively with THC on all matters relating to this Agreement and the transactions contemplated hereby. Any action taken or not taken or decisions, communications or writings made, given or executed by THC, for or on behalf of any Seller, shall be deemed an action taken or not taken or decisions, communications or writings made, given or executed by such Seller. Any notice or communication delivered by the Purchaser to THC shall be deemed to have been delivered to all Sellers. The Purchaser shall be entitled to disregard any decisions, communications or writings made, given or executed by any Seller in connection with this Agreement and the transactions contemplated hereby unless the same is made, given or executed by THC.

Section 7.2 Expenses.

Except as otherwise provided in this Agreement and the Transaction Documents, including Section 4.6(a), each of the Parties shall bear its own fees, costs and expenses (including legal, accounting, consulting and investment advisory fees and expenses) incurred in connection with this Agreement and the transactions contemplated hereby.

Section 7.3 Governing Law; Jurisdiction; Venue.

This Agreement shall be governed by and construed in accordance with the internal laws of the State of California (without giving effect to any choice or conflict of law provision or rule (whether of the State of California or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of California). Without intending to limit the provisions set forth in Section 7.15, the Parties agree, on behalf of themselves, the Purchaser Indemnitees and the Seller Indemnitees, that any dispute or Action based on, arising out of, or relating to this Agreement or any other Transaction Documents or closing deliverables or any breach thereof (a "Dispute"), shall be resolved by arbitration in accordance with the then-applicable *Commercial Arbitration Rules* of the American Arbitration Association ("AAA Rules"; *see* www.adr.org). The arbitration shall be conducted in the City of Los Angeles, California by one sole arbitrator. The sole arbitrator shall be appointed in accordance with the AAA Rules. The arbitrator shall follow the then-applicable *ICDR Guidelines for Arbitrators Concerning Exchanges of Information* in managing and ruling on requests for discovery. The sole arbitrator, by accepting appointment, shall undertake to exert her or his best efforts to conduct the process so as to issue an award within six (6) months of her or his appointment, but failure to meet that timetable shall not affect the validity of the award. The sole arbitrator shall decide the Dispute in accordance with the substantive law of the State of California, without regard to the conflict of laws rules thereof, and shall not award any damages, fees, cost, expenses or any other amounts that the Parties have agreed to exclude pursuant to this Agreement. The award of the sole arbitrator may be entered in any court of competent jurisdiction.

Section 7.4 Entire Agreement; Amendments and Waivers.

This Agreement (including the schedules and exhibits hereto) represents the entire understanding and agreement between the Parties with respect to the subject matter hereof and can be amended, supplemented or changed, and any provision hereof can be waived, only by written instrument making specific reference to this Agreement signed by the Purchaser, in the case of an amendment, supplement, modification or waiver sought to be enforced against the Parent or the Purchaser, or THC, in the case of an amendment, supplement, modification or waiver sought to be enforced against a Seller. The waiver by any Party of a breach of any provision of this Agreement shall not operate or be construed as a further or continuing waiver of such breach or as a waiver of any other or subsequent breach. No failure on the part of any Party to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of such right, power or remedy by such Party preclude any other or further exercise thereof or the exercise of any other right, power or remedy. All remedies hereunder are cumulative and are not exclusive of any other remedies provided by Law.

Section 7.5 Section Headings.

The section headings of this Agreement are for reference purposes only and are to be given no effect in the construction or interpretation of this Agreement.

Section 7.6 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, if personally delivered; (b) on the next Business Day after dispatch, if sent postage pre-paid by nationally recognized, overnight courier guaranteeing next Business Day delivery; (c) if sent by e-mail of a PDF document, the date when sent by email sent to the email address for the sender stated in this Section 7.6 (provided that receipt of such email is subsequently acknowledged or such notice sent by email is subsequently delivered by another method in accordance with this Section 7.6), 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 7.6):

If to a Seller, to:

such Seller in care of
Christopher Jordan
11618 Pendleton St.
Sun Valley, CA 91352
Email: chrisj@thehacienda.co

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

Eisner LLP9601 Wilshire Blvd., 7th Floor
Beverly Hills, CA 90210
Attn: Wesley Morrow>
Email: wmorrow@eisnerlaw.com

If to the Purchaser, to:

Indus LF LLC
Indus Holding Company
19 Quail Run Circle
Salinas, California 93907
Attn: Mark Ainsworth
Email: mark@indusholdingco.com

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

Akerman LLP
1251 Avenue of the Americas, 37th Floor
New York, New York 10020
Attn: Kenneth G. Alberstadt
Email: Kenneth.alberstadt@akerman.com

Section 7.7 Severability.

If any provision of this Agreement is invalid, illegal or unenforceable, the balance of this Agreement shall remain in effect. Upon such determination that any term or other provision is invalid, illegal or unenforceable, 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 a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

Section 7.8 Binding Effect; Assignment; Third-Party Beneficiaries.

This Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective successors and permitted assigns; provided, however, that no Party may assign its rights and/or obligations hereunder without the consent of the other Parties. Notwithstanding the foregoing, the Parent or the Purchaser may assign its rights and obligations pursuant to this Agreement, in whole or in part, in connection with any disposition or transfer of all or any portion of the Parent or the Purchaser or its business in any form of transaction without the consent of any of the other Parties. In addition, the Parent or the Purchaser may assign any or all of its rights pursuant to this Agreement to any lender to the Parent or the Purchaser as collateral security without the consent of any of the other Parties. Except as provided in ARTICLE VI with respect to Persons entitled to indemnification thereunder, nothing in this Agreement shall create or be deemed to create any third party beneficiary rights in any Person.

Section 7.9 Counterparts.

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement by facsimile, portable document format or other electronic means shall be effective as delivery of a manually executed counterpart to this Agreement.

Section 7.10 Remedies Cumulative.

Except as otherwise provided herein, no remedy herein conferred upon a Party hereto is intended to be exclusive of any other remedy. No single or partial exercise by a Party hereto of any right, power or remedy hereunder shall preclude any other or further exercise thereof.

Section 7.11 Exhibits and Schedules.

The exhibits and schedules referred to herein are attached hereto and incorporated herein by this reference. The disclosure schedule delivered by the Sellers to the Parent and the Purchaser in connection with the execution of this Agreement (the "Disclosure Schedule") shall be arranged to correspond to the specific sections and subsections of this Agreement. Any information disclosed in one Section of the Disclosure Schedule shall be deemed to be disclosed in all other Sections of the Disclosure Schedule where (i) an express reference thereto is made or (ii) the information on the face of such disclosure is sufficient to alert a reasonable person of its applicability to such other Sections of the Disclosure Schedule. Nothing in the Disclosure Schedule will be deemed adequate to disclose an exception to a representation or warranty made herein, unless the Disclosure Schedule identifies the exception with particularity and describes the relevant facts in detail. The mere listing (or inclusion of a copy) of a document or other item in the Disclosure Schedule will not be deemed adequate to disclose an exception to a representation or warranty made in this Agreement (unless the representation or warranty pertains to the existence of the document or other item itself).

Section 7.12 Interpretation.

When a reference is made in this Agreement to an article, section, paragraph, clause, schedule or exhibit, such reference shall be deemed to be to this Agreement unless otherwise indicated. The text of all schedules is incorporated herein by reference. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." As used herein, words in the singular will be held to include the plural and vice versa (unless the context otherwise requires), words of one gender shall be held to include the other gender (or the neuter) as the context requires, and the terms "hereof", "herein", and "herewith" and words of similar import will, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement. The phrases "delivered," "provided" or "made available" shall mean that the document or information referred to has been posted to the Dropbox electronic data site established by the Sellers titled "Project Leo – DD" at least three (3) Business Days prior to the First Closing Date. The Parties intend that each representation, warranty and covenant contained herein will have independent significance. If any party has breached or violated, or if there is an inaccuracy in, any representation, warranty or covenant contained herein in any respect, the fact that there exists another representation, warranty or covenant relating to the same subject matter or any adjustment with respect thereto (regardless of the relative levels of specificity) which the party has not breached or violated, or in respect of which there is not an inaccuracy or with respect to which there has been an adjustment, will not detract from or mitigate the fact that the party has breached or violated, or that there is an inaccuracy in, the first representation, warranty or covenant.

Section 7.13 Arm's Length Negotiations.

Each Party herein expressly represents and warrants to all other Parties hereto that (a) said Party has had the opportunity to seek and has obtained the advice of its own legal, tax and business advisors before executing this Agreement; and (b) this Agreement is the result of arm's length negotiations conducted by and among the Parties and their respective counsel.

Section 7.14 Construction.

The Parties agree and acknowledge that they have jointly participated in the negotiation and drafting of this Agreement. In the event of an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumptions or burdens of proof shall arise favoring any Party by virtue of the authorship of any of the provisions of this Agreement.

Section 7.15 Specific Performance.

Each Party acknowledges and agrees that the other Parties would be damaged irreparably in the event any provision of this Agreement is not performed in accordance with its specific terms or otherwise is breached, and therefore a Party shall be entitled to injunctive relief to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof (without posting a bond or other surety) in addition to any other remedy to which such Party may be entitled, at law or in equity. No limitation herein shall restrict any Party from seeking and obtaining equitable relief.

Section 7.16 Waiver of Jury Trial.

EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY ACTION ARISING OUT OF OR RELATED TO THIS AGREEMENT, ANY OTHER TRANSACTION DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

ARTICLE VIII
CERTAIN DEFINITIONS

Section 8.1 Definitions.

(a) For purposes of this Agreement, the following terms shall have the meanings specified in this Section 8.1:

"Accounting Principles" means GAAP, subject only to the exceptions to GAAP set forth on Schedule 2.5(a), and, to the extent consistent with GAAP and such scheduled exceptions, the accounting methods, policies, principles and procedures practiced by Sellers in preparing the Financial Statements.

"Action" means any judicial, administrative or arbitral actions, suits, proceedings (public or private), claims, hearings, investigations, charges, complaints, demands or governmental proceedings.

"Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by or under common control with such Person, and in the case of any natural Person shall include all relatives and family members of such Person.

"Assets" means the Initial Assets and the Regulated Assets.

"Assumed Contracts" means the Contracts set forth in Section 1.1(a)(iv) of the Disclosure Schedule and the rights (but not any obligations) of any Seller under employment agreements, consulting agreements or restrictive covenants agreements relating to confidentiality of information, non-solicitation, non-competition, assignment of inventions and the return of assets included in the Assets, which rights shall, from and after the First Closing, be for the benefit and enforceable by the Purchaser. Notwithstanding the foregoing, the Beachwood Vehicle Leases will not constitute Assumed Contracts until Beachwood has consented to the assignment of the Beachwood Vehicle Leases to Purchaser at the direct cost of the underlying financing obligation to Beachwood and then only if such consent is given in writing within 30 days of the First Closing.

"BNC Equity" means the outstanding Equity Interests in BNC.

"Beachwood Vehicle Leases" means the four vehicle leasing agreements between Beachwood and BNC listed on Section 1.4(d)(vii) of the Disclosure Schedule.

"Books and Records" means all books and records of the Business, including books of account, ledgers and general, financial and accounting records, machinery and equipment maintenance files, customer lists, customer purchasing histories, price lists, distribution lists, supplier lists, production data, quality control records and procedures, customer complaints and inquiry files, research and development files, records and data (including all correspondence with any Governmental Authority), sales material and records (including pricing history, total sales, terms and conditions of sale, sales and pricing policies and practices), strategic plans, internal financial statements, marketing and promotional surveys, material and research and files relating to the Business, the Assets or the Assumed Liabilities.

"Business Day" means any day of the year on which national banking institutions in the City of New York are open to the public for conducting business and are not required or authorized to close.

"Business Intellectual Property" means, collectively, the Owned Intellectual Property and the Licensed Intellectual Property.

"Closing Liabilities" means all unpaid Liabilities of the Business as of the Closing, including Tax Liabilities (as determined in accordance with Section 4.6(b)), professional fees, broker fees, the cost of the Tail Policies, final payroll and accrued vacation liabilities to the Group I and Group II payable by the Sellers pursuant to Section 4.10, and all retention bonuses, sale bonuses and other amounts due or to become due to employees (and related Tax costs) as a consequence of the Closing, but excluding Indebtedness, trade payables owed to the Purchaser or its Affiliates, amounts set forth under the caption "Paid by Purchaser" on Schedule I to the Closing Statement, accrued vacation liabilities for the Group III Employees and Assumed Liabilities.

"Code" means the Internal Revenue Code of 1986, as amended.

"Consent" means any consent, approval, authorization, waiver, permit, grant, franchise, concession, agreement, license, exemption or order of, registration, certificate, declaration or filing with, or report or notice to, any Person, including any Governmental Authority.

"Contract" means any contract, agreement, indenture, note, bond, loan, mortgage, license, instrument, lease, understanding, purchase order, commitment or other arrangement or agreement, whether written or oral.

"COVID Related Deferrals" means any Tax liabilities, indebtedness or other amounts or Liabilities for or allocable to any taxable period ending on or prior to the Closing Date the payment of which is deferred, on or prior to the Closing Date, to a taxable period (or portion thereof) beginning after the Closing Date pursuant to the CARES Act or any other Law or executive order or presidential memorandum (including the presidential memorandum described in IRS Notice 2020-65) related to, or in response to the economic or other effects of, COVID-19.

"DOL" means the United States Department of Labor.

"Employee Benefit Plan" means any employee benefit plan (as defined in Section 3(3) of ERISA), and any bonus, profit sharing, savings, pension, retirement, scheme, fund, deferred compensation, medical, dental, vision, life or accidental dismemberment, disability, accident, sick pay, sick leave, accrued leave, vacation, paid time off, holiday, termination, severance, incentive, commission, post-retirement health or welfare benefit, stock option, stock purchase, restricted stock, equity compensation, stock appreciation right, performance share, performance share unit, restricted stock unit, or other fringe benefit plan, agreement, policy or arrangement (whether or not subject to ERISA and whether written or unwritten, insured or self-insured) that is or has been maintained, sponsored or contributed to by any Seller or any ERISA Affiliate, or to which any Seller or any ERISA Affiliate has or could have Liability.

"Environmental Claim" means any Action, Order, lien, fine, penalty, or, as to each, any settlement or judgment arising therefrom, by or from any Person alleging Liability of whatever kind or nature (including Liability or responsibility for the costs of enforcement proceedings, investigations, cleanup, governmental response, removal or remediation, natural resources damages, property damages, personal injuries, medical monitoring, penalties, contribution, indemnification and injunctive relief) arising out of, based on or resulting from: (a) the presence, Release of, or exposure to any Hazardous Materials; or (b) any actual or alleged non-compliance with any Environmental Law or term or condition of any Environmental Permit.

"Environmental Laws" means any and all Laws relating to the environment or natural resources or the protection of human health and safety with respect to the foregoing.

"Equity Interest" means, with respect to any Person, (i) any capital stock, partnership or membership interest, unit of participation or other similar interest (however designated) in such Person and (ii) any option, warrant, purchase right, conversion right, exchange right or other Contract which would entitle any other Person to acquire any such interest in such Person or otherwise entitle any other Person to share in the equity, profits, earnings losses or gains of such Person, including stock appreciation, phantom stock, profit participation or other similar rights.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" means each Person or entity under common control with any Seller within the meaning of Section 414(b), (c), (m) or (o) of the Code and the regulations issued thereunder.

"Escrow Agent" means Odyssey Trust Company.

"Escrow Shares" means 5,000,000 Parent Shares.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Federal Marijuana Laws" means The Federal Comprehensive Drug Abuse Prevention and Control Act of 1970, the Controlled Substances Act of 1910 (21 U.S.C. § 801 et seq.), and any other U.S. federal Law the violation of which is predicated upon a violation of the foregoing as it applies to marijuana.

"Governing Documents" means, with respect to any particular entity: (i) if a corporation, the articles or certificate of incorporation and the bylaws; (ii) if a general partnership, the partnership agreement and any statement of partnership; (iii) if a limited partnership, the limited partnership agreement and the certificate of limited partnership; (iv) if a limited liability company, the articles of organization and operating agreement; (v) if another type of Person, any other charter or similar document adopted or filed in connection with the creation, formation or organization of the Person; (vi) all equityholders' agreements, voting agreements, voting trust agreements, joint venture agreements, registration rights agreements or other agreements or documents relating to the organization, management or operation of any Person or relating to the rights, duties and obligations of the equityholders of any Person; and (vii) any amendment or supplement to any of the foregoing.

"Governmental Authority" means any government or quasi-governmental entity, or political subdivision thereof, whether federal, state, county, municipal, city, national, provincial or municipal, or any authority, agency or commission entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or Tax authority or power, or any court, arbitrator (public or private) or tribunal (or any department, bureau or division thereof).

"Group I Employees" means the employees of the Sellers listed under the caption "Group I" on Schedule II to the Closing Statement.

"Group II Employees" means the employees of the Sellers listed under the caption "Group II" on Schedule II to the Closing Statement.

"Group III Employees" means the employees of the Sellers listed under the caption "Group III" on Schedule II to the Closing Statement.

"Hazardous Material(s)" means any substance, material or waste that is regulated, classified or otherwise characterized under or pursuant to any Environmental Laws 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.

"Indebtedness" of any Person means, without duplication, (i) the principal of and premium (if any) in respect of (A) indebtedness of such Person for money borrowed (which shall include, in the case of Sellers, the outstanding balances of any corporate credit card accounts) and (B) indebtedness evidenced by notes, debentures, bonds or other similar instruments for the payment of which such Person is responsible or liable; (ii) all obligations of such Person issued or assumed as the deferred purchase price of property or services, all conditional sale obligations of such Person and all obligations of such Person under any title retention agreement (but excluding trade accounts payable arising in the Ordinary Course of Business that either (x) are not more than 60 days past due or (y) are set forth under the caption "Paid by Sellers" on Schedule I to the Closing Statement); (iii) all obligations of such Person under leases that would be required to be capitalized in accordance with the Accounting Principles consistently applied (including any such liabilities that are not capitalized); (iv) all obligations of such Person under any letter of credit, banker's acceptance or similar credit transaction or any book overdraft; (v) all obligations of such Person under interest rate cap, swap, collar or similar transactions or currency hedging transactions; (vi) the liquidation value of all redeemable preferred securities of such Person; (vii) any accrued interest, penalties and other obligations relating to the foregoing; (viii) all obligations of the type referred to in clauses (i) through (vii) of any Persons for the payment of which such Person is responsible or liable, directly or indirectly, as obligor, guarantor, surety or otherwise, including guarantees of such obligations; and (ix) all obligations of the type referred to in clauses (i) through (viii) of other Persons secured by any Lien on any property or asset of such Person (whether or not such obligation is assumed by such Person). Indebtedness shall also include any pre-payment penalties, "breakage costs," redemption fees, premiums and similar amounts.

"Indemnified Taxes" means, without duplication, (a) all Taxes (or the non-payment thereof) of Sellers or any of their Affiliates (other than BNC) for any and all tax periods, (b) all Taxes of BNC for any and all Pre-Closing Tax Periods, including any Taxes attributable to the portion of a Straddle Period ending on and including the First Closing Date (as determined in accordance with Section 4.6(b)), (c) all Taxes of any member of an affiliated group of which any Seller (including BNC) or any predecessor is or was a member on or prior to the Closing Date, including pursuant to Treasury Regulation §1.1502-6 (or any analogous or similar state, local, or foreign Law or regulation), (d) any and all Taxes of any Person imposed on any Seller (including BNC) as a transferee or successor, by Contract or pursuant to any Law, rule, regulation, or otherwise, (e) any COVID Related Deferrals, (f) all Taxes imposed on any Seller or for which any Seller may be liable, as a result of any transaction contemplated by this Agreement or the other Transaction Documents (including the employer-share of any employment Taxes on any compensatory payments due or made on or before the Closing Date) and (g) all Transfer Taxes,[1] in each case except to the extent such Taxes are set forth on the Closing Statement or Section 2.5(b) of the Disclosure Schedule and reduce the Closing Cash Consideration.

[1] Quantification of Transfer Taxes pending by Sellers.

"Information Technology" means computer systems, other equipment or hardware (including computers, screens, servers, workstations, routers, hubs, switches, networks, data communications lines and telecommunications systems) and computer software used in, or held for use in, the operation of the Business

"Intellectual Property Registrations" means any issuance, registration or application by or with any Governmental Authority or authorized private registrar in any jurisdiction with respect to Owned Intellectual Property.

"Intellectual Property Rights" means any and all proprietary and intellectual property rights, in any jurisdiction, including those rights in and to (A) inventions and discoveries (whether or not patentable or reduced to practice), improvements thereto, and invention disclosures ("Inventions"), (B) patents and patent applications (including applications or registrations for industrial design, mask works and statutory Invention registrations), together with extensions, reissuances, divisionals, provisionals, continuations, continuations-in-part and reexaminations thereof ("Patents"), (C) trademarks, trademark applications and registrations, service marks, brand names, certification marks, trade dress, slogans, symbols, logos, trade names and corporate names, fictitious names, domain names and social media accounts, together with the goodwill associated therewith (in each case, whether registered or unregistered) ("Trademarks"), (D) copyrights, published and unpublished works of authorship, whether copyrightable or not (including software and related algorithms), moral rights and rights equivalent thereto, including the rights of attribution, assignation and integrity (in each case, whether registered or unregistered) ("Copyrights"), (E) all trade secrets and confidential business information including, but not limited to, confidential ideas, technical data, customer lists, pricing and cost information, marketing plans, research and development, know-how, formulas, compositions, manufacturing and production processes and techniques, (F) all proprietary breeds, cultivars, varietals and germplasm, (G) all other intellectual or industrial property or proprietary rights of any kind, including but not limited to any tradenames, (H) all applications to register, registrations and renewals, substitutions or extensions of the foregoing and (I) all copies and tangible embodiments of the foregoing.

"Inventory" means all raw materials, work-in-process, semi-finished goods, finished goods and merchandise, spare parts, labelling, packaging and other supplies related thereto.

"IRS" means the United States Internal Revenue Service.

"Knowledge of the Sellers," or "Sellers' Knowledge," or words of similar effect, regardless of case, means the actual knowledge of Christopher Jordan or Hannah Buchan after due inquiry.

"Law" means any law, statute, standard ordinance, code, treaty, resolution, promulgation, rule or regulation of a Governmental Authority, including the common law, and any order, judgment, writ, injunction, decree or other determination of an arbitrator or court or other Governmental Authority. Any reference to any federal, state, local, or foreign Law shall be deemed also to refer to all rules and regulations promulgated thereunder.

"Liability" means any liability, obligation or commitment of any nature whatsoever (whether known or unknown, asserted or unasserted, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured, or due or to become due, or otherwise), including any liability for Taxes.

"Licensed Intellectual Property" means those Intellectual Property Rights licensed to a Seller.

"Lien" means any lien (including any Tax lien), pledge, mortgage, deed of trust, security interest, claim, demand, lease, charge, option, warrant, call, right of first refusal, easement, servitude, transfer restriction or any other encumbrance, restriction or limitation whatsoever.

"Management Services Agreement" means a management services agreement among THC, BNC and the Purchaser, substantially in the form attached hereto as Exhibit B, pursuant to which the Purchaser shall provide administrative and management services to THC and BNC to enable THC and BNC to continue to conduct the Business activities specified therein at the Licensed Facility pending approval of the conveyance to the Purchaser of the BNC Equity Interests.

"Marijuana Law" means any Law relating to the farming, growth, manufacturing, production, processing, extraction, packaging, sale or distribution of any marijuana or marijuana-related product, including any cannabidiol product.

"Material Adverse Effect" or "Material Adverse Change" means any change, event, circumstance or effect that, individually or in the aggregate with all other changes, events, circumstances and effects, has had or would reasonably be expected to have a material adverse effect on the Business, the Assets or the Assumed Liabilities or on the ability of Sellers to consummate the transactions contemplated hereby, provided that changes, events, circumstances and effects relating to the matters described in clauses (a) through (e) below shall not be considered in determining whether a "Material Adverse Effect" has occurred: (a) any changes in financial, banking or securities markets in general (including any disruption of such markets); (b) the outbreak or escalation of hostilities involving the United States, the declaration by the United States of a national emergency or war or the occurrence of any other national or international calamity or crisis, including an act of terrorism involving the United States; (c) changes after the date hereof in Law, or the interpretation thereof; (d) the disclosure of the fact that Sellers are selling or the Purchaser is acquiring the Business and the Assets; and (e) the failure, in and of itself, of the Business to achieve any projected or forecasted results (provided that this clause (e) shall not prevent a determination that any change or effect underlying any such failure has resulted, or could reasonably be expected to result, in a Material Adverse Effect); which, in the case of clauses (a) through (c), is not specific to Sellers and does not disproportionately affect Sellers or the Business relative to the other businesses in the industries and geographic regions in which Sellers operate.

"Order" means any order, judgment, award, decision, decree, injunction, ruling, writ or assessment of any Governmental Authority.

"Ordinary Course of Business" means, with respect to any action, that such action (a) is consistent in nature, scope and magnitude with the past practices of the Business and is taken in the ordinary course of the normal, day-to-day operations of the Business; and (b) is similar in nature, scope and magnitude to actions customarily taken in the ordinary course of the normal, day-to-day operations of other Persons that are in the same line of business as the Business. No violation of Law or breach of Contract, or any indemnity, infringement or other obligations with respect thereto, shall be deemed in the Ordinary Course of Business.

"Owned Intellectual Property" means, collectively, those Intellectual Property Rights owned by Sellers.

"Parent Shares" means subordinate voting shares of Parent.

"Permits" means all permits, approvals, registrations, certifications, clearances, consents, concessions, grants, franchises, licenses and other evidence of authority issued or granted to, conferred upon or otherwise created for any Seller by any Governmental Authority or any third party organization or pursuant to Law.

"Permitted Liens" means (i) Liens for Taxes which are not yet due and payable or which are being contested in good faith by appropriate proceedings as disclosed herein, (ii) Liens of record to secure landlords, lessors or renters under any leased Real Property that would be disclosed by an accurate survey or inspection of such Real Property and (iii) Liens in favor of carriers, warehousemen, mechanics and materialmen to secure claims for labor, materials or supplies or other similar items for amounts not yet delinquent or are being contested in good faith to the extent adequate reserves have been made on the January 31, 2021 balance sheet included in the Financial Statements or otherwise disclosed to Purchaser as of the First Closing Date.

"Person" means any individual, corporation, partnership, firm, joint venture, association, joint-stock company, trust, unincorporated organization, Governmental Authority or other entity.

"Post-Closing Sellers" means each of Sellers except for BNC.

"Pre-Closing Tax Period" means any taxable period or portion thereof ending on or before the First Closing Date (including the portion of any Straddle Period ending on the First Closing Date).

"Real Property" means real property, together with all easements, licenses, interests and all of the rights arising out of the ownership thereof or appurtenant thereto and all buildings, structures, facilities, fixtures and other improvements thereon.

"Related Party" means as to any Person (a) any Affiliate, (b) any Person that directly or indirectly owns, or in which such Person directly or indirectly owns, more than five percent (5%) of any class of capital stock or other equity interest of such Person or any Affiliate of such Person, (c) when referring to a legal entity, any officer, manager, director, employee, member, shareholder or partner of such legal entity, (d) when referring to a trust, any trustee or beneficiary of such trust, (e) any parent, spouse, sibling or child of any individual described in clauses (a) through (d) above, and (f) any trust for the benefit in whole or in part of such Person and/or any individual described in clause (e) above.

"Release" means any actual or threatened release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, migration or leaching into the indoor or outdoor environment, or into or out of any property.

"Remedial Action" means any investigation, monitoring, clean-up, containment, response, removal, remedial compliance or other action relating to the remediation of any Hazardous Material or any violation of Environmental Law.

"Reserve Account" means an account established by Sellers which shall, immediately prior to the First Closing, hold all of Sellers' available cash balances, estimated to be approximately $2,160,834, less any amounts used prior to the First Closing to satisfy sales and excise Taxes and the accounts payable set forth under the caption "Paid by Sellers" on Schedule I to the Closing Statement.

"Securities Act" means the Securities Act of 1933, as amended.

"Seller Financial Information" means all audited and unaudited financial statements of Sellers required to be included (or incorporated by reference) in the Resale Registration Statement and all audited and unaudited financial statements of Sellers required to be included in any form, report or other document required to be filed after the First Closing by the Parent as a registrant or prospective registrant (or the filer or a pending registration statement) under Section 12(g) of the Securities Exchange Act, together with all applicable audit reports and Consents.

"Straddle Period" means any taxable year or other taxable period beginning on or before and ending after the First Closing Date.

"Subsidiary" means, with respect to any Person, any corporation, limited liability company, partnership, association, or other business entity of which (a) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof or (b) if a limited liability company, partnership, association, or other business entity (other than a corporation), a majority of partnership or other similar ownership interest thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more Subsidiaries of that Person or a combination thereof and for this purpose, a Person or Persons owns a majority ownership interest in such a business entity (other than a corporation) if such Person or Persons shall be allocated a majority of such business entity's gains or losses or otherwise control the managing director, managing member, general partner or other managing Person of such limited liability company, partnership, association, or other business entity.

"Tax" or "Taxes" means any federal, state, provincial, local or foreign income, alternative minimum, accumulated earnings, personal holding company, franchise, capital stock, net worth, capital, profits, windfall profits, gross receipts, value added, sales, use, goods and services, excise, transfer, conveyance, mortgage, registration, stamp, documentary, recording, premium, severance, environmental (including taxes under Section 59A of the Code or any analogous or similar provision of any state, local or foreign Law or regulation), real property, personal property, ad valorem, intangibles, rent, occupancy, license, occupational, employment, unemployment insurance, social security, disability, workers' compensation, payroll, health care, or withholding tax, including any estimated tax, any customs duties or tariffs, including from imports prior to the First Closing that have not been liquidated, any Liabilities for unclaimed property, and any other tax, duty or similar governmental charge or assessment or deficiency, including any interest, penalties or additions attributable to the foregoing.

"Tax Return" means any return, report, declaration, form, claim for refund or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

"Transaction Documents" means this Agreement and each other agreement, document, instrument or certificate contemplated by this Agreement to be executed in connection with the transactions contemplated hereby, provided that the Management Services Agreement shall not be deemed to be a Transaction Document for purposes of Article VI.

"Treasury Regulations" means the regulations promulgated under the Code, including temporary and proposed regulations.

(b) Each of the following terms is defined in the Section set forth opposite such term:

Term	Section
AAA Rules	Section 7.3
Agreement	Preamble
Allowed Delay	Section 4.2(b)
Amended DCR Applications	Recitals
Assumed Liabilities	Section 1.1(c)
Balance Sheet	Section 2.5
Balance Sheet Date	Section 2.5
Base Cash Consideration	Section 1.4(a)
Base Share Consideration	Section 1.4(a)
BCC	Recitals
Beachwood	Section 4.1(b)
BNC	Preamble
BNC Cannabis Licenses	Recitals
BNC Premises	Section 4.1(b)
Bulk Sales Laws	Section 4.8
Business	Recitals
Business Contracts	Section 2.11(a)
Closing Cash Consideration	Section 1.4(d)(i)(D)
Closing Payoff Certificate	Section 1.4(c)
Closing Share Consideration	Section 1.4(d)(i)(B)
Closing Statement	Section 1.4(b)
DCR	Recitals
DCR Licenses	Recitals
Deductible	Section 6.5(a)
Disclosure Schedule	Section 7.11
Dispute	Section 7.3
Distributor License	Recitals
Domain Name Transfer Agreement	Section 1.4(e)(iii)
Escrow Agreement	Section 1.4(i)(C)
Excluded Assets	Section 1.1(b)
Excluded Contracts	Section 1.1(b)(ii)
Excluded Liabilities	Section 1.1(d)
Financial Statements	Section 2.5
First Closing	Section 1.3(a)
First Closing Assignment and Assumption Agreement	Section 1.4(e)(ii)
First Closing Assumed Liabilities	Section 1.1(c)
First Closing Bill of Sale	Section 1.4(e)(i)
First Closing Date	Section 1.3(a)
Fundamental Reps	Section 6.1
General Cap	Section 6.5(b)
Indemnified Party	Section 6.4(a)
Indemnifying Party	Section 6.4(a)
Initial Assets	Section 1.1(a)
Intellectual Property Assignment Agreement	Section 1.4(e)(iii)
Intellectual Property Licenses	Section 2.10(c)
Inventory	Section 1.1(a)(ii)

Lead Investors	Section 1.4(e)(ix)
Leases	Section 2.18
LFCO	Preamble
LFHMP	Preamble
Losses	Section 6.2
Lowell	Preamble
Manufacturer License	Recitals
Material Customer	Section 2.20(a)
Material Supplier	Section 2.20(a)
Outside Date	Section 5.3(a)(ii)
Parent	Preamble
Party	Preamble
Pending Applications	Recitals
Pendleton Lease	Section 4.1(b)
Pendleton Lease Assignment Condition	Section 4.1(b)
Pendleton Property	Section 4.1(b)
Prospectus	Section 4.2(a)
Purchaser	Preamble
Purchaser Indemnitees	Section 6.2
Reduction Securities	Section 4.2(d)
Regulated Assets	Section 1.2(a)
Releasees	Section 4.9
Released Claims	Section 4.9
Releasors	Section 4.9
Resale Registration Statement	Section 4.2(a)
Second Closing	Section 1.3(b)
Second Closing Assignment and Assumption Agreement	Section 1.4(h)(ii)
Second Closing Bill of Sale	Section 1.4(h)(i)
Second Closing Date	Section 1.3(b)
Second Closing Escrow Shares	Section 6.7
SEC	Section 4.2(a)
Seller	Preamble
Seller Indemnitees	Section 6.3
Sellers	Preamble
Selling Shareholder	Section 2.23(a)
Tail Policies	Section 1.4(e)(xi)
Tangible Personal Property	Section 2.9(b)
THC	Preamble
Third Party Claim	Section 6.4(a)
Transfer Taxes	Section 4.6(a)
Transferring Employees	Section 4.10(a)
WARN Act	Section 1.1(d)(v)

* * * * *

IN WITNESS WHEREOF, this Asset Purchase Agreement has been executed by or on behalf of each of the Parties as of the day first written above.

THE SELLER PARTIES:

THE HACIENDA COMPANY, LLC

By: /s/ Hannah Buchan
Name: Hannah Buchan
Title: Sole Manager

BRAND NEW CONCEPTS, LLC

By: /s/ Hannah Buchan
Name: Hannah Buchan
Title: Sole Manager

LFCO, LLC

By: /s/ Hannah Buchan
Name: Hannah Buchan
Title: Sole Manager

LOWELL FARMS, LLC

By: /s/ Hannah Buchan
Name: Hannah Buchan
Title: Sole Manager

LFHMP, LLC

By: /s/ Hannah Buchan
Name: Hannah Buchan
Title: Sole Manager

LFLC, LLC

By: /s/ Hannah Buchan
Name: Hannah Buchan
Title: Sole Manager

PURCHASER:

INDUS LF LLC

By: /s/ Mark Ainsworth
Name: Mark Ainsworth
Title: Chief Executive Officer

PARENT:

INDUS HOLDINGS, INC.

By: /s/ Mark Ainsworth
Name: Mark Ainsworth
Title: Chief Executive Officer

Exhibit A
Escrow Agreement

[See attached.]

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (this "**Agreement**") is made as of the 25th day of February, 2021.

BY AND AMONG:

INDUS LF LLC, a California limited liability company ("**Purchaser**"),

THE HACIENDA COMPANY, a California limited liability company ("**THC**")

AND:

ODYSSEY TRUST COMPANY, a trust company incorporated under the laws of Alberta (the "**Escrow Agent**").

RECITALS:

A. Purchaser and THC are parties to that certain Asset Purchase Agreement (the "**APA**"), dated as of the date hereof, by and among Purchaser, THC, Brand New Concepts, LLC, a California limited liability company ("**BNC**"), LFCO, LLC, a California limited liability company ("**LFCO**"), Lowell Farms LLC, a California limited liability company ("**Lowell**"), LFHMP, LLC, a California limited liability company ("**LFHMP**"), LFLC, LLC, a California limited liability company ("**LFLC**," and together with THC, BNC, LFCO, Lowell, and LFHMP, the "**Sellers**," and each, a "**Seller**") Indus Holdings, Inc., a British Columbia corporation (the "**Parent**"), pursuant to which the Sellers will convey the Assets to Purchaser in return for the Base Share Consideration and Base Cash Consideration, as more fully described therein.

B. The Base Share Consideration consists of 22,643,678 subordinate voting shares of Parent.

C. Pursuant to the terms of the APA, THC has agreed to place 5,000,000 shares of the Base Share Consideration (the "**Escrow Shares**") in escrow with the Escrow Agent, to be released in accordance with the terms and conditions set forth herein.

D. The parties have requested that the Escrow Agent act as escrow agent in connection with the escrow of the Escrow Shares and in accordance with the terms of this Agreement.

NOW THEREFORE in consideration of the premises and mutual representations, warranties, covenants and agreements hereinafter set forth and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereby agree as follows:

1. **Capitalized Terms**
   Capitalized terms used in this Agreement, including the recitals hereto, and not defined shall have the meanings given to such terms in the APA.

2. Appointment of Escrow Agent

(a) Purchaser and THC hereby appoint the Escrow Agent to act as the escrow agent in accordance with the terms and conditions of this Agreement, and the Escrow Agent hereby agrees to act in accordance with the terms and conditions of this Agreement. For the purposes of this Agreement, all references herein to "**Escrow Agent**" will mean Odyssey Trust Company acting in the capacity of escrow agent hereunder or any other person that replaces Odyssey Trust Company as escrow agent hereunder pursuant to the provisions hereof.

(b) Purchaser and THC shall each pay fifty percent (50%) of the (i) Escrow Agent fees as laid out in Schedule A, plus (ii) any expenses reasonably incurred by the Escrow Agent in connection with this Agreement, for acting as escrow agent (the "**Escrow Fees**").

3. Deposit of Escrow Shares

THC agrees with Purchaser that the Escrow Shares will be delivered directly to the Escrow Agent to be deposited into escrow and released in accordance with the terms of this Escrow Agreement.

The Escrow Agent will accept the Escrow Shares upon their delivery and will hold them and administer them in accordance with the provisions of this Agreement.

4. Escrow Release

The Escrow Agent shall not release any Escrow Shares until it receives joint written notice from Purchaser and THC to release the Escrow Shares (or any portion thereof).

Upon receipt of such signed written notice the Escrow Agent shall be entitled to and shall deliver such shares as so directed.

THC, on behalf of the Sellers, agrees not to sell, transfer, create any Lien on or otherwise dispose of any of the Escrow Shares until they are released by the Escrow Agent pursuant to this Agreement.

5. Rights of Escrow Agent

The acceptance by the Escrow Agent of its duties and obligations under this Agreement is subject to the following terms and conditions, which shall govern and control the rights, duties, liabilities and immunities of the Escrow Agent:

(a) The Escrow Agent shall be entitled to act and rely upon (and shall not be liable for so acting and relying upon) any resolution, affidavit, direction, notice, request, waiver, consent, receipt, declaration, certificate, receipt, opinion, report, statement or other paper or document purported to be delivered pursuant to this Agreement and shall not be required to inquire as to the veracity, accuracy or adequacy thereof or be bound by any notice or direction to the contrary by any person other than a person entitled to give such notice;

(b) The Escrow Agent shall not be required to make any determination or decision with respect to the validity of any claim made by any party or of any denial thereof but shall be entitled to rely conclusively on the terms hereof and the documents tendered to it in accordance with the terms hereof;

(c) The Escrow Agent shall have no duties except those which are expressly set forth herein. It is understood and agreed that the Escrow Agent is not acting as a trustee or in any fiduciary capacity, that the duties of the Escrow Agent hereunder are purely administrative in nature and it shall not be liable for any error of judgment, or for any act done or step taken or omitted by it in good faith, or for any mistake of fact or law, or for anything it may do or refrain from doing in connection herewith. Purchaser and THC shall not hold the Escrow Agent liable for any loss or injury to them;

(d) Except for failure to comply with the terms of this Agreement, the Escrow Agent, its partners, associates, employees and agents shall incur no liabilities hereunder or in connection herewith for anything whatsoever and Purchaser and THC hereby release the Escrow Agent from any actions, causes of action, claims, demands, damages, losses, costs, liabilities, penalties and expenses whatsoever, whether arising directly or indirectly, by way of statute, contract, tort or otherwise;

(e) Upon the Escrow Agent's delivery of the Escrow Shares (or part thereof) in accordance with the provisions of this Agreement, the Escrow Agent shall be automatically and immediately released from all obligations under this Agreement to any party hereto and to any other person with respect to the Escrow Shares (or such part that is delivered);

(f) The Escrow Agent shall not be bound by any notice of a claim or demand with respect thereto, or any waiver, modification, amendment, termination or rescission of this Agreement, unless received by it in writing and signed by Purchaser and THC and, if its duties herein are affected, unless it shall have given its prior written consent thereto;

(g) The Escrow Agent shall have the right, if in its sole discretion it deems it necessary or desirable, to retain such independent counsel or other advisors as it reasonably may require for the purpose of discharging or determining its duties, obligations or rights hereunder, and may act and rely on the advice or opinion so obtained;

(h) The Escrow Agent shall have the right, if in its sole discretion it deems it necessary or desirable, to seek advice and directions from a court of competent jurisdiction with respect to its duties and obligations hereunder;

(i) The duties and obligations of the Escrow Agent shall at all times be subject to the orders or directions of a court of competent jurisdiction; and

(j) The Escrow Agent is not a party to, and is not bound by, the APA and shall not, by reason of signing this Agreement, assume any responsibility or liability for any transaction or agreement between Purchaser and THC, other than the performance of its obligations under this Agreement, notwithstanding any reference herein to such other transactions or agreements.

6. Interpleader

The Escrow Agent may, in its sole discretion, deliver the Escrow Shares into court by way of interpleader if any person, whether or not a party hereto, sues or threatens to sue the Escrow Agent in connection with the Escrow Shares or the actions or omissions of any of the parties hereunder including the Escrow Agent or if the Escrow Agent is unable or unwilling to continue acting and there is no replacement under Section 7 within 30 days after the written notice of resignation in section 7 or in the event of any disagreement or apparent disagreement between the parties hereto resulting in conflicting claims or demands with respect to the Escrow Shares or if any of the parties hereto, including the Escrow Agent, are in or appear to be in disagreement about the interpretation of this Agreement or about the rights and obligations of the Escrow Agent or the propriety of an action contemplated by the Escrow Agent under this Agreement. Upon the Escrow Agent making such delivery, the Escrow Agent shall be released from all its duties and obligations under this Agreement.

7. Resignation of Escrow Agent

The Escrow Agent may at any time upon giving at least 30 days written notice to Purchaser and THC resign as Escrow Agent in favour of any person, firm or corporation named and agreed to by Purchaser and THC within such 30 days or, failing such agreement, in favour of any corporate trustee licensed to do business in the province of Alberta that the Escrow Agent may name in such notice which agrees in writing with the other parties hereto to be bound by this Agreement as Escrow Agent. The Escrow Agent will deliver the Escrow Shares to the new Escrow Agent and shall then be released from all its duties and obligations under this Agreement but shall remain entitled to the benefit of Section 8.

8. Indemnification

(a) **Indemnity.** In consideration of the premises and of the Escrow Agent agreeing to act hereunder, Purchaser and THC agree to save, defend and keep harmless and fully indemnify the Escrow Agent, its partners, associates, employees and agents, and their respective heirs, executors, administrators, successors and assigns, from and against all losses, costs, liabilities, charges, suits, demands, claims, damages (including consequential damages) and expenses of any nature which the Escrow Agent, its successors or assigns, may at any time hereafter bear, sustain, suffer or be put to for or by any reason of or on account of its acting as escrow agent or anything in any matter relating thereto or by reason of the Escrow Agent's compliance with the terms hereof. Notwithstanding any other provision of this Agreement, the Escrow Agent's liability shall be limited, in the aggregate, to the amount of fees paid to the Escrow Agent under this Agreement, provided that the foregoing shall not apply to any liability arising from the Escrow Agent's bad faith, fraud, wilful misconduct or gross negligence.

(b) **Not Obliged to Defend.** Without restricting the foregoing indemnity, if proceedings are taken by arbitration or in any court respecting the Escrow Shares, the Escrow Agent shall not be obliged to defend or otherwise participate in any such proceedings until it shall have such security as the Escrow Agent determines, in its sole discretion, to be adequate for its costs in such proceedings in addition to the indemnity set out above.

(c) **Survival**. The provisions of Sections 8(a) and 8(b) will survive the resignation or removal of the Escrow Agent or the termination of this Agreement.

(d) **Not to Expend Own Funds.** None of the provisions contained in this Agreement shall require the Escrow 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 funded and indemnified as aforesaid.

9. Expenses

(a) **Expenses.** The Escrow Agent shall be entitled to be reimbursed for all documented expenses reasonably incurred in connection with acting hereunder, including without limitation, legal fees paid by the Escrow Agent in respect of this Agreement, such expenses and fees to be borne as provided in Section 2(b).

(b) **Survival.** The provisions of Sections 9(a) will survive the resignation or removal of the Escrow Agent or the termination of this Agreement.

10. General

(a) **Notices.** Any notice, certificate, consent, determination or other communication required or permitted to be given or made under this Agreement shall be in writing and shall be effectively given and made if (i) delivered personally, (ii) sent by prepaid courier service or mail, or (iii) sent by email or other similar means of electronic communication, in each case to the applicable address set out below:

If to Purchaser

Attention:
Email:

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

Akerman LLP
666 Fifth Avenue, 20th Floor
New York, NY 10103
Attention: Kenneth G. Alberstadt
Email: Kenneth.alberstadt@akerman.com

If to THC

Attention:
Email:

If to the Escrow Agent:

Odyssey Trust Company
#1230, 300 5th Avenue SW
Calgary, Alberta T2P 3C4
Attention: Corporate Trust
Email: dsander@odysseytrust.com

Any such communication so given or made shall be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of emailing or sending by other means of recorded electronic communication, provided that such day in either event is a Business Day and the communication is so delivered, emailed, or sent prior to 4:30pm (at the place of receipt) on such day. Otherwise, such communication shall be deemed to have been given and made and to have been received on the next following Business Day. Any such communication sent by mail shall be deemed to have been given and made and to have been received on the fifth Business Day following the mailing thereof; provided however that no such communication shall be mailed during any actual or apprehended disruption of postal services. Any such communication given or made in any other manner shall be deemed to have been given or made and to have been received only upon actual receipt.

Any party may from time to time change its address under this Section 10(a) by notice to the other parties given in the manner provided by this Section.

(b) **Time of Essence.** Time shall be of the essence of this Agreement in all respects.

(c) **Further Assurances.** Each party shall promptly do, execute, deliver, or cause to be done, executed and delivered all further acts, documents and things in connection with this Agreement that another party may reasonably require for the purposes of giving effect to this Agreement.

(d) **Successors and Assigns.** This Agreement shall enure to the benefit of, and be binding on, the parties and their respective successors and permitted assigns. No party may assign or transfer, whether absolutely, by way of security or otherwise, all or any part of its respective rights or obligations under this Agreement without the prior consent of the other parties.

(e) **Amendment**. No amendment of this Agreement will be effective unless made in writing and signed by all of the parties.

(f) **Entire Agreement**. This Agreement constitutes the entire agreement between the parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written. There are no conditions, warranties, representations or other agreements between the parties in connection with the subject matter of this Agreement (whether oral or written, express or implied, statutory or otherwise) except as specifically set out in this Agreement.

(g) **Waiver.** A waiver of any default, breach, or non-compliance under this Agreement is not effective unless in writing and signed by the parties to be bound by the waiver. No waiver shall be inferred from or implied by any failure to act or delay in acting by a party in respect of any default, breach or non-observance or by anything done or omitted to be done by another party. The waiver by a party of any default, breach, or non-compliance under this Agreement shall not operate as a waiver of that party's rights under this Agreement in respect of any continuing or subsequent default, breach or non-observance (whether of the same or any other nature).

(h) **Severability.** Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and shall be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

(i) **Governing Law**. This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable in that Province and shall be treated, in all respects, as an Alberta contract.

(j) **Counterparts.** This Agreement may be executed by the parties in separate counterparts (by original or facsimile signature) each of which when so executed and delivered shall be deemed to be an original, and all such counterparts shall together be construed as one and the same document.

(k) **Termination.** This Agreement may be terminated at any time by and upon the receipt of the Escrow Agent of a written notice of termination executed by Purchaser directing the payment of the amounts then held by the Escrow Agent under and pursuant to this Agreement and such termination will be effective immediately after compliance by the Escrow Agent with such direction. This Agreement shall automatically terminate if and when all of the Escrow Shares shall have been distributed by the Escrow Agent in accordance with this Agreement.

(l) **Third Party Determination**. Purchaser and THC hereby represent to the Escrow Agent that, except as otherwise provided in this Agreement, any account to be opened by, or interest to be held by, the Escrow Agent, in connection with this Agreement, for or to the credit of Purchaser or THC, is not intended to be used by or on behalf of any third party other than the beneficiaries as expressly provided in this Agreement.

11. Privacy

The parties acknowledge that federal and/or provincial legislation that addresses the protection of individuals' personal information (collectively, "**Privacy Laws**") applies to certain obligations and activities under this Agreement. Notwithstanding any other provision of this Agreement, neither party shall take or direct any action that would contravene, or cause the other to contravene, applicable Privacy Laws. Purchaser and THC shall, prior to transferring or causing to be transferred personal information to the Escrow Agent, obtain and retain required consents of the relevant individuals to the collection, use and disclosure of their personal information, or shall have determined that such consents either have previously been given upon which the parties can rely or are not required under the Privacy Laws. The Escrow Agent shall use commercially-reasonable efforts to ensure that its services hereunder comply with Privacy Laws. Specifically, the Escrow Agent agrees: (i) to have a designated chief privacy officer; (ii) to maintain policies and procedures to protect personal information and to receive and respond to any privacy complaint or inquiry; (iii) to use personal information solely for the purposes of providing its services under or ancillary to this Indenture and to comply with applicable laws and not to use it for any other purpose except with the consent of or direction from Purchaser, THC, or the individual involved or as permitted by Privacy Laws; (iv) not to sell or otherwise improperly disclose personal information to any third party; and (v) to employ administrative, physical and technological safeguards to reasonably secure and protect personal information against loss, theft, or unauthorized access, use or modification.

12. Right Not to Act

The Escrow 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 Escrow Agent, in its sole judgment, acting reasonably, determines that such act might cause it to be in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline. Further, should the Escrow Agent, in its sole judgment, acting reasonably, determine at any time that its acting under this Agreement has resulted in its being in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline, then it shall have the right to resign on 10 days prior written notice sent to all parties hereby provided that: (i) the Escrow Agent's written notice shall describe the circumstances of such non-compliance; and (ii) that if such circumstances are rectified to the Escrow Agent's satisfaction within such 10 day period, then such resignation shall not be effective.

[*Signature Page Follows*]

IN WITNESS WHEREOF the parties have executed and delivered this Agreement on the day and year first above written.

INDUS LF LLC

Per: _____
Authorized Signatory

THE HACIENDA COMPANY, LLC

Per: _____
Authorized Signatory

ODYSSEY TRUST COMPANY

Per: _____
Authorized Signatory

Per: _____
Authorized Signatory

Exhibit B
Management Services Agreement

[See attached.]

MANAGEMENT SERVICES AGREEMENT

This Management Services Agreement (this "**Agreement**") is made and entered into as of the 25th day of February, 2021 (the "**Effective Date**") by and between Indus LF LLC, a California limited liability company (the "**Service Provider**"), and The Hacienda Company, LLC, a California limited liability company ("**Hacienda**"), and its wholly owned subsidiary, Brand New Concepts, LLC, a California limited liability company ("**BNC"**, and collectively with Hacienda referred to as the "**Company**") (each individually a "**Party**" and collectively referred to as the "**Parties**"). Capitalized terms used and not otherwise defined herein have the meanings assigned to them in the Asset Purchase Agreement dated on or about the date hereof among the Parties and the other signatories thereto (the "**Purchase Agreement**").

RECITALS

WHEREAS, the Company holds applicable temporary permits and licenses (the "**Licenses**") to process, manufacture and distribute cannabis and cannabis products at its facility located at 11618 Pendleton Street, Sun Valley, California (the "**Facility**") issued by the City of Los Angeles Department of Cannabis Regulation ("**LADCR**"), the State of California Bureau of Cannabis Control ("**BCC**"), and the State of California Department of Public Health, Manufactured Cannabis Branch ("**CDPH**");

WHEREAS, Service Provider, including Service Provider's Affiliates, is engaged in the processing, manufacture and distribution of cannabis products and related administrative and management activities, and has the capacity to manage and administer the operations of the Company and to furnish the Company with appropriate managerial, consulting and administrative, technological, financial and other support services; and

WHEREAS, the Company desires to retain Service Provider to provide certain advisory, consulting, administrative, operational, financial and management services to the Company, as well as to provide Company with those services necessary and appropriate for the day-to-day administration and management of the Company's operations, and Service Provider desires to provide such services to Company, all upon the terms and conditions hereinafter set forth.

NOW THEREFORE, in consideration of the foregoing and the mutual covenants hereinafter set forth, the receipt and sufficiency of which is acknowledged, the Parties hereby agree as follows:

1. **Incorporation**. The foregoing Recitals are incorporated in and made a part of this Agreement to the same extent as if herein set forth in full.

2. **Definitions**. As used in this Agreement (including the Recitals), the following terms have the following meanings:

"**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, this Person.

"**Business Activities**" means the processing and manufacture of cannabis products by the Company at the Facility and all activities and business operations directly related thereto.

"**Control**" (and with correlative meanings, the terms "Controlled by" and "under common Control with") means, regarding any Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of another Person, whether through the ownership of voting securities, by contract, or otherwise.

"**Law**" means any statute, law, ordinance, regulation, rule, code, constitution, treaty, common law, order, writ, judgment, injunction, decree, or other requirement or rule of law of any governmental authority.

"**Permitted Subcontractor**" means any Person, subcontractors, Affiliates of Service Provider, consultants, independent contractors, agents or representatives, other than Service Provider's employees, engaged by Service Provider to perform any of the Services hereunder.

"**Person**" means any individual, partnership, corporation, trust, limited liability entity, unincorporated organization, association, governmental authority, or any other entity.

"**Service Period**" means the period of time beginning the Effective Date and continuing until the termination or expiration of this Agreement in accordance with the terms of this Agreement.

"**Service Provider Equipment**" means any equipment, systems, cabling, or facilities or other tangible personal property conveyed to Service Provider under the Purchase Agreement or provided by Service Provider and used directly or indirectly in the provision of the Services.

"**Service Provider Personnel**" means all employees and Permitted Subcontractors, if any, engaged by Service Provider to perform the Services.

"**Service Provider Expenses**" shall mean all direct and indirect costs incurred by the Service Provider and/or Service Provider Personnel in connection with the Services including, without limitation, (i) costs of products and/or services of third-parties delivered to the Company or the Service Provider and/or their respective personnel, (ii) fees and disbursements of auditors, attorneys and other advisors or consultants, (iii) costs of any outside services of independent contractors such as printers, couriers, business publications or similar services and (iv) all other reasonable expenses actually incurred, directly or indirectly, by the Service Provider and/or Service Provider Personnel in rendering the Services.

3. Services.

(a) Subject to the limitations and terms and conditions of this Agreement, during the Service Period, the Company irrevocably appoints Service Provider to act as the sole and exclusive manager of the Facility and the Business Activities conducted at the Facility, and as the exclusive agent for the Company for all matters related to the administration and management of all Business Activities and the operations of the Facility and the Company during the Service Period. Beginning on the commencement of the Service Period, and until the expiration or termination of this Agreement, the Company shall not manage the Facility or the Business Activities itself without the services of Service Provider pursuant to this Agreement. Service Provider shall have the right to use employees of Service Provider or its Affiliates not located at the Facility to provide services to the Company. Prior to the expiration or termination of this Agreement, the Company agrees that, without the prior and express consent of Service Provider, the Company shall not, directly or indirectly, (i) enter into any discussions, negotiations, arrangements, understandings or agreements with any person or entity other than Service Provider or any Service Provider Affiliate regarding such person or entity assisting the Company in the operation or management of the Facility or the Business Activities, or (ii) operate or manage the Facility or the Business Activities itself without the services of Service Provider during the Service Period.

(b) In furtherance of Section 3(a), during the Service Period, the Company retains Service Provider to provide all administrative, financial, and operating services for the Company's Business Activities at the Facility, and such other services and activities as are reasonably required in order to conduct the Business Activities and to maintain and/or retain the Licenses and all other approvals of any governmental authority to conduct such Business Activities (the "**Services**").

(c) The Services provided by Service Provider during the Service Period shall include: (i) the maintenance of applicable regulatory and legal compliance (with the involvement and assistance of the Company, as required) , (ii) obtaining adequate insurance coverage and bonding (as deemed necessary) for the Business Activities pursuant to this Agreement, (iii) securing and maintaining adequate banking needs for the Business Activities, (iv) all contracting associated with the Business Activities; (v) all finance and accounting activities necessary to conduct the Business Activities or to perform the Services; (vi) all human relations and employment matters, including the hiring, termination or promotion of employees, agents or consultants deemed necessary by Service Provider to conduct the Business Activities or perform the Services; (vii) the operation of the Company's Business Activities; (vii) the training, supervision, management and operation of all software, hardware and equipment for the operation of the Business Activities; (ix) records retention and storage requirements; and (x) all payroll activities necessary to operate the Business Activities, including but not limited to the retention of a third-party payroll provider if Service Provider deems such retention reasonably necessary to perform the Services and maintain the Business Activities, as well as the payment of compensation to all Service Provider Personnel and the administration of the payment on behalf of the Company of all Company employees, including, if applicable, withholding of income taxes, and the payment and withholding of social security and other payroll taxes, unemployment insurance, workers' compensation insurance payments, and disability benefits. Nothing contained herein shall require Service Provider to provide any services for the Company not otherwise related to the Business Activities, nor shall Service Provider have no authority or responsibility for the Company's business operations or obligations not expressly provided for in this Agreement.

(d) Service Provider shall prepare, or cause to be prepared, all Tax Returns (excluding income and franchise Tax Returns) required to be filed by the Company relating to any taxable periods all or a portion of which fall within the Service Period, including, without limitation, Tax Returns relating to state and local cannabis excise taxes, gross receipts taxes, sales taxes, and payroll and other employment-related taxes, and for the avoidance of doubt, including any such Tax Returns required to be filed after the last day of the Service Period (each, a "**Service Period Tax Return**"). All taxes owed by the Company with respect to each Service Period Tax Return shall be paid by the Service Provider. The Company shall give to Service Provider (or its designated Affiliate or Service Provider Personnel) all appropriate authority necessary for them to act as the Company's Attorney-in-Fact under a power of attorney, for such purposes, and to the extent permitted by Law. Each Party shall be responsible for the preparation, filing and payment of its own income and franchise taxes.

(e) Service Provider shall manage all cash receipts and disbursements relating to the conduct of the Business Activities during the Service Period.

(f) Service Provider shall be responsible for and shall negotiate directly on Company's behalf, as permitted by applicable law, such contractual arrangements with third parties as are reasonably necessary and appropriate for Company's Business Activities during the Service Period. Notwithstanding the foregoing, in no event shall Service Provider enter into any contract or agreement that would have obligations of the Company that would extend beyond the Term and Service Provider shall indemnify and hold harmless the Company for any and all liabilities under any contract or agreement which it causes Company to enter into, other than any liabilities arising due to a breach by the Company of its obligations hereunder.

(g) Service Provider shall establish and maintain credit and billing and collection policies and procedures, and shall exercise reasonable efforts to pay all expenses arising in respect of the Service Period in a timely manner.

(h) Service Provider shall cause all finished goods inventory to be sold and transferred on Metrc to Cypress Manufacturing Company, a licensed affiliate of Service Provider ("Cypress"), in accordance with applicable Law, including, but not limited to, California Business and Professions Code Section 26000 *et seq*, promptly following completion of production for a purchase price equal to the direct costs and expenses incurred by the Company or Service Provider on its behalf in producing such inventory. All sales of finished goods inventory and accounts receivable and revenues arising therefrom shall be for the account of Cypress. Cypress shall directly receive (or shall be entitled to payment to it upon receipt) all receipts and revenues relating to all Business Activities in respect of the Service Period, and shall be authorized to open and maintain any bank accounts necessary to deposit all revenues resulting from the Business Activities. Service Provider shall utilize the bank accounts, as described in the preceding sentence, for the purpose of receiving revenues of the Business Activities and paying expenses and liabilities relating to the Business Activities at all times. The Company and Service Provider shall cooperate in all banking and cash management issues consistent with the provision of this Agreement, as Service Provider shall deem necessary or appropriate.

(i) Upon request by the Services Provider, the Company shall grant Service Provider Personnel additional (and if requested exclusive) signing authority on Company operating bank accounts and other financial accounts and/or irrevocably (during the Term of this Agreement) direct in writing, as necessary, the bank(s) and other financial institutions at which the Company maintains accounts to transfer electronically all such amounts in the Company's accounts which are necessary to make any payment required by Service Provider to provide the Services or otherwise due to Service Provider pursuant to this Agreement. For the avoidance of doubt the Service Provider shall have no right to any consideration under the Purchase Agreement or any accounts holding such amounts as compensation for the services provided by Service Provider hereunder.

(j) Service Provider shall, at Company's sole cost and expense, (i) manage and direct the defense of all claims, actions, proceedings or investigations against Company or any of its employees, to the extent relating to the conduct of the Business Activities during the Service Period, and (ii) manage and direct the initiation and prosecution of all claims, actions, proceedings or investigations brought by Company relating to the conduct of the Business Activities against any person other than Service Provider.

4. **Company Obligations**. In addition to all other requirements described in this Agreement, the Company shall:

(a) cooperate with Service Provider in all matters relating to the Services and appoint at least one (1) Company employee or representative, or additional Company employees or representatives upon the reasonable request of Service Provider, to serve as the primary contact(s) to Service Provider with respect to this Agreement and the Services provided hereunder and who will have the authority to act on behalf of the Company with respect to the matters pertaining to this Agreement (each, a "**Company Contact**"). The name and contact details of the Company Contact should be provided to Service Provider in the form of a written communication and any updates to the Company Contact should be provided promptly in writing;

(b) provide Service Provider or Service Provider's Affiliate, including but not limited to any officers, directors, managers, employees, consultants, agents or representatives of Service Provider or Service Provider's Affiliate, with such access (including computer access) to the Facility and Company property or other facilities as may be requested by Service Provider and shall designate Service Provider Personnel as authorized personnel to any company contracted to provide security, accounting, data management, payroll or other services to the Company;

(c) respond promptly to any Service Provider request to provide direction, information, approvals, authorizations, assistance or decisions that Service Provider requests in connection with this Agreement;

(d) provide, or ensure access to, such information, records, materials or documentation as Service Provider may request or deem necessary in order to perform the Services in a timely manner, and ensure that said information, records, materials or documentation is complete and accurate in all material respects; and

(e) obtain and maintain, or provide all assistance Service Provider deems necessary to obtain and maintain, all necessary licenses and consents to operate the Company's business and for Service Provider to perform the Services, and to comply with all applicable Laws in relation to the Services during the Term of this Agreement.

5. **Exclusivity**. During the Term of this Agreement, Service Provider shall serve as Company's sole and exclusive manager and provider of the Services, and Company shall not, without first obtaining the express written consent of Service Provider, engage any other person or entity to furnish Company with any of the Services or Business Activities, any policies or procedures for the conduct of the Business Activities, or any of the financial or other services provider hereunder by Service Provider.

6. **Term; Termination**.

(a) Term. The Term of this Agreement commences on the Effective Date and terminates one (1) year from the Effective Date (the "**Initial Term**"), and shall thereafter renew for one (1) additional one (1) year term (the "**Renewal Term**") unless the Service Provider provides notice of nonrenewal at least thirty (30) days before the end of the Initial Term, or unless and until earlier terminated as provided under this Agreement (the Initial Term and the Renewal Terms collectively referred to as the "**Term**").

(b) Termination Rights. This Agreement may be terminated:

(i) by either Party upon written Notice to the other Party if the other Party (the "**Defaulting Party**"): (A) materially breaches this Agreement and said breach is not cured within thirty (30) days following the Defaulting Party's receipt of written notice of such breach; or (B) if the Defaulting Party (1) becomes insolvent or is generally unable to pay, or fails to pay, its debts as they become due; (2) files or has filed against it, a petition for voluntary or involuntary bankruptcy or otherwise becomes subject, voluntarily or involuntarily, to any proceeding under any domestic or foreign bankruptcy or insolvency law; (3) seeks reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition, or other relief with respect to it or its debts; (4) makes or seeks to make a general assignment for the benefit of its creditors; or (5) applies for or has a receiver, trustee, custodian, or similar agent appointed by order of any court of competent jurisdiction to take charge of or sell any material portion of its property or business;

(ii) by mutual written agreement of the Parties;

(iii) upon the completion of the Second Closing; or

(iv) upon any termination of the transactions to be consummated at the Second Closing pursuant to Section 5.3(a) of the Purchase Agreement.

(c) Effect of Termination or Expiration. Upon the expiration or termination of this Agreement for any reason:

(i) Service Provider shall promptly remove any Service Provider Equipment located at the Company's Facility or any other premises utilized to provide the Services or to conduct the Business Activities unless said Service Provider Equipment is provided to the Company pursuant to a separate agreement still in effect; and

(ii) Service Provider shall be responsible for all direct and indirect costs and expenses incurred in the conduct of the Business Activities in accordance with this Agreement during the Service Period, and Service Provider shall be entitled to all receipts and other revenues from the conduct of the Business Activities through the date of termination, whenever received, and immediately upon termination of this Agreement for any reason, the Company shall transfer, assign and deliver to Service Provider all cannabis and cannabis products, including cannabis feedstock, work in process and any remaining finished goods inventory not previously transferred, and any accounts receivable and other current assets and rights to payment or revenues of the Company from the conduct of the Business Activities during the Service Period.

7. **Application of Revenues; Payment of Expenses**.

(a) Application of Revenues. The Parties agree that all revenues from the Company's sale of inventory to Cypress shall be applied to pay all costs incurred in the production of such inventory and other costs, if any, incurred by the Company during the Service Period, except as otherwise provided in Section 3(d) ("**Service Period Costs and Expenses**").

(b) Service Period Expenses. In the event the revenues described in Section 7(a) are insufficient to pay all Service Period Costs and Expenses, the Service Provider shall be responsible for any shortfall.

(c) Security Interest. In order to secure the performance of the Company's obligations under this Agreement, the Company hereby grants Service Provider a security interest in and to any or all of the following collateral: all tangible and intangible assets of the Company, as more full set forth on Schedule I hereto. Service Provider and the Company agree that this Agreement constitutes a Security Agreement under the California Uniform Commercial Code. Service Provider shall have the right to file a UCC-1 financing statement documenting any security interest granted to Service Provider, and the Company shall cooperate with Service Provider in any such filing such UCC-1.

8. **Records and Recordkeeping**.

(a) Access to Information. Company hereby authorizes and grants to Service Provider full and complete access to all information, instruments and documents relating to Company which may be reasonably requested by Service Provider to perform its obligations hereunder, and shall disclose and make available to Service Provider, including any Service Provider Affiliates, employees, officers, agents or representatives, for review copying and retention, all relevant books, agreements, papers and records of Company.

(b) At all times during and after the Term, all business records and information including but not limited to, all books of account and general administrative records and all information generated under or contained in the management information systems pertaining to Company, relating to the business and activities of the Service Company, shall be and remain the sole property of Service Provider After termination of this Agreement, Company will have reasonable access during normal business hours to the business records relating to the Business Activities for purposes of preparing income tax and other business filings.

(c) Company shall at all times during the Term, and at all times thereafter, make available to Service Provider for inspection by its authorized representatives, during regular business hours, at the principal place of business of Company, any of Company's records requested by Service Provider.

(d) To the extent required by any applicable Law, Service Provider shall at all times during and after the Term, provide to the LADCR, BCC or CDPH any requested records in Service Provider's possession custody or control, relating to the Business Activities.

9. **Confidential Information**.

(a) Scope of Confidential Information. From time to time during the Term, either Party (as the "**Disclosing Party**") may disclose or make available to the other Party (as the "**Receiving Party**") information about its business affairs, products, confidential intellectual property, trade secrets, third-party confidential information, and other sensitive or proprietary information; with such information, as well as the terms of this Agreement, whether orally or in written, electronic or other form or media, and whether or not marked or otherwise identified as "confidential" constitutes "Confidential Information" hereunder. Confidential Information excludes information that, at the time of disclosure: (i) is or becomes generally available to and known by the public other than as a result of, directly or indirectly, any breach of this Agreement by Receiving Party; (ii) is or becomes available to the Receiving Party on a non-confidential basis from a third-party source, provided that such third-party is not and was not prohibited from disclosing such Confidential Information; (iii) was known by or in the possession of Receiving Party before being disclosed by or on behalf of Disclosing Party; or (iv) was or is independently developed by Receiving Party without reference to or use of, in whole or in part, any of Disclosing Party's Confidential Information. For the avoidance of doubt, (x) "Confidential Information" does not include information with respect to the Business or the Assets conveyed to Service Provider at the First Closing, which shall be governed by the Purchase Agreement, and (y) the books and records owned by Service Provider pursuant to Section 8(b) of this Agreement shall be Service Provider's Confidential Information. Upon the consummation of the Second Closing or earlier termination of this Agreement, this Section 9 shall terminate as to Service Provider and the Company shall convey all Company Confidential Information to Service Provider and be bound by the confidentiality provisions in the Purchase Agreement with respect thereto.

(b) Protection of Confidential Information. Receiving Party shall, for three (3) years from the receipt of such Confidential Information: (i) protect and safeguard the confidentiality of Disclosing Party's Confidential Information with at least the same degree of care as Receiving Party would protect its own Confidential Information, but in no event with less than a commercially reasonable degree of care; (ii) not use Disclosing Party's Confidential Information, or permit it to be accessed or used, for any purpose other than to exercise its rights or perform its obligations under this Agreement; and (iii) not disclose any such Confidential Information to any Person, except: (A) to Receiving Party's employees, agents, representatives, officers or directors who need to know the Confidential Information to assist Receiving Party, or act on its behalf, to exercise its rights or perform its obligations under this Agreement; or (B) pursuant to applicable federal, state, or local law, regulation or a valid order issued by a court or governmental authority of competent jurisdiction, provided that Receiving Party shall first provide Disclosing Party with: (i) prompt Notice of such requirement so that Disclosing Party may seek, at its sole cost and expense, a protective order or other remedy; and (ii) reasonable assistance, at Disclosing Party's sole cost and expense, in opposing such disclosure or seeking a protective order or other limitations on disclosure. On the expiration or termination of the Agreement, the Receiving Party shall promptly return to the Disclosing Party all copies, whether in written, electronic, or other form or media, of the Disclosing Party's Confidential Information, or destroy all such Confidential Information and certify in writing to the Disclosing Party that such Confidential Information has been destroyed.

10. **Representations and Warranties**.

(a) The Company's Representations and Warranties. The Company represents and warrants to Service Provider that: (i) it is duly organized, validly existing, and in good standing in the jurisdiction of its incorporation, organization or formation, as applicable; (ii) it is duly qualified to do business and is in good standing in every jurisdiction in which such qualification is required for purposes of this Agreement, except where the failure to be so qualified, in the aggregate, would not reasonably be expected to adversely affect its ability to perform its obligations under this Agreement; (iii) it has the full right, power and authority to enter into this Agreement, to grant the rights and licenses granted under this Agreement and to perform its obligations under this Agreement; (iv) the execution of this Agreement by its representative whose signature is set forth at the end hereof has been duly authorized by all necessary action of the Party; (v) when executed and delivered by each of the Parties, this Agreement, including and together with any related exhibits, schedules, attachments and appendices will constitute the legal, valid, and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws and equitable principles related to or affecting creditors' rights generally or the effect of general principles of equity; and (vi) to the best of its knowledge it is in material compliance with all Laws and contracts applicable to this Agreement and the operation of its business.

(b) Service Provider's Representations and Warranties. Service Provider represents and warrants to the Company that: (i) it is duly organized, validly existing, and in good standing in the jurisdiction of its incorporation, organization or formation, as applicable; (ii) it is duly qualified to do business and is in good standing in every jurisdiction in which such qualification is required for purposes of this Agreement, except where the failure to be so qualified, in the aggregate, would not reasonably be expected to adversely affect its ability to perform its obligations under this Agreement; (iii) it has the full right, power and authority to enter into this Agreement, to grant the rights and licenses granted under this Agreement and to perform its obligations under this Agreement; (iv) the execution of this Agreement by its representative whose signature is set forth at the end hereof has been duly authorized by all necessary action of the Party; (v) when executed and delivered by each of the Parties, this Agreement, including and together with any related exhibits, schedules, attachments and appendices will constitute the legal, valid, and binding obligation of Service Provider, enforceable against Service Provider in accordance with its terms, except as may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws and equitable principles related to or affecting creditors' rights generally or the effect of general principles of equity; and (vi) the execution, delivery and performance of this Agreement by Service Provider will not violate, conflict with, require consent under or result in any breach or default under: (A) any of Service Provider's organizational documents; (B) any applicable Law; or (C) with or without notice or lapse of time or both, the provisions of any other contracts applicable to this Agreement and the operation of its business.

(c) Except as expressly stated in this Section 10, (i) each Party hereby disclaims all warranties, either express, implied, statutory or otherwise under this Agreement, and (ii) Service Provider specifically disclaims all implied warranties of merchantability, fitness for a particular purpose, title and non-infringement.

11. **Indemnification**.

(a) Service Provider Indemnification. The Company shall indemnify, defend, and hold harmless Service Provider and the other Purchaser Indemnitees (each a, "**Service Provider Indemnified Party**") against any and all losses, damages, liabilities, deficiencies, claims, actions, judgments, settlements, interest, awards, penalties, fines, costs, or expenses of whatever kind, including reasonable attorneys' fees and the costs of enforcing any right to indemnification under this Agreement and the cost of pursuing any insurance providers, incurred by a Service Provider Indemnified Party (collectively, "**Service Provider Indemnified Party Losses**"), arising out of or resulting from any Action of a third party or the Company arising out of or occurring in connection with the Company's gross negligence, willful misconduct, breach of this Agreement or violation of Law.

(b) Company Indemnification. Service Provider shall indemnify, defend, and hold harmless the Company and the other Seller Indemnitees (each a, "**Company Indemnified Party**") against any and all losses, damages, liabilities, deficiencies, claims, actions, judgments, settlements, interest, awards, penalties, fines, costs, or expenses of whatever kind, including reasonable attorneys' fees and the costs of enforcing any right to indemnification under this Agreement and the cost of pursuing any insurance providers, incurred by a Company Indemnified Party (collectively, "**Company Indemnified Party Losses**"), arising out of or resulting from any Action of a third party or Service Provider, any other loss or liability arising out of or occurring in connection with Service Provider's operating of the Facility or the Business Activities on or after the Effective Date, and any taxes and other losses or liabilities incurred by Hacienda with respect to any Service Period Tax Returns (whether or not such taxes were shown as due and owing on such Service Period Tax Returns).

(c) Except for any claims that may be available to the Parties for specific performance, injunctive relief or similar equitable remedies, the indemnification provided for in this Section 11 constitutes the sole remedy of the Parties for any matter based on, arising out of or related to this Agreement. The foregoing shall not prejudice the rights of any Party under the Purchase Agreement, and in the event of any conflict between this Agreement and Article VI of the Purchase Agreement, said Article VI shall control.

12. **Limitation of Liability**.

NEITHER PARTY SHALL BE LIABLE FOR ANY LOSS OF USE, REVENUE OR PROFIT OR FOR ANY CONSEQUENTIAL, INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, PUNITIVE, OR ENHANCED DAMAGES, ARISING OUT OF OR RELATING TO ANY BREACH OF THIS AGREEMENT OR IN CONNECTION WITH ANY OTHER CLAIM FOR DAMAGES HEREUNDER, WHETHER OR NOT THE POSSIBILITY OF SUCH DAMAGES HAD BEEN DISCLOSED IN ADVANCE OR WAS FORESEEABLE, REGARDLESS OF THE LEGAL OR EQUITABLE THEORY (CONTRACT, TORT OR OTHERWISE) UPON WHICH THE CLAIM IS BASED, AND NOTWITHSTANDING THE FAILURE OF ANY AGREED OR OTHER REMEDY OF ITS ESSENTIAL PURPOSE.

13. **Relationship of the Parties**. The relationship between the Parties is that of independent contractors. Nothing contained in this Agreement shall be construed as creating any agency, partnership, franchise, business opportunity, joint venture, or other form of joint enterprise, employment or fiduciary relationship between the parties, and neither party shall have authority to contract for or bind the other party in any manner whatsoever. If any provision of this Agreement is deemed to create a franchise or business opportunity relationship between the Parties, then the Parties shall negotiate in good faith to modify this Agreement so as to effect the Parties' original intent as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as a reseller agreement and not a franchise or business opportunity agreement.

14. **Insurance**. During the Term, Service Provider shall, at its own expense, maintain, and carry insurance in full force and effect that includes, but is not limited to, commercial general liability (including product liability) with limits no less than One Million Dollars and 00/100 ($1,000,000.00) for each occurrence and Two Million Dollars and 00/100 ($2,000,000.00) in the aggregate with financially sound and reputable insurers. Upon the Company's request, Service Provider shall provide the Company with a certificate of insurance for all insurance coverage required by this Section 14(a), and shall not do anything to invalidate such insurance.

15. **Force Majeure**. Any delay or failure of either Party to perform its obligations under this Agreement will be excused to the extent that the delay or failure was caused directly by an event beyond such Party's reasonable control (which events may include, but not be limited to natural disasters, embargoes, explosions, riots, pandemics, wars or acts of terrorism) (each, a "**Force Majeure Event**"). A Party shall give the other Party prompt written notice of any event or circumstance that is reasonably likely to result in a Force Majeure Event, and the anticipated duration of such Force Majeure Event. An affected Party shall use all diligent efforts to end the Force Majeure Event, ensure that the effects of any Force Majeure Event are minimized, and resume full performance under this Agreement.

16. **No Conflicts; Consents**. Each Party hereby represents and warrants to the other Party that the execution, delivery and performance by such first Party of this Agreement and the documents to be delivered hereunder, and the consummation of the transactions contemplated hereby, do not and will not: (a) violate or conflict with the articles of incorporation or organization, by-laws or other organizational documents applicable to such Party; (b) violate or conflict with any judgment, order, decree, statute, law, ordinance, rule or regulation applicable to such Party; (c) conflict with, or result in (with or without notice or lapse of time or both) any violation of, or default under, or give rise to a right of termination, acceleration or modification of any obligation or loss of any benefit under any contract or other instrument to which such Party is a party; (d) result in the creation or imposition of any encumbrance or lien on or any assets of such Party (except in the case of the Company, in favor of Service Provider) ; or (e) in the case of such Party, require the consent, to the extent said consent has not been disclosed herein and obtained independently in writing, of any entity or individual who is not a Party to this Agreement. Nothing in this Agreement shall limit the Parties' rights and obligations under the Purchase Agreement.

17. **Miscellaneous**.

(a) Interpretation. For the purposes of this Agreement, (i) the words "include", "includes", and "including" are deemed to be followed by the words "without limitation"; (ii) the word "or" is not exclusive; (iii) the words "herein", "hereof", "hereby", "hereto", and "hereunder" refer to this Agreement as a whole; (iv) words denoting the singular have a comparable meaning when used in the plural, and vice-versa; and (v) words denoting any gender include all genders. Unless the context otherwise requires, references in this Agreement: (x) to sections, exhibits and schedules, mean the sections of, and exhibits and schedules attached to, this Agreement; (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. The Parties drafted this Agreement 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 exhibits, schedules, attachments and appendices referred to herein are an integral part of this Agreement to the same extent as if they were set forth verbatim herein.

(b) Notices. All notices, requests, consents, claims, demands, waivers, and other communications under this Agreement (each, a "**Notice**", and with the correlative meaning, "**Notify**") must be in writing and addressed to the other Party at its address set forth on the signature page (or to such other address that the receiving Party may designate from time to time in accordance with this Section 18(b)). Unless otherwise agreed herein or required by applicable Law, all Notices must be delivered by personal delivery, nationally recognized overnight courier or certified or registered mail (in each case, return receipt requested, postage prepaid), facsimile or e-mail (with confirmation of transmission). Except as otherwise provided in this Agreement, a Notice is effective only (i) on receipt by the receiving Party, and (ii) if the Party giving the Notice has complied with the requirements of this Section.

(c) Entire Agreement. This Agreement, including any exhibits or schedules attached or referenced hereto, constitutes the entire agreement between the Parties and set out all the covenants, promises, warranties, representations, conditions and agreements between the Parties in connection with the subject matter of this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, pre-contractual or otherwise. There are no covenants, promises, warranties, representations, conditions or other agreements, whether oral or written, pre-contractual or otherwise, express, implied or collateral, between the parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement.

(d) No Third-Party Beneficiaries. 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 any legal or equitable right, benefit, or remedy of any nature whatsoever, under or by reason of this Agreement.

(e) 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; provided, that, upon prior written notice to the other Party, either Party may assign the Agreement to an Affiliate of such Party or to a successor of all or substantially all of the assets of such Party through merger, reorganization, consolidation or acquisition. No assignment shall relieve the assigning Party of any of its obligations hereunder. Any attempted assignment, transfer or other conveyance in violation of the foregoing shall be null and void.

(f) Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

(g) 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. Except as otherwise set forth in this Agreement, no failure to exercise, or delay in exercising, any rights, 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.

(h) Severability. If any term or provision of this Agreement is held to be 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. Except as otherwise provided herein, 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.

(i) Dispute Resolution. Without intending to limit the rights of the Parties to seek specific performance, injunctive relief or similar equitable remedies, the Parties agree, on behalf of themselves, the Purchaser Indemnitees and the Seller Indemnitees, that any dispute or Action based on, arising out of, or relating to this Agreement or any breach thereof (a "Dispute"), shall be resolved by arbitration in accordance with the then-applicable *Commercial Arbitration Rules* of the American Arbitration Association ("AAA Rules"; *see* www.adr.org). The arbitration shall be conducted in the City of Los Angeles, California by one sole arbitrator. The sole arbitrator shall be appointed in accordance with the AAA Rules. The arbitrator shall follow the then-applicable *ICDR Guidelines for Arbitrators Concerning Exchanges of Information* in managing and ruling on requests for discovery. The sole arbitrator, by accepting appointment, shall undertake to exert her or his best efforts to conduct the process so as to issue an award within six (6) months of her or his appointment, but failure to meet that timetable shall not affect the validity of the award. The sole arbitrator shall decide the Dispute in accordance with the substantive law of the State of California, without regard to the conflict of laws rules thereof, and shall not award any damages, fees, cost, expenses or any other amounts that the Parties have agreed to exclude pursuant to this Agreement. The award of the sole arbitrator may be entered in any court of competent jurisdiction.

(j) Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of California (without giving effect to any choice or conflict of law provision or rule (whether of the State of California or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of California).

(k) WAIVER OF JURY TRIAL. THE PARTIES HEREBY IRREVOCABLY WAIVE ANY RIGHT TO A TRIAL BY JURY IN ANY PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OF THE DOCUMENTS OR AGREEMENTS CONTEMPLATED HEREBY, OR ANY OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT OR THOSE DOCUMENTS OR AGREEMENTS, PRESENT OR FUTURE, AND WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE.

(l) Electronic Signatures;Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed an original, but all of which together constitute one and the same instrument. An executed copy of this Agreement may be executed and delivered by facsimile or other electronic signature (including portable document format) by any of the Parties and the receiving Parties may rely on the receipt of such document so executed and delivered electronically or by facsimile as if the original had been received.

(m) Competing Interests. Service Provider or any Affiliate of Service Provider is entitled to have, and nothing in this Agreement shall be construed to restrict Service Provider or any Affiliate of Service Provider from having any other business interests including those that may be competitive to the Company.

(n) Regulatory Compliance. 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 applicable Law or the guidance or instruction of the applicable regulatory authorities. The Parties acknowledge and understand that the applicable Laws and/or the requirements of the applicable regulatory authorities are subject to change and are evolving and continues to do so. If necessary or desirable to comply with the legal and regulatory requirements, the Parties hereby agree to (and to cause their respective Affiliates and related parties and representatives to) use their respective commercially reasonable best efforts to take all actions reasonably requested to ensure compliance with such legal and regulatory requirements, 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 compliance with such legal and regulatory requirements to promptly respond to any informational requests, supplemental disclosure requirements or other correspondence from all regulatory requirements and, to the extent permitted by applicable Law, keep the other Party fully and promptly informed as to any such requests, requirements or correspondence.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the Effective Date.

INDUS LF LLC

By: _____
Name:
Title:

THE HACIENDA COMPANY, LLC

By: _____
Name:
Title:

BRAND NEW CONCEPTS, LLC

By: _____
Name:
Title:

Collateral

The collateral consists of all of the Company's right, title and interest in, to and under or arising out of each and every asset, tangible and intangible, including, without limitation, each and all of the following, whether now existing or hereafter arising and wherever located, but in all cases excluding any consideration received under the Purchase Agreement or any account holding the relevant proceeds thereof:

(i) all of the Company's Goods including, without limitation:

(a) all inventory including, without limitation, all raw materials, work in process, finished goods, supplies, incidentals and packaging materials; and

(b) all machinery and equipment (including, without limitation, all manufacturing, warehouse, and office machinery and equipment), fixtures, trade fixtures, appliances, engineering drawings and diagrams, tools and tooling (including any rights in respect of tools or tooling in the possession of others), computer and other data processing equipment, furniture, office, production or data processing supplies on hand or in transit, other miscellaneous supplies and other tangible property of any kind now owned or hereafter acquired by the Company or in which the Company now has or may hereafter acquire any right, title or interest, including, without limitation, all such property located in any store, plant, warehouse, office or other space leased, owned or occupied by the Company and all of the Company's interest in all leasehold improvements and any and all additions thereto, substitutions therefor and replacements thereof, together with all attachments, components, parts and accessories installed thereon or affixed thereto;

(ii) all of the Company's Accounts;

(iii) all of the Company's licenses, Instruments, Documents, Chattel Paper, Deposit Accounts, Investment Property and General Intangibles (including, without limitation, software);

(iv) all of the Company's patents, trademarks and copyrights (and any supplements thereto), together with

(a) all inventions, processes, production methods, proprietary information, know-how and trade secrets used or useful in the business of the Company, all trade names, service marks, logos, copyrights and the like owned or used by the Company and used or useful in the business of the Company and goodwill relating to the same; and all licenses or other agreements granted to the Company with respect to any of the foregoing, in each case whether now or hereafter owned or used, all information, customer lists, identification of suppliers, data, plans, blueprints, specifications, designs, drawings, recorded knowledge, surveys, engineering reports, test reports, manuals, materials standards, processing standards, performance standards, catalogs, computer and automatic machinery software and programs, and the like pertaining to the operations by the Company in, on or about any of its plants or warehouses, all field repair data, sales data and other information relating to sales or service of products now or hereafter manufactured on or about any of its plants; and all accounting information pertaining to operations in, on or about any of its plants and all media in which or on which any of the information or knowledge or data or and all computer programs used for the compilation or printout of such information, knowledge, records or data, and

(b) all contract rights, General Intangibles (including, without limitation, payment intangibles and software) and other property rights of any nature whatsoever arising out of or in connection with the foregoing;

(v) all of the Company's customer lists and records of the business, all property from time to time described in any financing statement (UCC-1) or similar notice filing naming Service Provider as secured party and all property of Company in the possession of Service Provider; and

(vi) all additions, accessions, replacements, substitutions or improvements and all products and proceeds (including, without limitation, proceeds of insurance), of any and all collateral described in clauses (i) through (v) above.

"Accounts", "Chattel Paper", "Deposit Account", "Document", "General Intangible", "Goods", "Instrument" and "Investment Property" shall have the respective meanings given to them in the California Uniform Commercial Code-Secured Transactions.

Exhibit C
Second Closing Bill of Sale

[See attached.]

SECOND CLOSING BILL OF SALE

THIS SECOND CLOSING BILL OF SALE (this "Bill of Sale") is made effective as of _____ ___, 2021 (the "Effective Date"), and is entered into by and among The Hacienda Company, a California limited liability company ("THC"), Brand New Concepts, LLC, a California limited liability company ("BNC"), LFCO, LLC, a California limited liability company ("LFCO"), Lowell Farms LLC, a California limited liability company ("Lowell"), LFHMP, LLC, a California limited liability company ("LFHMP"), LFLC, LLC, a California limited liability company ("LFLC", and together with THC, BNC, LFCO, Lowell, and LFHMP, the "Transferors", and each a "Transferor"), and Indus LF LLC, a California limited liability company ("Transferee").

WHEREAS, the Transferors, Transferee, and Indus Holdings, Inc., a British Columbia corporation, are parties to that certain Asset Purchase Agreement dated as of February [●], 2021 (the "APA") (all capitalized terms used herein, but not specifically defined herein, shall have the meanings given to such terms in the APA).

WHEREAS, the Transferors and Transferee desire to enter into this Bill of Sale to perfect the conveyance of the Regulated Assets to Transferee, as more fully set forth herein and in the APA.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Transfer of Assets. Each Transferor hereby grants, assigns, transfers, conveys, and delivers to Transferee all of such Transferor's right, title and interest in and to the Regulated Assets. None of the Transferors are granting, assigning, transferring, conveying or delivering any Excluded Assets to Transferee, nor shall anything in this Bill of Sale or the APA be deemed to constitute a grant, assignment, transfer, conveyance or delivery of any such Transferor's right, title or interest in and to the Excluded Assets. Transferee hereby accepts the Regulated Assets.

2. APA to Control. This Bill of Sale is subject to the terms and conditions of the APA, and in the event of any conflict between the terms of this Bill of Sale and the terms of the APA, the APA shall control.

3. Miscellaneous.

(a) This Bill of Sale, the APA, and each of the documents, instruments and agreements delivered in connection thereto constitute the entire agreement between the Transferors and Transferee with respect to the subject matter of this Bill of Sale and supersede all prior agreements and understandings, both oral and written, between the Transferors and Transferee with respect to the subject matter of this Bill of Sale.

(b) This Bill of Sale may be executed in several counterparts, each of which shall be deemed to be an original, and all of which together shall be deemed to be one and the same instrument. Signed counterparts of this Bill of Sale may be delivered by facsimile or by portable document format (.pdf) image and shall be deemed originals for all purposes hereunder.

(c) Sections 7.3 and 7.16 of the APA are incorporated herein by reference, *mutatis mutandis*, as if fully set forth herein.

[*Signature Page Follows*]

This Bill of Sale is made and effective as of the Effective Date.

TRANSFERORS:

THE HACIENDA COMPANY, LLC
By: _____
Name:
Title:

BRAND NEW CONCEPTS, LLC
By: _____
Name:
Title:

LFCO, LLC
By: _____
Name:
Title:

LOWELL FARMS, LLC
By: _____
Name:
Title:

LFHMP, LLC
By: _____
Name:
Title:

LFLC, LLC
By: _____
Name:
Title:

TRANSFEREE:

INDUS LF LLC
By: _____
Name:
Title:

Exhibit D
Second Closing Assignment and Assumption Agreement

[See attached.]

SECOND CLOSING ASSUMPTION AGREEMENT

This Second Closing Assumption Agreement (this "Agreement") is made effective as of _____ ___, 2021 (the "Effective Date"), and is entered into by and among The Hacienda Company, a California limited liability company ("THC"), Brand New Concepts, LLC, a California limited liability company ("BNC"), LFCO, LLC, a California limited liability company ("LFCO"), Lowell Farms LLC, a California limited liability company ("Lowell"), LFHMP, LLC, a California limited liability company ("LFHMP"), LFLC, LLC, a California limited liability company ("LFLC", and together with THC, BNC, LFCO, Lowell, and LFHMP, the "Transferors", and each a "Transferor"), and Indus LF LLC, a California limited liability company ("Transferee").

WHEREAS, the Transferors, Transferee, and Indus Holdings, Inc., a British Columbia corporation, are parties to that certain Asset Purchase Agreement dated as of February [●], 2021 (the "APA") (all capitalized terms used herein, but not specifically defined herein, shall have the meanings given to such terms in the APA).

WHEREAS, the Transferors and Transferee desire to enter into this Agreement to perfect the assumption of the Second Closing Assumed Liabilities by Transferee, as more fully set forth herein and in the APA.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Assumption of Second Closing Assumed Liabilities. Transferee hereby assumes all of the Second Closing Assumed Liabilities. Transferee shall not hereby be deemed to have assumed any of the Excluded Liabilities.

2. APA to Control. This Agreement is subject to the terms and conditions of the APA, and in the event of any conflict between the terms of this Agreement and the terms of the APA, the APA shall control.

3. Miscellaneous.

(a) This Agreement, the APA, and each of the documents, instruments and agreements delivered in connection thereto constitute the entire agreement between the Transferors and Transferee with respect to the subject matter of this Agreement and supersede all prior agreements and understandings, both oral and written, between the Transferors and Transferee with respect to the subject matter of this Agreement.

(b) This Agreement may be executed in several counterparts, each of which shall be deemed to be an original, and all of which together shall be deemed to be one and the same instrument. Signed counterparts of this Agreement may be delivered by facsimile or by portable document format (.pdf) image and shall be deemed originals for all purposes hereunder.

(c) Sections 7.3 and 7.16 of the APA are incorporated herein by reference, *mutatis mutandis*, as if fully set forth herein.

[*Signature Page Follows*]

This Agreement is made effective as of the Effective Date.

TRANSFERORS:

THE HACIENDA COMPANY, LLC
By: _____
Name:
Title:

BRAND NEW CONCEPTS, LLC
By: _____
Name:
Title:

LFCO, LLC
By: _____
Name:
Title:

LOWELL FARMS, LLC
By: _____
Name:
Title:

LFHMP, LLC
By: _____
Name:
Title:

LFLC, LLC
By: _____
Name:
Title:

TRANSFEREE:

INDUS LF LLC
By: _____
Name:
Title:

Exhibit E
Closing Statement

[See attached.]

CLOSING STATEMENT

February 25, 2021

This Closing Statement is being delivered pursuant to Section 1.4(b) of that certain Asset Purchase Agreement, dated as of the date hereof (the "APA"), by and among the The Hacienda Company, LLC, a California limited liability company ("THC"), Brand New Concepts, LLC, a California limited liability company, LFCO, LLC, a California limited liability company, Lowell Farms LLC, a California limited liability company, LFHMP, LLC, a California limited liability company, LFLC, LLC, a California limited liability company, Indus LF LLC, a California limited liability company ("Purchaser"), and Indus Holdings, Inc., a British Columbia corporation ("Parent"). Capitalized terms used and not otherwise defined herein have the meanings assigned to them in the APA.

The undersigned, solely in her capacity as manager of THC, does hereby certify to Purchaser and Parent that set forth in: (a) **Schedule I** hereto is a list of the Closing Liabilities, separated by (i) all amounts to be paid by Purchaser (with payment instructions) at the First Closing, (ii) all amounts to be paid by the Sellers at the First Closing, and (iii) an estimate of the Liabilities to be paid by the Sellers after the First Closing; and (b) **Schedule II** hereto is the outstanding and projected accrued vacation costs for the Group I, Group II and Group III Employees.

[Signature Page Follows]

OF IN WITNESS WHEREOF, the undersigned has executed this Closing Statement as of the date set forth above.

_____
Name:
Title:

Exhibit 10.10

INDUS HOLDING COMPANY

2016 STOCK INCENTIVE PLAN

1. ESTABLISHMENT, EFFECTIVE DATE AND TERM

Indus Holding Company, a Delaware corporation ("Indus"), hereby establishes the Indus Holding Company 2016 Stock Incentive Plan. The Effective Date of the Plan shall be the later of: (i) the date the Plan was approved by the Board, and (ii) the date the Plan was approved by stockholders of Indus in accordance with the laws of the State of Delaware. Unless earlier terminated pursuant to Section 13(k) hereof, the Plan shall terminate on the tenth anniversary of the Effective Date. Capitalized terms used herein are defined in Annex A attached hereto.

2. PURPOSE

The purpose of the Plan is to enable the Company to attract, retain, reward and motivate Eligible Individuals by providing them with an opportunity to acquire or increase a proprietary interest in Indus and to incentivize them to expend maximum effort for the growth and success of the Company, so as to strengthen the mutuality of the interests between the Eligible Individuals and the stockholders of Indus.

3. ELIGIBILITY

Awards may be granted under the Plan to any Eligible Individual, as determined by the Committee from time to time, on the basis of their importance to the business of the Company, pursuant to the terms of the Plan.

4. ADMINISTRATION

(a) Committee. The Plan shall be administered by the Committee, which shall have the full power and authority to take all actions, and to make all determinations not inconsistent with the specific terms and provisions of the Plan and deemed by the Committee to be necessary or appropriate to the administration of the Plan, any Award granted or any Award Agreement entered into hereunder. The Committee may correct any defect or supply any omission or reconcile any inconsistency in the Plan or in any Award Agreement in the manner and to the extent it shall deem expedient to carry the Plan into effect as it may determine in its sole discretion. The Committee may accelerate the vesting of any Award. The decisions by the Committee shall be final, conclusive and binding with respect to the interpretation and administration of the Plan, any Award or any Award Agreement entered into under the Plan.

(b) Delegation to Officers or Employees. The Committee may designate officers or employees of the Company to assist the Committee in the administration of the Plan. The Committee may delegate authority to officers or employees of the Company to grant Awards and execute Award Agreements or other documents on behalf of the Committee in connection with the administration of the Plan, subject to whatever limitations or restrictions the Committee may impose and in accordance with applicable law.

(c) Designation of Advisors. The Committee may designate professional advisors to assist the Committee in the administration of the Plan. The Committee may employ such legal counsel, consultants, and agents as it may deem desirable for the administration of the Plan and may rely upon any advice and any computation received from any such counsel, consultant, or agent. The Company shall pay all expenses and costs incurred by the Committee for the engagement of any such counsel, consultant, or agent.

(d) Participants Outside the U.S. In order to conform with the provisions of local laws and regulations of foreign countries which may affect the Awards or the Participants, the Committee shall have the sole discretion to (i) modify the terms and conditions of the Awards granted under the Plan to Eligible Individuals located outside the United States; (ii) establish subplans with such modifications as may be necessary or advisable under the circumstances present by local laws and regulations; and (iii) take any action which it deems advisable to comply with or otherwise reflect any necessary governmental regulatory procedures, or to obtain any exemptions or approvals necessary with respect to the Plan or any subplan established hereunder.

(e) Liability and Indemnification. No Covered Individual shall be liable for any action or determination made in good faith with respect to the Plan, any Award granted hereunder or any Award Agreement entered into hereunder. The Company shall, to the maximum extent permitted by applicable law and the Certificate of Incorporation and Bylaws of Indus, indemnify and hold harmless each Covered Individual against any cost or expense (including reasonable attorney fees reasonably acceptable to the Company) or liability (including any amount paid in settlement of a claim with the approval of the Company), and amounts advanced to such Covered Individual necessary to pay the foregoing at the earliest time and to the fullest extent permitted, arising out of any act or omission to act in connection with the Plan, any Award granted hereunder or any Award Agreement entered into hereunder. Such indemnification shall be in addition to any rights of indemnification such individuals may have under other agreements, applicable law or under the Certificate of Incorporation or Bylaws of Indus. Notwithstanding anything else herein, this indemnification will not apply to the actions or determinations made by a Covered Individual with regard to Awards granted to such Covered Individual under the Plan or arising out of such Covered Individual's own fraud or bad faith.

5. SHARES OF COMMON STOCK SUBJECT TO PLAN

(a) Shares Available for Awards. The Common Stock that may be issued pursuant to Awards granted under the Plan shall be treasury shares or authorized but unissued shares of the Common Stock. The total number of shares of Common Stock that may be issued pursuant to Awards granted under the Plan shall be 1,428,000 shares, less the number of shares of Common Stock subject to grants of Incentive Stock Options under the Plan.

(b) Limitations on Incentive Stock Options. With respect to the shares of Common Stock issuable pursuant to this Section, a maximum of 1,428,000 of such shares, less the number of shares of Common Stock issued pusuant to other Awards granted under the Plan, may be subject to grants of Incentive Stock Options.

(c) Reduction of Shares Available for Awards. Upon the granting of an Award, the number of shares of Common Stock available for issuance under this Section for the granting of further Awards shall be reduced as follows:

(i) In connection with the granting of an Option, the number of shares of Common Stock shall be reduced by the number of shares of Common Stock subject to the Option;

(ii) In connection with the granting of an Award that is settled in Common Stock, the number of shares of Common Stock shall be reduced by the number of shares of Common Stock subject to the Award; and

(iii) Awards settled in cash or property other than Common Stock shall not count against the total number of shares of Common Stock available to be granted pursuant to the Plan.

(d) Cancelled, Forfeited, or Surrendered Awards. Notwithstanding anything to the contrary in this Plan, if any award under this Plan is cancelled, forfeited or terminated for any reason prior to exercise, delivery or becoming vested in full, the shares of Common Stock that were subject to such Award shall, to the extent cancelled, forfeited or terminated, immediately become available for future Awards granted under this Plan; provided, however, that any shares of Common Stock subject to an Award which is cancelled, forfeited or terminated in order to pay the exercise price of a stock option, purchase price or any taxes or tax withholdings on an Award shall not be available for future Awards granted under this Plan.

(e) Recapitalization. If the outstanding shares of Common Stock are increased or decreased or changed into or exchanged for a different number or kind of shares or other securities by reason of any recapitalization, reclassification, reorganization, stock split, reverse split, combination of shares, exchange of shares, stock dividend or other distribution payable in capital stock of Indus or other increase or decrease in such shares effected without receipt of consideration by Indus occurring after the Effective Date, an appropriate and proportionate adjustment shall be made by the Committee to: (i) the aggregate number and kind of shares of Common Stock available under the Plan (including, but not limited to, the limits of the number of shares of Common Stock described in Section 5(b)), (ii) the calculation of the reduction of shares of Common Stock available under the Plan, (iii) the number and kind of shares of Common Stock issuable pursuant to outstanding Awards granted under the Plan and/or (iv) the Exercise Price of outstanding Options granted under the Plan. No fractional shares of Common Stock or units or other securities shall be issued pursuant to any such adjustment under this Section 5(e), and any fractions resulting from any such adjustment shall be eliminated in each case by rounding downward to the nearest whole share or unit. Any adjustments made under this Section 5(e) with respect to any Incentive Stock Options must be made in accordance with Code Section 424.

6. OPTIONS

(a) Grant of Options. Subject to the terms and conditions of the Plan, the Committee may grant to such Eligible Individuals as the Committee may determine, Options to purchase such number of shares of Common Stock and on such terms and conditions as the Committee shall determine in its sole and absolute discretion. Each grant of an Option shall satisfy the requirements set forth in this Section.

(b) Type of Options. Each Option granted under the Plan may be designated by the Committee, in its sole discretion, as either (i) an Incentive Stock Option, or (ii) a Non-Qualified Stock Option. Options designated as Incentive Stock Options that fail to continue to meet the requirements of Code Section 422 shall be re-designated as Non-Qualified Stock Options automatically on the date of such failure to continue to meet such requirements without further action by the Committee. In the absence of any designation, Options granted under the Plan will be deemed to be Non-Qualified Stock Options.

(c) Exercise Price. Subject to the limitations set forth in the Plan relating to Incentive Stock Options, the Exercise Price of an Option shall be fixed by the Committee and stated in the respective Award Agreement, provided that the Exercise Price of the shares of Common Stock subject to such Option may not be less than Fair Market Value of such Common Stock on the Grant Date, or if greater, the par value of the Common Stock.

(d) Limitation on Option Period. Subject to the limitations set forth in the Plan relating to Incentive Stock Options, Options granted under the Plan and all rights to purchase Common Stock thereunder shall terminate no later than the tenth anniversary of the Grant Date of such Options, or on such earlier date as may be stated in the Award Agreement relating to such Option. In the case of Options expiring prior to the tenth anniversary of the Grant Date, the Committee may in its discretion, at any time prior to the expiration or termination of said Options, extend the term of any such Options for such additional period as it may determine, but in no event beyond the tenth anniversary of the Grant Date thereof.

(e) Limitations on Incentive Stock Options. Notwithstanding any other provisions of the Plan, the following provisions shall apply with respect to Incentive Stock Options granted pursuant to the Plan.

(i) Limitation on Grants. Incentive Stock Options may only be granted to Section 424 Employees. The aggregate Fair Market Value (determined at the time such Incentive Stock Option is granted) of the shares of Common Stock for which any individual may have Incentive Stock Options which first become vested and exercisable in any calendar year (under all incentive stock option plans of the Company) shall not exceed $100,000. Options granted to such individual in excess of the $100,000 limitation, and any Options issued subsequently which first become vested and exercisable in the same calendar year, shall automatically be treated as Non-Qualified Stock Options.

(ii) Minimum Exercise Price. In no event may the Exercise Price of a share of Common Stock subject an Incentive Stock Option be less than 100% of the Fair Market Value of such share of Common Stock on the Grant Date.

(iii) Ten Percent Stockholder. Notwithstanding any other provision of the Plan to the contrary, in the case of Incentive Stock Options granted to a Section 424 Employee who, at the time the Option is granted, owns (after application of the rules set forth in Code Section 424(d)) stock possessing more than ten percent of the total combined voting power of all classes of stock of Indus, such Incentive Stock Options (i) must have an Exercise Price per share of Common Stock that is at least 110% of the Fair Market Value as of the Grant Date of a share of Common Stock, and (ii) must not be exercisable after the fifth anniversary of the Grant Date.

(f) Vesting Schedule and Conditions. No Options may be exercised prior to the satisfaction of the conditions and vesting schedule provided for in the Plan and in the Award Agreement relating thereto. Unless otherwise provided in the Award Agreement, 25% of the Options shall on each anniversary of the Grant Date, and there shall be no proportionate or partial vesting in the periods between the vesting dates and all vesting shall occur only on the aforementioned vesting dates.

(g) Exercise. When the conditions to the exercise of an Option have been satisfied, the Participant may exercise the Option only in accordance with the following provisions. The Participant shall deliver to Indus a written notice stating that the Participant is exercising the Option and specifying the number of shares of Common Stock which are to be purchased pursuant to the Option, and such notice shall be accompanied by payment in full of the Exercise Price of the shares for which the Option is being exercised, by one or more of the methods provided for in the Plan. An attempt to exercise any Option granted hereunder other than as set forth in the Plan shall be invalid and of no force and effect.

(h) Payment. Payment of the Exercise Price for the shares of Common Stock purchased pursuant to the exercise of an Option shall be made by one of the following methods:

(i) by cash, certified or cashier's check, bank draft or money order; or

(ii) by any other method which the Committee, in its sole and absolute discretion and to the extent permitted by applicable law, may permit.

(i) Termination of Employment. Unless otherwise provided in an Award Agreement, upon the termination of the employment or other service of a Participant with Company for any reason, all of the Participant's outstanding Options (whether vested or unvested) shall be subject to the rules of this paragraph. Upon such termination, the Participant's unvested Options shall expire. Notwithstanding anything in this Plan to the contrary, the Committee may provide, in its sole and absolute discretion, that following the termination of employment or other service of a Participant with the Company for any reason (i) any unvested Options held by the Participant shall vest in whole or in part, at any time subsequent to such termination of employment or other service, and/or (ii) a Participant or the Participant's estate, devisee or heir at law (whichever is applicable), may exercise an Option, in whole or in part, at any time subsequent to such termination of employment or other service and prior to the termination of the Option pursuant to its terms that are unrelated to termination of service. Unless otherwise determined by the Committee, temporary absence from employment or other service because of illness, vacation, approved leaves of absence or military service shall not constitute a termination of employment or other service.

(i) Termination for Reason Other Than Cause or Death. If a Participant's termination of employment or other service is for any reason other than death, Disability, Cause or a voluntary termination within ninety (90) days after occurrence of an event which would be grounds for termination of employment or other service by the Company for Cause, any Option held by such Participant may be exercised, to the extent exercisable at termination, by the Participant at any time within a period not to exceed ninety (90) days from the date of such termination, but in no event after the termination of the Option pursuant to its terms that are unrelated to termination of service.

(ii) Death. If a Participant dies while in the employment or other service of the Company, any Option held by such Participant may be exercised, to the extent exercisable at termination, by the Participant's estate or the devisee named in the Participant's valid last will and testament or the Participant's heir at law who inherits the Option, at any time within a period not to exceed one hundred eighty (180) days after the date of such Participant's death, but in no event after the termination of the Option pursuant to its terms that are unrelated to termination of service.

(iii) Termination for Cause. In the event the termination is for Cause or is a voluntary termination within ninety (90) days after occurrence of an event which would be grounds for termination of employment or other service by the Company for Cause (without regard to any notice or cure period requirement), any Option held by the Participant at the time of such termination shall be deemed to have terminated and expired upon the date of such termination.

7. RESTRICTED STOCK

(a) Grant of Restricted Stock. Subject to the terms and conditions of the Plan, the Committee may grant to such Eligible Individuals as the Committee may determine, Restricted Stock, in such amounts and on such terms and conditions as the Committee shall determine in its sole and absolute discretion. Each grant of Restricted Stock shall satisfy the requirements as set forth in this Section.

(b) Restrictions. The Committee shall impose such restrictions on any Restricted Stock granted pursuant to the Plan as it may deem advisable.

(c) Certificates and Certificate Legend. With respect to a grant of Restricted Stock, the Company may issue a certificate evidencing such Restricted Stock to the Participant or issue and hold such shares of Restricted Stock for the benefit of the Participant until the applicable restrictions expire. The Company may legend the certificate representing Restricted Stock to give appropriate notice of such restrictions and include any legends required by the Shareholders Agreement. In addition to any such legends, each certificate representing shares of Restricted Stock granted pursuant to the Plan shall bear substantially the following legends or other legends deemed appropriate by the Company to the following effect::

"SHARES OF STOCK REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER ANY APPLICABLE STATE SECURITIES LAW AND MAY NOT BE TRANSFERRED, SOLD OR OTHERWISE DISPOSED OF IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND UNDER APPLICABLE STATE SECURITIES LAWS OR AN OPINION OF COUNSEL REASONABLY ACCEPTABLE TO THE ISSUER THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT AND THE RULES AND REGULATIONS PROMULGATED THEREUNDER OR UNDER APPLICABLE STATE SECURITIES LAWS."

"SHARES OF STOCK REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN TERMS, CONDITIONS, AND RESTRICTIONS ON TRANSFER AS SET FORTH IN INDUS HOLDING COMPANY 2016 STOCK INCENTIVE PLAN (THE "PLAN"), AND IN AN AGREEMENT ENTERED INTO BY AND BETWEEN THE REGISTERED OWNER OF SUCH SHARES AND INDUS HOLDING COMPANY. (THE "COMPANY"), DATED ___, 20__ (THE "AWARD AGREEMENT"). A COPY OF THE PLAN AND THE AWARD AGREEMENT MAY BE OBTAINED FROM THE SECRETARY OF THE COMPANY."

"THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A RIGHT OF FIRST REFUSAL OPTION IN FAVOR OF THE CORPORATION AND/OR ITS ASSIGNEE(S), AS PROVIDED IN THE BYLAWS OF THE CORPORATION."

"THE SHARES REPRESENTED BY THIS CERTIFICATE MAY NOT BE TRANSFERRED WITHOUT THE CONSENT OF THE CORPORATION, AS PROVIDED IN THE BYLAWS OF THE CORPORATION."

(d) Removal of Restrictions. Except as otherwise provided in the Plan and applicable law, shares of Restricted Stock shall become freely transferable by the Participant upon the lapse of the applicable restrictions. Once the shares of Restricted Stock are released from the restrictions, the Participant shall be entitled to have the second paragraph of the legend set forth in paragraph (c) above removed from the share certificate evidencing such Restricted Stock and the Company shall pay or distribute to the Participant all dividends and distributions held in escrow by the Company with respect to such Restricted Stock, if any.

(e) Stockholder Rights. Unless otherwise provided in an Award Agreement, until the expiration of all applicable restrictions, (i) the Restricted Stock shall be treated as outstanding, (ii) the Participant holding shares of Restricted Stock may exercise full voting rights with respect to such shares, and (iii) the Participant holding shares of Restricted Stock shall be entitled to receive all dividends and other distributions paid with respect to such shares while they are so held. If any such dividends or distributions are paid in shares of Common Stock, such shares shall be subject to the same restrictions on transferability and forfeitability as the shares of Restricted Stock with respect to which they were paid. Notwithstanding anything to the contrary, at the discretion of the Committee, all such dividends and distributions may be held in escrow by the Company (subject to the same restrictions on transfer and forfeitability) until all restrictions on the respective Restricted Stock have lapsed.

(f) Termination of Employment. Unless otherwise provided in an Award Agreement, if a Participant's employment or other service with the Company terminates for any reason, all unvested shares of Restricted Stock held by the Participant and any dividends or distributions held in escrow by the Company with respect to such Restricted Stock shall be forfeited immediately and returned to the Company. Notwithstanding anything in this Plan to the contrary, the Committee may provide, in its sole and absolute discretion, that following the termination of employment or other service of a Participant with the Company for any reason, any unvested shares of Restricted Stock held by the Participant that vest solely upon a future service requirement shall vest in whole or in part, at any time subsequent to such termination of employment or other service.

8. RESTRICTED STOCK UNITS

(a) Grant of Restricted Stock Units. Subject to the terms and conditions of the Plan, the Committee may grant to such Eligible Individuals as the Committee may determine, Restricted Stock Units, in such amounts and on such terms and conditions as the Committee shall determine in its sole and absolute discretion. Each grant of Restricted Stock Units shall satisfy the requirements as set forth in this Section.

(b) Terms and Conditions of Restricted Stock Units. The applicable Award Agreement shall set forth (i) the number of Restricted Stock Units; (ii) any vesting conditions with respect to the Restricted Stock Units; (iii) timing of distributions with respect to Restricted Stock Units; and (iv) any other terms and conditions as the Committee determines in its sole and absolute discretion. Unless otherwise provided in an Award Agreement, a holder of Restricted Stock Units is not entitled to the rights of a holder of Common Stock.

(c) Termination of Employment.

(i) Unless otherwise provided in an Award Agreement, if a Participant's employment and other service with the Company terminates for any reason, all of the Participant's outstanding Restricted Stock Units that have not vested as of the date of such termination shall expire upon such termination and the Participant shall have no further rights pursuant to such Restricted Stock Units. Notwithstanding anything in this Plan to the contrary, the Committee may provide, in its sole and absolute discretion, that following the termination of employment or other service of a Participant with the Company for any reason, any unvested Restricted Stock Units held by the Participant that vest solely upon a future service requirement shall vest in whole or in part, at any time subsequent to such termination of employment or other service.

(ii) Unless otherwise provided in an Award Agreement, if a Participant's employment and other service with the Company terminates for Cause or due to a voluntary termination within ninety (90) days after occurrence of an event which would be grounds for termination of employment or other service by the Company for Cause (without regard to any notice or cure period requirement), all of the Participant's outstanding Restricted Stock Units shall expire upon such termination and the Participant shall have no further rights pursuant to such Restricted Stock Units.

9. OTHER AWARDS

Awards of shares of Common Stock, stock appreciation rights, phantom stock and other Awards that are valued in whole or in part by reference to, or otherwise based on, Common Stock, may also be made, from time to time, to Eligible Individuals as may be selected by the Committee. Such Common Stock may be issued in satisfaction of Awards granted under any other plan sponsored by the Company or compensation payable to an Eligible Individual. In addition, such Awards may be made alone or in addition to or in connection with any other Award granted hereunder. The Committee may determine the terms and conditions of any such Award. Each such Award shall be evidenced by an Award Agreement between the Eligible Individual and the Company which shall specify the number of shares of Common Stock subject to the Award, any consideration therefore, any vesting or performance requirements and such other terms and conditions as the Committee shall determine in its sole and absolute discretion.

10. CHANGE IN CONTROL, RIGHT OF REPURCHASE

(a) Change in Control. Upon the occurrence of a Change in Control, the Committee may in its sole and absolute discretion, provide on a case by case basis that (i) that all unvested Awards, and all vested Awards that are required to be exercised to realize the full benefit thereof that have not been exercised, shall terminate, provided that Participants shall have the right, immediately prior to the occurrence of such Change in Control and during such reasonable period as the Committee in its sole discretion shall determine and designate, to exercise any such vested Award, (ii) that all unvested Awards, and all vested Awards that are required to be exercised to realize the full benefit thereof that have not been exercised, shall terminate, provided that Participants shall be entitled to a cash payment equal to the Change in Control Price with respect to shares subject to the vested portion of the Award net of the Exercise Price thereof, if applicable, (iii) provide that, in connection with a liquidation or dissolution of Indus, Awards that are required to be exercised to realize the full benefit thereof that have not been exercised, to the extent vested, shall convert into the right to receive liquidation proceeds net of the Exercise Price (if applicable), (iv) accelerate the vesting of Awards and (v) any combination of the foregoing. In the event that the Committee does not terminate or convert an unvested Award, or a vested Award that is required to be exercised to realize the full benefit thereof that has not been exercised, upon a Change in Control of Indus, then the Award shall be assumed, or substantially equivalent Awards shall be substituted, by the acquiring, or succeeding corporation (or an affiliate thereof).

(b) Indus's Right to Purchase Award Stock. Unless otherwise provided in an Award Agreement, Indus shall have the right to repurchase the Award Stock issued with respect to any Participant, following such Participant's termination of employment and service with the Company for any reason. The price for repurchasing the Award Stock shall be equal to the Fair Market Value of the Common Stock, as determined on the day of such termination. Should Indus fail to exercise such repurchase right within One Hundred and Eighty (180) days following the later of (i) the date of such Participant's termination of employment or service; or (ii) the date Award Stock is issued to the Participant, Indus shall be deemed to have waived such right.

11. CHANGE IN STATUS OF PARENT OR SUBSIDIARY

Unless otherwise provided in an Award Agreement or otherwise determined by the Committee, in the event that an entity or business unit which was previously a part of the Company is no longer a part of the Company, as determined by the Committee in its sole discretion, the Committee may, in its sole and absolute discretion: (i) provide on a case by case basis that some or all outstanding Awards held by a Participant employed by or performing service for such entity or business unit may become immediately exercisable or vested, without regard to any limitation imposed pursuant to this Plan; (ii) provide on a case by case basis that some or all outstanding Awards held by a Participant employed by or performing service for such entity or business unit may remain outstanding, may continue to vest, and/or may remain exercisable for a period not exceeding one (1) year, subject to the terms of the Award Agreement and this Plan; and/or (iii) treat the employment or other services of a Participant performing services for such entity or business unit as terminated if such Participant is not employed by Indus or any entity that is a part of the Company immediately after such event.

12. REQUIREMENTS OF LAW

(a) Violations of Law. The Company shall not be required to make any payments, sell or issue any shares of Common Stock under any Award if the sale or issuance of such shares would constitute a violation by the individual exercising the Award, the Participant or the Company of any provisions of any law or regulation of any governmental authority, including without limitation any provisions of the Sarbanes-Oxley Act, and any other federal or state securities laws or regulations. Any determination in this connection by the Committee shall be final, binding, and conclusive. The Company shall not be obligated to take any affirmative action in order to cause the exercise of an Award, the issuance of shares pursuant thereto or the grant of an Award to comply with any law or regulation of any governmental authority.

(b) Registration. At the time of any exercise or receipt of any Award, the Company may, if it shall determine it necessary or desirable for any reason, require the Participant (or Participant's heirs, legatees or legal representative, as the case may be), as a condition to the exercise or grant thereof, to deliver to the Company a written representation of present intention to hold the shares for their own account as an investment and not with a view to, or for sale in connection with, the distribution of such shares, except in compliance with applicable federal and state securities laws with respect thereto. In the event such representation is required to be delivered, an appropriate legend may be placed upon each certificate delivered to the Participant (or Participant's heirs, legatees or legal representative, as the case may be) upon the Participant's exercise of part or all of the Award or receipt of an Award and a stop transfer order may be placed with the transfer agent. Each Award shall also be subject to the requirement that, if at any time the Company determines, in its discretion, that the listing, registration or qualification of the shares subject to the Award upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of or in connection with, the issuance or purchase of the shares thereunder, the Award may not be exercised in whole or in part and the restrictions on an Award may not be removed unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Company in its sole discretion. The Participant shall provide the Company with any certificates, representations and information that the Company requests and shall otherwise cooperate with the Company in obtaining any listing, registration, qualification, consent or approval that the Company deems necessary or appropriate. The Company shall not be obligated to take any affirmative action in order to cause the exercisability or vesting of an Award, to cause the exercise of an Award or the issuance of shares pursuant thereto, or to cause the grant of Award to comply with any law or regulation of any governmental authority.

(c) Withholding. The Committee may make such provisions and take such steps as it may deem necessary or appropriate for the withholding of any taxes that the Company is required by any law or regulation of any governmental authority, whether federal, state or local, domestic or foreign, to withhold in connection with the grant or exercise of an Award, or the removal of restrictions on an Award including, but not limited to: (i) the withholding of delivery of shares of Common Stock until the holder reimburses the Company for the amount the Company is required to withhold with respect to such taxes; (ii) the canceling of any number of shares of Common Stock issuable in an amount sufficient to reimburse the Company for the amount it is required to so withhold; (iii) withholding the amount due from any such person's wages or compensation due to such person; or (iv) requiring the Participant to pay the Company cash in the amount the Company is required to withhold with respect to such taxes.

(d) Governing Law. The Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware.

13. GENERAL PROVISIONS

(a) Award Agreements. All Awards granted pursuant to the Plan shall be evidenced by an Award Agreement. Each Award Agreement shall specify the terms and conditions of the Award granted and shall contain any additional provisions as the Committee shall deem appropriate, in its sole and absolute discretion (including, to the extent that the Committee deems appropriate, provisions relating to confidentiality, non-competition, non-solicitation and similar matters). The terms of each Award Agreement need not be identical for Eligible Individuals provided that each Award Agreement shall comply with the terms of the Plan.

(b) Purchase Price. To the extent the purchase price of any Award granted hereunder is less than par value of a share of Common Stock and such purchase price is not permitted by applicable law, the per share purchase price shall be deemed to be equal to the par value of a share of Common Stock.

(c) Dividends and Dividend Equivalents. Except as set forth in the Plan, an Award Agreement or provided by the Committee in its sole and absolute discretion, a Participant shall not be entitled to receive, currently or on a deferred basis, cash or stock dividends, Dividend Equivalents, or cash payments in amounts equivalent to cash or stock dividends on shares of Commons Stock covered by an Award. The Committee in its absolute and sole discretion may credit a Participant's Award with Dividend Equivalents with respect to any Awards. To the extent that dividends and distributions relating to an Award are held in escrow by the Company, or Dividend Equivalents are credited to an Award, a Participant shall not be entitled to any interest on any such amounts.

(d) Deferral of Awards. The Committee may from time to time establish procedures pursuant to which a Participant may elect to defer, until a time or times later than the vesting of an Award, receipt of all or a portion of the shares of Common Stock or cash subject to such Award and to receive Common Stock or cash at such later time or times, all on such terms and conditions as the Committee shall determine. The Committee may refuse the deferral of an Award unless counsel for Indus determines that such action will not result in adverse tax consequences to a Participant under Section 409A of the Code. If any such deferrals are permitted, then notwithstanding anything to the contrary herein, a Participant who elects to defer receipt of Common Stock shall not have any rights as a stockholder with respect to deferred shares of Common Stock unless and until shares of Common Stock are actually delivered to the Participant with respect thereto, except to the extent otherwise determined by the Committee.

(e) Prospective Employees. Notwithstanding anything to the contrary, any Award granted to a Prospective Employee shall not become vested prior to the date the Prospective Employee first becomes an employee of the Company.

(f) Stockholder Rights. Except as expressly provided in the Plan or an Award Agreement, a Participant shall not have any of the rights of a stockholder with respect to Common Stock subject to the Awards prior to satisfaction of all conditions relating to the issuance of such Common Stock, and no adjustment shall be made for dividends, distributions or other rights of any kind for which the record date is prior to the date on which all such conditions have been satisfied.

(g) Transferability of Awards. A Participant may not Transfer an Award other than by will or the laws of descent and distribution. Awards may be exercised during the Participant's lifetime only by the Participant. No Award shall be liable for or subject to the debts, contracts, or liabilities of any Participant, nor shall any Award be subject to legal process or attachment for or against such person. Any purported Transfer of an Award in contravention of the provisions of the Plan shall have no force or effect and shall be null and void, and the purported transferee of such Award shall not acquire any rights with respect to such Award. Notwithstanding anything to the contrary, the Committee may in its sole and absolute discretion permit the Transfer of an Award to a Participant's "family member" as such term is defined in the Form S-8 Registration Statement under the Securities Act of 1933, as amended, under such terms and conditions as specified by the Committee. In such case, such Award shall be exercisable only by the transferee approved of by the Committee. To the extent that the Committee permits the Transfer of an Incentive Stock Option to a "family member", so that such Option fails to continue to satisfy the requirements of an incentive stock option under the Code such Option shall automatically be re-designated as a Non-Qualified Stock Option.

(h) Buyout and Settlement Provisions. Except as prohibited herein, the Committee may at any time on behalf of Indus offer to buy out any Awards previously granted based on such terms and conditions as the Committee shall determine which shall be communicated to the Participants at the time such offer is made.

(i) Use of Proceeds. The proceeds received by Indus from the sale of Common Stock pursuant to Awards granted under the Plan shall constitute general funds of Indus.

(j) Modification or Substitution of an Award. Subject to the terms and conditions of the Plan, the Committee may modify outstanding Awards, provided that, except as expressly provided in the Plan, no modification of an Award shall adversely affect any rights or obligations of the Participant under the applicable Award Agreement without the Participant's consent. Nothing in the Plan shall limit the right of the Company to pay compensation of any kind outside the terms of the Plan.

(k) Amendment and Termination of Plan. The Board may, at any time and from time to time, amend, suspend or terminate the Plan as to any shares of Common Stock as to which Awards have not been granted; *provided, however*, that the approval of the stockholders of Indus in accordance with applicable law and the Certificate of Incorporation and Bylaws of Indus shall be required for any amendment the approval of which is necessary to comply with federal or state law, including Section 422 of the Code. Except as expressly provided in the Plan, no amendment, suspension or termination of the Plan shall, without the consent of the holder of an Award, alter or impair rights or obligations under any Award theretofore granted under the Plan. Awards granted prior to the termination of the Plan may extend beyond the date the Plan is terminated and shall continue subject to the terms of the Plan as in effect on the date the Plan is terminated.

(l) Section 409A of the Code. With respect to Awards subject to Section 409A of the Code, this Plan is intended to comply with the requirements of such Section, and the provisions hereof shall be interpreted in a manner that satisfies the requirements of such Sections and the related regulations, and the Plan shall be operated accordingly. If any provision of this Plan or any term or condition of any Award would otherwise frustrate or conflict with this intent, the provision, term or condition will be interpreted and deemed amended so as to avoid this conflict.

(m) Notification of 83(b) Election. If in connection with the grant of any Award, any Participant makes an election permitted under Code Section 83(b), such Participant must notify Indus in writing of such election within ten (10) days of filing such election with the Internal Revenue Service.

(n) Disclaimer of Rights. No provision in the Plan, any Award granted hereunder, or any Award Agreement entered into pursuant to the Plan shall be construed to confer upon any individual the right to remain in the employ of or other service with the Company or to interfere in any way with the right and authority of the Company either to increase or decrease the compensation of any individual, including any holder of an Award, at any time, or to terminate any employment or other relationship between any individual and the Company. The grant of an Award pursuant to the Plan shall not affect or limit in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge, consolidate, dissolve or liquidate, or to sell or transfer all or any part of its business or assets.

(o) Unfunded Status of Plan. The Plan is intended to constitute an "unfunded" plan for incentive and deferred compensation. With respect to any payments as to which a Participant has a fixed and vested interest but which are not yet made to such Participant by the Company, nothing contained herein shall give any such Participant any rights that are greater than those of a general creditor of the Company.

(p) Non-exclusivity of Plan. The adoption of the Plan shall not be construed as creating any limitations upon the right and authority of the Board to adopt such other incentive compensation arrangements (which arrangements may be applicable either generally to a class or classes of individuals or specifically to a particular individual or individuals) as the Board in its sole and absolute discretion determines desirable.

(q) Other Benefits. No Award payment under the Plan shall be deemed compensation for purposes of computing benefits under any retirement plan of the Company or any agreement between a Participant and the Company, nor affect any benefits under any other benefit plan of the Company now or subsequently in effect under which benefits are based upon a Participant's level of compensation.

(r) Headings. The section headings in the Plan are for convenience only; they form no part of this Agreement and shall not affect its interpretation.

(s) Pronouns. The use of any gender in the Plan shall be deemed to include all genders, and the use of the singular shall be deemed to include the plural and vice versa, wherever it appears appropriate from the context.

(t) Successors and Assigns. The Plan shall be binding on all successors of the Company and all successors and permitted assigns of a Participant, including, but not limited to, a Participant's estate, devisee, or heir at law.

(u) Severability. If any provision of the Plan or any Award Agreement shall be determined to be illegal or unenforceable by any court of law in any jurisdiction, the remaining provisions hereof and thereof shall be severable and enforceable in accordance with their terms, and all provisions shall remain enforceable in any other jurisdiction.

(v) Notices. Any communication or notice required or permitted to be given under the Plan shall be in writing, and mailed by registered or certified mail or delivered by hand, to Indus, to its principal place of business, attention: Chief Financial Officer and if to the holder of an Award, to the address as appearing on the records of the Company.

ANNEX A

DEFINITIONS

“Award” means any Option, Restricted Stock, Restricted Stock Unit or any other award granted pursuant to the Plan.

“Award Agreement” means a written agreement entered into by Indus and a Participant setting forth the terms and conditions of the grant of an Award to such Participant.

"Award Stock" means Common Stock issued pursuant to an Award.

“Board” means the board of directors of Indus.

“Indus” means Indus Holding Company, a Delaware corporation.

“Cause” means, with respect to a termination of employment or other service with the Company, a termination of employment or other service due to a Participant’s dishonesty, fraud, insubordination, willful misconduct, refusal to perform services (for any reason other than illness or incapacity), violation of any written corporate policy or materially unsatisfactory performance of the Participant’s duties for the Company; *provided, however*, that if the Participant and the Company have entered into an employment agreement or consulting agreement which defines the term Cause, the term Cause shall be defined in accordance with such agreement with respect to any Award granted to the Participant on or after the effective date of the respective employment or consulting agreement. The Committee shall determine in its sole and absolute discretion whether Cause exists for purposes of the Plan.

“Change in Control” means: (i) any Person (other than Indus, any trustee or other fiduciary holding securities under any employee benefit plan of Indus, or any company owned, directly or indirectly, by stockholders of Indus in substantially the same proportions as their ownership of Indus Common Stock) becomes the beneficial owner, directly or indirectly, of securities of Indus representing fifty percent (50%) or more of the value of Indus’s then outstanding securities (the “Majority Owner”); provided, however, that no Change in Control shall occur under this paragraph (i) unless a person who was not a Majority Owner at some time after the Effective Date becomes a Majority Owner after the Effective Date; (ii) a merger, consolidation, reorganization, or other business combination of Indus with any other entity, other than a merger or consolidation which would result in the securities of Indus outstanding immediately prior thereto continuing to represent directly or indirectly (including by remaining outstanding or by being converted into voting securities of the surviving entity) more than fifty percent (50%) by value of the securities of Indus or such surviving entity outstanding immediately after such merger or consolidation; (iii) the consummation of the sale or disposition by Indus of all or substantially all of its assets other than (x) the sale or disposition of all or substantially all of the assets of the Company to a Person or Persons at least fifty percent (50%) of the securities of which are beneficially owned, directly or indirectly, by Indus at the time of the sale or (y) pursuant to a spin-off type transaction, directly or indirectly, of such assets to the stockholders of Indus or (iv) any Deemed Liquidation Event (as defined in the Company's Certificate of Incorporation).

However, to the extent that Section 409A of the Code would cause an adverse tax consequence to a Participant using the above definition, the term “Change in Control” shall have the meaning ascribed to the phrase “Change in the Ownership or Effective Control of a Corporation or in the Ownership of a Substantial Portion of the Assets of a Corporation” under Treasury Department Regulation 1.409A-3(i)(5), as revised from time to time in either subsequent regulations or other guidance, and in the event that such regulations are withdrawn or such phrase (or a substantially similar phrase) ceases to be defined, as determined by the Committee.

“Change in Control Price” means the price per share of Common Stock paid in any transaction related to a Change in Control of Indus, which shall be subject to the priority, rights and preferences set forth in the Company's Certificate of Incorporation, as may be amended from time to time.

“Code” means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

“Committee” means a committee or sub-committee of the Board, properly empowered to perform the function of the Committee under the Plan. If no Committee exists, the functions of the Committee will be exercised by the Board.

“Common Stock” means the common stock, par value $.001 per share, of Indus or any other security into which such common stock shall be changed as contemplated by the adjustment provisions of Section 5 of the Plan.

“Company” means Indus, the subsidiaries of Indus and all other entities whose financial statements are required to be consolidated with the financial statements of Indus pursuant to United States generally accepted accounting principles, and any other entity determined to be an affiliate of Indus as determined by the Committee in its sole and absolute discretion.

“Covered Individual” means any current or former member of the Committee, any current or former officer or director of the Company, or, if so determined by the Committee in its sole discretion, any individual designated pursuant to Section 4(c).

“Dividend Equivalents” means an amount equal to the cash dividends paid by the Company upon one share of Common Stock subject to an Award granted to a Participant under the Plan.

"Effective Date" means the later of: (i) the date the Plan was approved by the Board, and (ii) the date the Plan was approved by stockholders of Indus in accordance with the laws of the State of Delaware, as set forth in Section 1 hereof.

“Eligible Individual” means any employee, consultant, officer, director (employee or non-employee director) or independent contractor of the Company and any Prospective Employee to whom Awards are granted in connection with an offer of future employment with the Company.

“Exercise Price” means the purchase price per share of each share of Common Stock subject to an Award.

"Fair Market Value" means, unless otherwise required by the Code or other applicable law, fair market value as determined in good faith by the Committee.

"Grant Date" means, unless otherwise provided by applicable law, the date on which the Committee approves the grant of an Award or such later date as is specified by the Committee and set forth in the applicable Award Agreement.

"Incentive Stock Option" means an "incentive stock option" within the meaning of Code Section 422.

"Non-Qualified Stock Option" means an Option which is not an Incentive Stock Option.

"Option" means an option to purchase Common Stock granted pursuant to Sections 6 of the Plan.

"Participant" means any Eligible Individual who holds an Award under the Plan and any of such individual's successors or permitted assigns.

"Person" shall mean any person, corporation, partnership, limited liability company, joint venture or other entity or any group, other than a Parent or subsidiary of the Company.

"Plan" means this Indus Communications Inc. 2016 Stock Incentive Plan.

"Prospective Employee" means any individual who has committed to become an employee or independent contractor of the Company within sixty (60) days from the date an Award is granted to such individual.

"Restricted Stock" means Common Stock subject to certain restrictions, as determined by the Committee, and granted pursuant to Section 7 hereof.

"Restricted Stock Unit" means a right to receive a fixed number of shares of Common Stock, or the cash equivalent, which may be subject to certain restriction and granted pursuant to Section 8 hereof.

"Section 424 Employee" means an employee of Indus or any "subsidiary corporation" or "parent corporation" as such terms are defined in and in accordance with Code Section 424. The term "Section 424 Employee" also includes employees of a corporation issuing or assuming any Options in a transaction to which Code Section 424(a) applies.

"Transfer" means, as a noun, any direct or indirect, voluntary or involuntary, exchange, sale, bequeath, pledge, mortgage, hypothecation, encumbrance, distribution, transfer, gift, assignment or other disposition or attempted disposition of, and, as a verb, directly or indirectly, voluntarily or involuntarily, to exchange, sell, bequeath, pledge, mortgage, hypothecate, encumber, distribute, transfer, give, assign or in any other manner whatsoever dispose or attempt to dispose of.

Exhibit 10.11

INDUS HOLDINGS, INC.
2019 STOCK AND INCENTIVE PLAN

APPROVED BY THE COMPANY'S SHAREHOLDERS: JANUARY 16, 2019
AMENDED BY THE HOLDER OF SUPER VOTING SHARES: APRIL 13, 2020
AMENDED BY THE HOLDER OF SUPER VOTING SHARES: FEBRUARY 17, 2021

Section 1. Purpose

The purpose of the Plan is to promote the interests of the Company and its shareholders by aiding the Company in attracting and retaining employees, officers, consultants, advisors and Non-Employee Directors capable of assuring the future success of the Company, to offer such persons incentives to put forth maximum efforts for the success of the Company's business and to compensate such persons through various stock and cash-based arrangements and provide them with opportunities for stock ownership in the Company, thereby aligning the interests of such persons with the Company's shareholders.

Section 2. Definitions

As used in the Plan, the following terms shall have the meanings set forth below:

(a) "*Affiliate*" shall mean any entity that, directly or indirectly through one or more intermediaries, is controlled by the Company.

(b) "*Award*" shall mean any Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit, Performance Award, Dividend Equivalent or Other Stock-Based Award granted under the Plan.

(c) "*Award Agreement*" shall mean any written agreement, contract or other instrument or document evidencing an Award granted under the Plan (including a document in an electronic medium) executed in accordance with the requirements of Section 10(b).

(d) "*Board*" shall mean the Board of Directors of the Company.

(e) "*Code*" shall mean the U.S. Internal Revenue Code of 1986, as amended from time to time, and any regulations promulgated thereunder.

(f) "*Committee*" shall mean the Compensation Committee of the Board or such other committee designated by the Board to administer the Plan. At any time that the Company is an SEC registrant and is not a "foreign private issuer" for purposes of the Securities Act and the Exchange Act, the Committee shall be comprised of not less than such number of Directors as shall be required to permit Awards granted under the Plan to qualify under Rule 16b-3, and each member of the Committee shall be a "non-employee director" within the meaning of Rule 16b-3.

(g) "*Company*" shall mean Indus Holdings, Inc., a British Columbia corporation, and any successor corporation.

(h) "*Convertible Shares*" means the non-voting redeemable common shares of Indus Holding Company.

(i) "*CSE*" means the Canadian Securities Exchange.

(j) "*Director*" shall mean a member of the Board.

(k) "*Dividend Equivalent*" shall mean any right granted under Section 6(e) of the Plan.

(l) "*Effective Date*" shall mean the date the Plan is adopted by the Board, as set forth in Section 11.

(m) "*Eligible Person*" shall mean any employee, officer, Non-Employee Director, consultant, independent contractor or advisor providing services to the Company or any Affiliate, or any such person to whom an offer of employment or engagement with the Company or any Affiliate is extended.

(n) "*Exchange Act*" shall mean the U.S. Securities Exchange Act of 1934, as amended.

(o) "*Fair Market Value*" with respect to one Share as of any date shall mean (a) if the Shares are listed on the CSE or any established stock exchange, the price of one Share at the close of the regular trading session of such market or exchange on the last trading day prior to such date, and if no sale of Shares shall have occurred on such date, on the next preceding date on which there was a sale of Shares. Notwithstanding the foregoing, in the event that the Shares are listed on the CSE, for the purposes of establishing the exercise price of any Options, the Fair Market Value shall not be lower than the greater of the closing market price of the Shares on the CSE on (i) the trading day prior to the date of grant of the Options, and (ii) the date of grant of the Options; (b) if the Shares are not so listed on the CSE or any established stock exchange, the average of the closing "bid" and "asked" prices quoted by the OTC Bulletin Board, the National Quotation Bureau, or any comparable reporting service on such date or, if there are no quoted "bid" and "asked" prices on such date, on the next preceding date for which there are such quotes for a Share; or (c) if the Shares are not publicly traded as of such date, the per share value of one Share, as determined by the Board, or any duly authorized Committee of the Board, in its sole discretion, by applying principles of valuation with respect thereto.

(p) "*Incentive Stock Option*" shall mean an option granted under 6(a) of the Plan that is intended to meet the requirements of Section 422 of the Code or any successor provision.

(q) "*Listed Security*" means any security of the Company that is listed or approved for listing on a U.S. national securities exchange or designated or approved for designation as a national market system security on an interdealer quotation system by the U.S. Financial Industry Regulatory Authority (or any successor thereto).

(r) "*Non-Employee Director*" shall mean a Director who is not also an employee of the Company or any Affiliate.

(s) "*Non-Qualified Stock Option*" shall mean an option granted under Section 6(a) of the Plan that is not intended to be an Incentive Stock Option.

(t) "*Option*" shall mean an Incentive Stock Option or a Non-Qualified Stock Option to purchase shares of the Company.

(u) "*Other Stock-Based Award*" shall mean any right granted under Section 6(f) of the Plan.

(v) "*Participant*" shall mean an Eligible Person designated to be granted an Award under the Plan.

(w) "*Performance Award*" shall mean any right granted under 6(d) of the Plan.

(x) "*Person*" shall mean any individual or entity, including a corporation, partnership, limited liability company, association, joint venture or trust.

(y) "*Plan*" shall mean the Company's 2019 Stock and Incentive Plan, as amended from time to time.

(z) "*Restricted Stock*" shall mean any Share granted under Section 6(c) of the Plan.

(aa) "*Restricted Stock Unit*" shall mean any unit granted under Section 6(c) of the Plan evidencing the right to receive a Share (or a cash payment equal to the Fair Market Value of a Share) at some future date, provided that in the case of Participants who are liable to taxation under the Tax Act in respect of amounts payable under this Plan, that such date shall not be later than December 31 of the third calendar year following the year services were performed in respect of the corresponding Restricted Stock Unit awarded.

(bb) "*Section 409A*" shall mean Section 409A of the Code, or any successor provision, and applicable Treasury Regulations and other applicable guidance thereunder.

(cc) "*Securities Act*" shall mean the U.S. Securities Act of 1933, as amended.

(dd) "*Share*" or "*Shares*" shall mean Subordinate Voting Shares of the Company (or such other securities or property as may become subject to Awards pursuant to an adjustment made under Section 4(c) of the Plan).

(ee) "*Specified Employee*" shall mean a specified employee as defined in Section 409A(a)(2)(B) of the Code or applicable proposed or final regulations under Section 409A, determined in accordance with procedures established by the Company and applied uniformly with respect to all plans maintained by the Company that are subject to Section 409A.

(ff) "*Stock Appreciation Right*" shall mean any right granted under Section 6(b) of the Plan.

(gg) "*Tax Act*" means the *Income Tax Act* (Canada).

(hh) "*U.S. Award Holder*" shall mean any holder of an Award who is a "U.S. person" (as defined in Rule 902(k) of Regulation S under the Securities Act) or who is holding or exercising Awards in the United States.

Section 3. Administration

(a) Power and Authority of the Committee. The Plan shall be administered by the Committee. Subject to the express provisions of the Plan and to applicable law, the Committee shall have full power and authority to: (i) designate Participants; (ii) determine the type or types of Awards to be granted to each Participant under the Plan; (iii) determine the number of Shares to be covered by (or the method by which payments or other rights are to be calculated in connection with) each Award; (iv) determine the terms and conditions of any Award or Award Agreement, including any terms relating to vesting, the forfeiture of any Award and the forfeiture, recapture or disgorgement of any cash, Shares or other amounts payable with respect to any Award; (v) amend the terms and conditions of any Award or Award Agreement, subject to the limitations under Section 7; (vi) accelerate the exercisability of any Award or the lapse of any restrictions relating to any Award, subject to the limitations in Section 7; (vii) determine whether, to what extent and under what circumstances Awards may be exercised in cash, Shares, other securities, other Awards or other property (excluding promissory notes), or canceled, forfeited or suspended, subject to the limitations in Section 7; (viii) determine whether, to what extent and under what circumstances amounts payable with respect to an Award under the Plan shall be deferred either automatically or at the election of the holder thereof or the Committee, subject to the requirements of Section 409A; (ix) interpret and administer the Plan and any instrument or agreement, including an Award Agreement, relating to the Plan; (x) establish, amend, suspend or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; (xi) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan; and (xii) adopt such modifications, rules, procedures and subplans as may be necessary or desirable to comply with provisions of the laws of the jurisdictions in which the Company or an Affiliate may operate, including, without limitation, establishing any special rules for Affiliates, Eligible Persons or Participants located in any particular country, in order to meet the objectives of the Plan and to ensure the viability of the intended benefits of Awards granted to Participants located in such non-United States jurisdictions. Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations and other decisions under or with respect to the Plan or any Award or Award Agreement shall be within the sole discretion of the Committee, may be made at any time and shall be final, conclusive and binding upon any Participant, any holder or beneficiary of any Award or Award Agreement, and any employee of the Company or any Affiliate.

(b) Delegation. The Committee may delegate to one or more officers or Directors of the Company, subject to such terms, conditions and limitations as the Committee may establish in its sole discretion, the authority to grant Awards; *provided, however*, that the Committee shall not delegate such authority in such a manner as would cause the Plan not to comply with applicable exchange rules or applicable corporate law.

(c) Power and Authority of the Board. Notwithstanding anything to the contrary contained herein, (i) the Board may, at any time and from time to time, without any further action of the Committee, exercise the powers and duties of the Committee under the Plan, unless the exercise of such powers and duties by the Board would cause the Plan not to comply with the requirements of all applicable securities rules and (ii) only the Committee (or another committee of the Board comprised of directors who qualify as independent directors within the meaning of the independence rules of any applicable securities exchange where the Shares are then listed) may grant Awards to Directors who are not also employees of the Company or an Affiliate.

(d) Indemnification. To the full extent permitted by law, (i) no member of the Board, the Committee or any person to whom the Committee delegates authority under the Plan shall be liable for any action or determination taken or made in good faith with respect to the Plan or any Award made under the Plan, and (ii) the members of the Board, the Committee and each person to whom the Committee delegates authority under the Plan shall be entitled to indemnification by the Company with regard to such actions and determinations. The provisions of this paragraph shall be in addition to such other rights of indemnification as a member of the Board, the Committee or any other person may have by virtue of such person's position with the Company.

Section 4. Shares Available for Awards

(a) Shares Available. Subject to adjustment as provided in Section 4(c) of the Plan, the aggregate number of Shares that may be issued under all Awards under the Plan shall be 13,205,932 Shares. The aggregate number of Shares that may be issued under all Awards under the Plan shall be reduced by Shares subject to Awards issued under the Plan in accordance with the Share counting rules described in Section 4(b) below.

(b) Counting Shares. For purposes of this Section 4, if an Award entitles the holder thereof to receive or purchase Shares, the number of Shares covered by such Award or to which such Award relates shall be counted on the date of grant of such Award against the aggregate number of Shares available for granting Awards under the Plan.

(i) Shares Added Back to Reserve. If any Shares covered by an Award or to which an Award relates are not purchased or are forfeited or are reacquired by the Company (including any Shares withheld by the Company or Shares tendered to satisfy any tax withholding obligation on Awards or Shares covered by an Award that are settled in cash), or if an Award otherwise terminates or is cancelled without delivery of any Shares, then the number of Shares counted against the aggregate number of Shares available under the Plan with respect to such Award, to the extent of any such forfeiture, reacquisition by the Company, termination or cancellation, shall again be available for granting Awards under the Plan.

(ii) Cash-Only Awards. Awards that do not entitle the holder thereof to receive or purchase Shares shall not be counted against the aggregate number of Shares available for Awards under the Plan.

(iii) Substitute Awards Relating to Acquired Entities. Shares issued under Awards granted in substitution for awards previously granted by an entity that is acquired by or merged with the Company or an Affiliate shall not be counted against the aggregate number of Shares available for Awards under the Plan.

(c) Adjustments. In the event that any dividend (other than a regular cash dividend) or other distribution (whether in the form of cash, Shares, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company or other similar corporate transaction or event affects the Shares such that an adjustment is necessary in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then the Committee shall, in such manner as it may deem equitable, adjust any or all of (i) the number and type of Shares (or other securities or other property) that thereafter may be made the subject of Awards, (ii) the number and type of Shares (or other securities or other property) subject to outstanding Awards, (iii) the purchase price or exercise price with respect to any Award and (iv) the limitation contained in Section 4(d) below; *provided, however*, that the number of Shares covered by any Award or to which such Award relates shall always be a whole number. Such adjustment shall be made by the Committee or the Board, whose determination in that respect shall be final, binding and conclusive.

(d) Director Award Limitations. The limitation contained in this Section 4(d) shall apply only with respect to any Award or Awards granted under this Plan, and limitations on awards granted under any other shareholder-approved incentive plan maintained by the Company will be governed solely by the terms of such other plan.

(e) Additional Award Limitations. If, and so long as, the Company is listed on the CSE, the aggregate number of Shares issued or issuable to persons providing investor relations activities (as defined in CSE policies) as compensation within a one-year period, shall not exceed 1% of the total number of Shares then outstanding.

Section 5. Eligibility

Any Eligible Person shall be eligible to be designated as a Participant. In determining which Eligible Persons shall receive an Award and the terms of any Award, the Committee may take into account the nature of the services rendered by the respective Eligible Persons, their present and potential contributions to the success of the Company and/or such other factors as the Committee, in its discretion, shall deem relevant. Notwithstanding the foregoing, an Incentive Stock Option may only be granted to full-time or part-time employees (which term, as used herein, includes, without limitation, officers and Directors who are also employees), and an Incentive Stock Option shall not be granted to an employee of an Affiliate unless such Affiliate is also a "subsidiary corporation" of the Company within the meaning of Section 424(f) of the Code or any successor provision.

Section 6. Awards

(a) Options. The Committee is hereby authorized to grant Options to Eligible Persons with the following terms and conditions and with such additional terms and conditions not inconsistent with the provisions of the Plan, as the Committee shall determine:

(i) Exercise Price. The purchase price per Share purchasable under an Option shall be determined by the Committee and shall not be less than 100% of the Fair Market Value of a Share on the date of grant of such Option; provided, however, that for Eligible Persons who are not residents of Canada for purposes of the Tax Act and not subject to taxation under the Tax Act with respect to such Option, the Committee may designate a purchase price below Fair Market Value on the date of grant if the Option is granted in substitution for a stock option previously granted by an entity that is acquired by or merged with the Company or an Affiliate, and further provided, however, that any adjustments to purchase price must be made in accordance with Code Section 409A and any adjustments with respect to Incentive Stock Options must be made in accordance with Code Section 424.

(ii) Option Term. The term of each Option shall be fixed by the Committee at the date of grant and shall not be longer than 10 years from the date of grant). Notwithstanding the foregoing, in the event that the expiry date of an Option held by an Eligible Person falls within a trading blackout period imposed by the Company (a "**Blackout Period**"), and neither the Company nor the individual in possession of the Options is subject to a cease trade order in respect of the Company's securities, then the expiry date of such Option shall be automatically extended to the 10th business day following the end of the Blackout Period.

(iii) Time and Method of Exercise. The Committee shall determine the time or times at which an Option may be exercised in whole or in part and the method or methods by which, and the form or forms, including, but not limited to, cash, Shares (actually or by attestation), other securities, other Awards or other property, or any combination thereof, having a Fair Market Value on the exercise date equal to the applicable exercise price, in which payment of the exercise price with respect thereto may be made or deemed to have been made.

(A) Promissory Notes. Notwithstanding the foregoing, the Committee may not permit payment of the exercise price, either in whole or in part, with a promissory note.

(B) Net Exercises. The Committee may, in its discretion, permit an Option to be exercised by delivering to the Participant a number of Shares having an aggregate Fair Market Value (determined as of the date of exercise) equal to the excess, if positive, of the Fair Market Value of the Shares underlying the Option being exercised on the date of exercise, over the exercise price of the Option for such Shares.

(iv) Incentive Stock Options. Notwithstanding anything in the Plan to the contrary, the following additional provisions shall apply to the grant of stock options which are intended to qualify as Incentive Stock Options:

(A) The Committee will not grant Incentive Stock Options in which the aggregate Fair Market Value (determined as of the time the Option is granted) of the Shares with respect to which Incentive Stock Options are exercisable for the first time by any Participant during any calendar year (under this Plan and all other plans of the Company and its Affiliates) shall exceed $100,000.

(B) Subject to adjustment pursuant to Section 4(c), the maximum number of Shares that may be issued pursuant to Incentive Stock Options shall not exceed 6,000,000 Shares.

(C) All Incentive Stock Options must be granted within ten years from the earlier of the date on which this Plan was adopted by the Board or the date this Plan was approved by the shareholders of the Company.

(D) Unless sooner exercised and subject to Section 6(a)(ii), all Incentive Stock Options shall expire and no longer be exercisable no later than ten years after the date of grant.

(E) The purchase price per Share for an Incentive Stock Option shall be not less than 100% of the Fair Market Value of a Share on the date of grant of the Incentive Stock Option; provided, however, that, in the case of the grant of an Incentive Stock Option to a Participant who, at the time such Option is granted, owns (within the meaning of Section 422 of the Code) stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or of its Affiliates, the purchase price per Share purchasable under an Incentive Stock Option shall be not less than 110% of the Fair Market Value of a Share on the date of grant of the Incentive Stock Option.

(F) Any Incentive Stock Option authorized under the Plan shall contain such other provisions as the Committee shall deem advisable, but shall in all events be consistent with and contain all provisions required in order to qualify the Option as an Incentive Stock Option.

(b) Stock Appreciation Rights. The Committee is hereby authorized to grant Stock Appreciation Rights to Eligible Persons subject to the terms of the Plan and any applicable Award Agreement. A Stock Appreciation Right granted under the Plan shall confer on the holder thereof a right to receive upon exercise thereof the excess of (i) the Fair Market Value of one Share on the date of exercise over (ii) the grant price of the Stock Appreciation Right as specified by the Committee, which price shall not be less than 100% of the Fair Market Value of one Share on the date of grant of the Stock Appreciation Right; *provided, however*, that, subject to applicable law and stock exchange rules, the Committee may designate a grant price below Fair Market Value on the date of grant if the Stock Appreciation Right is granted in substitution for a stock appreciation right previously granted by an entity that is acquired by or merged with the Company or an Affiliate; *and further provided, however*, that any adjustments to purchase price with respect to any Incentive Stock Options must be made in accordance with Code Section 409A. Subject to the terms of the Plan and any applicable Award Agreement, the grant price, term, methods of exercise, dates of exercise, methods of settlement and any other terms and conditions of any Stock Appreciation Right shall be as determined by the Committee (except that the term of each Stock Appreciation Right shall be subject to the same limitations in Section 6(a)(ii) applicable to Options). The Committee may impose such conditions or restrictions on the exercise of any Stock Appreciation Right as it may deem appropriate.

(c) Restricted Stock and Restricted Stock Units. The Committee is hereby authorized to grant an Award of Restricted Stock and Restricted Stock Units to Eligible Persons with the following terms and conditions and with such additional terms and conditions not inconsistent with the provisions of the Plan as the Committee shall determine:

(i) Restrictions. Shares of Restricted Stock and Restricted Stock Units shall be subject to such restrictions as the Committee may impose (including, without limitation, any limitation on the right to vote a Share of Restricted Stock or the right to receive any dividend or other right or property with respect thereto), which restrictions may lapse separately or in combination at such time or times, in such installments or otherwise as the Committee may deem appropriate. Notwithstanding the foregoing, rights to dividend or Dividend Equivalent payments shall be subject to the limitations described in Section 6(e).

(ii) Issuance and Delivery of Shares. Any Restricted Stock granted under the Plan shall be issued at the time such Awards are granted and may be evidenced in such manner as the Committee may deem appropriate, including book-entry registration or issuance of a stock certificate or certificates, which certificate or certificates shall be held by the Company or held in nominee name by the stock transfer agent or brokerage service selected by the Company to provide such services for the Plan. Such certificate or certificates shall be registered in the name of the Participant and shall bear an appropriate legend referring to the restrictions applicable to such Restricted Stock. Shares representing Restricted Stock that are no longer subject to restrictions shall be delivered (including by updating the book-entry registration) to the Participant promptly after the applicable restrictions lapse or are waived. Unless otherwise provided for in an Award Agreement, in the case of Restricted Stock Units, no Shares shall be issued at the time such Awards are granted. Unless otherwise provided in any Award Agreement, upon the lapse or waiver of restrictions and the restricted period relating to Restricted Stock Units evidencing the right to receive Shares, such Shares shall be issued and delivered to the holder of the Restricted Stock Units.

(iii) Forfeiture. Except as otherwise determined by the Committee or as provided in an Award Agreement, upon a Participant's termination of employment or service or resignation or removal as a Director (in either case, as determined under criteria established by the Committee) during the applicable restriction period, all Shares of Restricted Stock and all Restricted Stock Units held by such Participant at such time shall be forfeited and reacquired by the Company for cancellation at no cost to the Company; provided, however, that the Committee may waive in whole or in part any or all remaining restrictions with respect to Shares of Restricted Stock or Restricted Stock Units.

(d) Performance Awards. The Committee is hereby authorized to grant Performance Awards to Eligible Persons. A Performance Award granted under the Plan (i) may be denominated or payable in cash, Shares (including, without limitation, Restricted Stock and Restricted Stock Units), other securities, other Awards or other property and (ii) shall confer on the holder thereof the right to receive payments, in whole or in part, upon the achievement of one or more objective performance goals during such performance periods as the Committee shall establish. Subject to the terms of the Plan, the performance goals to be achieved during any performance period, the length of any performance period, the amount of any Performance Award granted, the amount of any payment or transfer to be made pursuant to any Performance Award and any other terms and conditions of any Performance Award shall be determined by the Committee.

(e) Dividend Equivalents. The Committee is hereby authorized to grant Dividend Equivalents to Eligible Persons under which the Participant shall be entitled to receive payments (in cash, Shares, other securities, other Awards or other property as determined in the discretion of the Committee) equivalent to the amount of cash dividends paid by the Company to holders of Shares with respect to a number of Shares determined by the Committee. Subject to the terms of the Plan and any applicable Award Agreement, such Dividend Equivalents may have such terms and conditions as the Committee shall determine. Notwithstanding the foregoing, (i) the Committee may not grant Dividend Equivalents to Eligible Persons in connection with grants of Options, Stock Appreciation Rights or other Awards the value of which is based solely on an increase in the value of the Shares after the date of grant of such Award, and (ii) dividend and Dividend Equivalent amounts may be accrued but shall not be paid unless and until the date on which all conditions or restrictions relating to such Award have been satisfied, waived or lapsed.

(f) Other Stock-Based Awards. The Committee is hereby authorized to grant to Eligible Persons such other Awards that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, Shares (including, without limitation, securities convertible into Shares), as are deemed by the Committee to be consistent with the purpose of the Plan. The Committee shall determine the terms and conditions of such Awards, subject to the terms of the Plan and any applicable Award Agreement. No Award issued under this Section 6(f) shall contain a purchase right or an option-like exercise feature.

(g) General

(i) Consideration for Awards. Awards may be granted for no cash consideration or for any cash or other consideration as may be determined by the Committee or required by applicable law.

(ii) Limits on Transfer of Awards. Except as otherwise provided by the Committee in its discretion and subject to such additional terms and conditions as it determines, no Award (other than fully vested and unrestricted Shares issued pursuant to any Award) and no right under any such Award shall be transferable by a Participant other than by will or by the laws of descent and distribution, and no Award (other than fully vested and unrestricted Shares issued pursuant to any Award) or right under any such Award may be pledged, alienated, attached or otherwise encumbered, and any purported pledge, alienation, attachment or encumbrance thereof shall be void and unenforceable against the Company or any Affiliate. Where the Committee does permit the transfer of an Award other than a fully vested and unrestricted Share, such permitted transfer shall be for no value and in accordance with all applicable securities rules. The Committee may also establish procedures as it deems appropriate for a Participant to designate a person or persons, as beneficiary or beneficiaries, to exercise the rights of the Participant and receive any property distributable with respect to any Award in the event of the Participant's death.

(iii) Restrictions; Securities Exchange Listing. All Shares or other securities delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such restrictions as the Committee may deem advisable under the Plan, applicable federal or state securities laws and regulatory requirements, and the Committee may cause appropriate entries to be made with respect to, or legends to be placed on the certificates for, such Shares or other securities to reflect such restrictions. The Company shall not be required to deliver any Shares or other securities covered by an Award unless and until the requirements of any federal or state securities or other laws, rules or regulations (including the rules of any securities exchange) as may be determined by the Company to be applicable are satisfied.

(iv) Prohibition on Option and Stock Appreciation Right Repricing. Except as provided in Section 4(c) hereof, the Committee may not, without prior approval of the Company's shareholders and applicable stock exchange approval, seek to effect any repricing of any previously granted, "underwater" Option or Stock Appreciation Right by: (i) amending or modifying the terms of the Option or Stock Appreciation Right to lower the exercise price; (ii) canceling the underwater Option or Stock Appreciation Right and granting either (A) replacement Options or Stock Appreciation Rights having a lower exercise price; or (B) Restricted Stock, Restricted Stock Units, Performance Award or Other Stock-Based Award in exchange; or (iii) cancelling or repurchasing the underwater Option or Stock Appreciation Right for cash or other securities. An Option or Stock Appreciation Right will be deemed to be "underwater" at any time when the Fair Market Value of the Shares covered by such Award is less than the exercise price of the Award.

(v) Section 409A Provisions. Notwithstanding anything in the Plan or any Award Agreement to the contrary, to the extent that any amount or benefit that constitutes "deferred compensation" to a Participant under Section 409A and applicable guidance thereunder is otherwise payable or distributable to a Participant under the Plan or any Award Agreement solely by reason of the occurrence of a change in control or due to the Participant's disability or "separation from service" (as such term is defined under Section 409A), such amount or benefit will not be payable or distributable to the Participant by reason of such circumstance unless the Committee determines in good faith that (i) the circumstances giving rise to such change in control event, disability or separation from service meet the definition of a change in control event, disability, or separation from service, as the case may be, in Section 409A(a)(2)(A) of the Code and applicable proposed or final regulations, or (ii) the payment or distribution of such amount or benefit would be exempt from the application of Section 409A by reason of the short-term deferral exemption or otherwise. Any payment or distribution that otherwise would be made to a Participant who is a Specified Employee (as determined by the Committee in good faith) on account of separation from service may not be made before the date which is six months after the date of the Specified Employee's separation from service (or if earlier, upon the Specified Employee's death) unless the payment or distribution is exempt from the application of Section 409A by reason of the short-term deferral exemption or otherwise.

(vi) Acceleration of Vesting or Exercisability. No Award Agreement shall accelerate the exercisability of any Award or the lapse of restrictions relating to any Award in connection with a change-in-control event, unless such acceleration occurs upon the consummation of (or effective immediately prior to the consummation of, provided that the consummation subsequently occurs) such change-in-control event.

Section 7. Amendment and Termination; Corrections

(a) Amendments to the Plan and Awards. The Board may from time to time amend, suspend or terminate this Plan, and the Committee may amend the terms of any previously granted Award, provided that no amendment to the terms of any previously granted Award may (except as expressly provided in the Plan) materially and adversely alter or impair the terms or conditions of the Award previously granted to a Participant under this Plan without the written consent of the Participant or holder thereof. Any amendment to this Plan, or to the terms of any Award previously granted, is subject to compliance with all applicable laws, rules, regulations and policies of any applicable governmental entity or securities exchange, including receipt of any required approval from the governmental entity or stock exchange, and any such amendment, alteration, suspension, discontinuation or termination of an Award will be in compliance with CSE Policies. For greater certainty and without limiting the foregoing, the Board may amend, suspend, terminate or discontinue the Plan, and the Committee may amend or alter any previously granted Award, as applicable, without obtaining the approval of shareholders of the Company in order to:

(i) amend the eligibility for, and limitations or conditions imposed upon, participation in the Plan;

(ii) amend any terms relating to the granting or exercise of Awards, including but not limited to terms relating to the amount and payment of the exercise price, or the vesting, expiry, assignment or adjustment of Awards, or otherwise waive any conditions of or rights of the Company under any outstanding Award, prospectively or retroactively;

(iii) make changes that are necessary or desirable to comply with applicable laws, rules, regulations and policies of any applicable governmental entity or stock exchange (including amendments to Awards necessary or desirable to avoid any adverse tax results under Section 409A or the Tax Act), and no action taken to comply shall be deemed to impair or otherwise adversely alter or impair the rights of any holder of an Award or beneficiary thereof; or

(iv) amend any terms relating to the administration of the Plan, including the terms of any administrative guidelines or other rules related to the Plan.

Notwithstanding the foregoing and for greater certainty, prior approval of the shareholders of the Company shall be required for any amendment to the Plan or an Award that would:

(i) require shareholder approval under the rules or regulations of securities exchange that is applicable to the Company;

(ii) increase the number of shares authorized under the Plan as specified in Section 4 of the Plan;

(iii) increase the maximum number of Shares that may be issued pursuant to Incentive Stock Options;

(iv) permit repricing of Options or Stock Appreciation Rights, which is currently prohibited by Section 6(g)(iv) of the Plan;

(v) permit the award of Options or Stock Appreciation Rights at a price less than 100% of the Fair Market Value of a Share on the date of grant of such Option or Stock Appreciation Right, contrary to the provisions of Section 6(a)(i) and Section 6(b) of the Plan;

(vi) permit Options to be transferable other than as provided in Section 6(g)(ii);

(vii) amend this Section 7(a); or

(viii) increase the maximum term permitted for Options and Stock Appreciation Rights as specified in Section 6(a) and Section 6(b) or extend the terms of any Options beyond their original expiry date.

(b) Corporate Transactions. In the event of any reorganization, merger, consolidation, split-up, spin-off, combination, plan of arrangement, take-over bid or tender offer, repurchase or exchange of Shares or other securities of the Company or any other similar corporate transaction or event involving the Company (or the Company shall enter into a written agreement to undergo such a transaction or event), the Committee or the Board may, in its sole discretion, provide for any of the following to be effective upon the consummation of the event (or effective immediately prior to the consummation of the event, provided that the consummation of the event subsequently occurs), and no action taken under this Section 7(b) shall be deemed to impair or otherwise adversely alter the rights of any holder of an Award or beneficiary thereof:

(i) either (A) termination of the Award, whether or not vested, in exchange for an amount of cash and/or other property, if any, equal to the amount that would have been attained upon the exercise of the vested portion of the Award or realization of the Participant's vested rights (and, for the avoidance of doubt, if, as of the date of the occurrence of the transaction or event described in this Section 7(b)(i)(A), the Committee or the Board determines in good faith that no amount would have been attained upon the exercise of the Award or realization of the Participant's rights, then the Award may be terminated by the Company without any payment) or (B) the replacement of the Award with other rights or property selected by the Committee or the Board, in its sole discretion;

(ii) that the Award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar options, rights or awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices;

(iii) that, subject to Section 6(g)(vi), the Award shall be exercisable or payable or fully vested with respect to all Shares covered thereby, notwithstanding anything to the contrary in the applicable Award Agreement; or

(iv) that the Award cannot vest, be exercised or become payable after a date certain in the future, which may be the effective date of the event.

(c) Correction of Defects, Omissions and Inconsistencies. The Committee may, without prior approval of the shareholders of the Company, correct any defect, supply any omission or reconcile any inconsistency in the Plan or in any Award or Award Agreement in the manner and to the extent it shall deem desirable to implement or maintain the effectiveness of the Plan.

Section 8. Income Tax Withholding

In order to comply with all applicable federal, state, local or foreign income tax laws or regulations, the Company may take such action as it deems appropriate to ensure that all applicable federal, state, local or foreign payroll, withholding, income or other taxes, which are the sole and absolute responsibility of a Participant, are withheld or collected from such Participant arising from the grant, vesting, exercise or payment of any Award and payment is to be made in a manner satisfactory to the Company. Without limiting the foregoing, in order to assist a Participant in paying all or a portion of the applicable taxes to be withheld or collected upon exercise or receipt of (or the lapse of restrictions relating to) an Award, the Committee, in its discretion and subject to such additional terms and conditions as it may adopt, may permit the Participant to satisfy such tax obligation by (a) electing to have the Company withhold a portion of the Shares otherwise to be delivered upon exercise or receipt of (or the lapse of restrictions relating to) such Award with a Fair Market Value equal to the amount of such taxes (subject to any applicable limitations under ASC Topic 718 to avoid adverse accounting treatment) or (b) delivering to the Company Shares other than Shares issuable upon exercise or receipt of (or the lapse of restrictions relating to) such Award with a Fair Market Value equal to the amount of such taxes. The election, if any, must be made on or before the date that the amount of tax to be withheld is determined.

Section 9. U.S. Securities Laws

Neither the Awards nor the securities which may be acquired pursuant to the exercise of the Awards have been registered under the Securities Act or under any securities law of any state of the United States of America and are considered "restricted securities" (as such term is defined in Rule 144(a)(3) under the U.S. Securities Act and any Shares shall be affixed with an applicable restrictive legend as set forth in the Award Agreement. The Awards may not be offered or sold, directly or indirectly, in the United States except pursuant to registration under the U.S. Securities Act and the securities laws of all applicable states or available exemptions therefrom, and the Company has no obligation or present intention of filing a registration statement under the U.S. Securities Act in respect of any of the Awards or the securities underlying the Awards, which could result in such U.S. Award Holder not being able to dispose of any Shares issued on exercise of Awards for a considerable length of time. Each U.S. Award Holder or anyone who becomes a U.S. Award Holder, who is granted an Award in the United States, who is a resident of the United States or who is otherwise subject to the Securities Act or the securities laws of any state of the United States will be required to complete an Award Agreement which sets out the applicable United States restrictions.

Section 10. General Provisions

(a) No Rights to Awards. No Eligible Person, Participant or other Person shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Eligible Persons, Participants or holders or beneficiaries of Awards under the Plan. The terms and conditions of Awards need not be the same with respect to any Participant or with respect to different Participants.

(b) Award Agreements. No Participant shall have rights under an Award granted to such Participant unless and until an Award Agreement shall have been signed by the Participant (if requested by the Company), or until such Award Agreement is delivered and accepted through an electronic medium in accordance with procedures established by the Company. An Award Agreement need not be signed by a representative of the Company unless required by the Committee. Each Award Agreement shall be subject to the applicable terms and conditions of the Plan and any other terms and conditions (not inconsistent with the Plan) determined by the Committee.

(c) Income Tax. With respect to any Award granted to a Participant who is subject to taxation under the provisions of the Tax Act in respect of such Award, the Committee shall have the right, but not the obligation, to take account of Canadian income tax considerations in determining the terms and conditions of the Award or any other amendment thereto.

(d) Provision of Information. At least annually, copies of the Company's balance sheet and income statement for the just completed fiscal year shall be made available to each Participant and purchaser of shares upon the exercise of an Award; provided, however, that this requirement shall not apply if all offers and sales of securities pursuant to the Plan comply with all applicable conditions of Rule 701 under the Securities Act. The Company shall not be required to provide such information to key persons whose duties in connection with the Company assure them access to equivalent information

(e) Plan Provisions Control. In the event that any provision of an Award Agreement conflicts with or is inconsistent in any respect with the terms of the Plan as set forth herein or subsequently amended, the terms of the Plan shall control.

(f) No Rights of Shareholders. Except with respect to Shares issued under Awards (and subject to such conditions as the Committee may impose on such Awards pursuant to Section 6(c)(i) or Section 6(e)), neither a Participant nor the Participant's legal representative shall be, or have any of the rights and privileges of, a shareholder of the Company with respect to any Shares issuable upon the exercise or payment of any Award, in whole or in part, unless and until such Shares have been issued.

(g) No Limit on Other Compensation Arrangements. Nothing contained in the Plan shall prevent the Company or any Affiliate from adopting or continuing in effect other or additional compensation plans or arrangements, and such plans or arrangements may be either generally applicable or applicable only in specific cases.

(h) No Right to Employment. The grant of an Award shall not be construed as giving a Participant the right to be retained as an employee of the Company or any Affiliate, nor will it affect in any way the right of the Company or an Affiliate to terminate a Participant's employment at any time, with or without cause, in accordance with applicable law. In addition, the Company or an Affiliate may at any time dismiss a Participant from employment free from any liability or any claim under the Plan or any Award, unless otherwise expressly provided in the Plan or in any Award Agreement. Nothing in this Plan shall confer on any person any legal or equitable right against the Company or any Affiliate, directly or indirectly, or give rise to any cause of action at law or in equity against the Company or an Affiliate. Under no circumstances shall any person ceasing to be an employee of the Company or any Affiliate be entitled to any compensation for any loss of any right or benefit under the Plan which such employee might otherwise have enjoyed but for termination of employment, whether such compensation is claimed by way of damages for wrongful or unfair dismissal, breach of contract or otherwise. By participating in the Plan, each Participant shall be deemed to have accepted all the conditions of the Plan and the terms and conditions of any rules and regulations adopted by the Committee and shall be fully bound thereby.

(i) Governing Law. The laws of the Province of British Columbia shall govern all questions concerning the validity, construction and effect of the Plan or any Award, and any rules and regulations relating to the Plan or any Award.

(j) Severability. If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the purpose or intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction or Award, and the remainder of the Plan or any such Award shall remain in full force and effect.

(k) No Trust or Fund Created. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Affiliate and a Participant or any other Person. To the extent that any Person acquires a right to receive payments from the Company or any Affiliate pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company or any Affiliate.

(l) Other Benefits. No compensation or benefit awarded to or realized by any Participant under the Plan shall be included for the purpose of computing such Participant's compensation or benefits under any pension, retirement, savings, profit sharing, group insurance, disability, severance, termination pay, welfare or other benefit plan of the Company, unless required by law or otherwise provided by such other plan.

(m) No Fractional Shares. No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash shall be paid in lieu of any fractional Share or whether such fractional Share or any rights thereto shall be canceled, terminated or otherwise eliminated.

(n) Headings. Headings are given to the sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

Section 11. Clawback or Recoupment

All Awards under this Plan shall be subject to recovery or other penalties pursuant to (i) any Company clawback policy, as may be adopted or amended from time to time, or (ii) any applicable law, rule or regulation or applicable stock exchange rule.

Section 12. Effective Date of the Plan

The Plan was adopted by the Board on [DATE], 2018 and approved by the shareholders of the Company on January 16, 2019. The Plan was amended by the holder of the super voting shares on April 13, 2020.

Section 13. Term of the Plan

No Award shall be granted under the Plan, and the Plan shall terminate, on the earlier of (i) [DATE], 2028 or the tenth anniversary of the date the Plan is approved by the shareholders of the Company, or any earlier date of discontinuation or termination established pursuant to Section 7(a) of the Plan. Unless otherwise expressly provided in the Plan or in an applicable Award Agreement, any Award theretofore granted may extend beyond such dates, and the authority of the Committee provided for hereunder with respect to the Plan and any Awards, and the authority of the Board to amend the Plan, shall extend beyond the termination of the Plan.

ADDENDUM A
Indus Holdings, Inc. 2019 Stock and Incentive Plan

(*California Participants*)

Prior to the date, if ever, on which the Shares becomes a Listed Security and/or the Company is subject to the reporting requirements of the Exchange Act, the terms set forth herein shall apply to Awards issued to California Participants. "California Participant" means a Participant whose Award is issued in reliance on Section 25102(o) of the California Corporations Code. All capitalized terms used herein but not otherwise defined shall have the respective meanings set forth in the Plan.

1. The following rules shall apply to any Option in the event of termination of the Participant's service to the Company or an Affiliate:

   (a) If such termination was for reasons other than death, "Permanent Disability" (as defined below), or cause, the Participant shall have at least 30 days after the date of such termination to exercise his or her Option to the extent the Participant is entitled to exercise on his or her termination date, provided that in no event shall the Option be exercisable after the expiration of the term as set forth in the Option Agreement.

   (b) If such termination was due to death or Permanent Disability, the Participant shall have at least 6 months after the date of such termination to exercise his or her Option to the extent the Participant is entitled to exercise on his or her termination date, provided that in no event shall the Option be exercisable after the expiration of the term as set forth in the Option Agreement.

   "Permanent Disability" for purposes of this Addendum shall mean the inability of the Participant, in the opinion of a qualified physician acceptable to the Company, to perform the major duties of the Participant's position with the Company or any Affiliate because of the sickness or injury of the Participant.

2. Notwithstanding anything to the contrary in Section 4(c) of the Plan, the Committee shall in any event make such adjustments as may be required by Section 25102(o) of the California Corporations Code.

3. Notwithstanding anything stated herein to the contrary, no Option shall be exercisable on or after the 10th anniversary of the date of grant and any Award Agreement shall terminate on or before the 10th anniversary of the date of grant.

4. The Company shall furnish summary financial information (audited or unaudited) of the Company's financial condition and results of operations, consistent with the requirements of applicable law, at least annually to each California Participant during the period such Participant has one or more Awards outstanding, and in the case of an individual who acquired Shares pursuant to the Plan, during the period such Participant owns such Shares; provided, however, the Company shall not be required to provide such information if (i) the issuance is limited to key persons whose duties in connection with the Company assure their access to equivalent information or (ii) the Plan or any agreement complies with all conditions of Rule 701 of the Securities Act; provided that for purposes of determining such compliance, any registered domestic partner shall be considered a "family member" as that term is defined in Rule 701.

5. The Plan or any increase in the maximum aggregate number of Shares issuable thereunder as provided in Section 4(a) (the "Authorized Shares") shall be approved by a majority of the outstanding securities of the Company entitled to vote by the later of (a) a period beginning twelve (12) months before and ending twelve (12) months after the date of adoption thereof by the Board or (b) the first issuance of any security pursuant to the Plan in the State of California (within the meaning of Section 25008 of the California Corporations Code). Awards granted prior to security holder approval of the Plan or in excess of the Authorized Shares previously approved by the security holders shall become exercisable no earlier than the date of shareholder approval of the Plan or such increase in the Authorized Shares, as the case may be, and such Awards shall be rescinded if such security holder approval is not received in the manner described in the preceding sentence. Notwithstanding the foregoing, a foreign private issuer, as defined by Rule 3b-4 of the Exchange Act of 1934 shall not be required to comply with this paragraph provided that the aggregate number of persons in California granted options under all option plans and agreements and issued securities under all purchase and bonus plans and agreements does not exceed 35.

Exhibit 21.1

Subsidiaries

Name	Jurisdiction
Indus Holding Company	Delaware
Indus LF LLC	California
Wellness Innovation Group Incorporated	California
Cypress Holding Company, LLC	Delaware
Cypress Manufacturing Company	California
Indus Nevada LLC	Nevada