

FRIDAY NIGHT INC.
Up To \$15,000,000
Term Sheet
August 30, 2018

A final short form prospectus containing important information relating to the securities described in this document has been filed with the securities regulatory authorities in each of the provinces of BC, AB, SK, and ON.

Copies of the final prospectus may be obtained from Canaccord Genuity Corp., Attention: Syndication, 161 Bay Street, Suite 3100, Toronto, ON M5J 2S1.

This document does not provide full disclosure of all material facts relating to the securities offered. Investors should read the final short form prospectus and any amendment, for disclosure of those facts, especially risk factors relating to the securities offered, before making an investment decision.

Issuer:	Friday Night Inc. (the “ Company ”).
Issue:	Short Form Prospectus treasury offering of a minimum of 7,000 units and up to a maximum of 15,000 units (the “ Offered Securities ”), to raise total gross proceeds of up to \$15,000,000 on a commercially reasonable efforts basis (the “ Offering ”).
Amount:	Minimum of \$7,000,000 and maximum of up to \$15,000,000.
Issue Price:	\$1,000 per Unit (as defined below).
Over-allotment Option:	The Company hereby grants to the Agents an over-allotment option (the “ Over-allotment Option ”) to require the Company, within 60 days from the Closing Date of the Offering, to increase the size of the Offering by up to 15% of the base offering to cover any over-allocation position (as such term is defined in National Instrument 41-101). Such Over-allotment Option will be qualified for distribution under the Prospectus (as defined below).
Offered Securities:	Units consisting of the following (the “ Units ”): \$1,000 principal amount of 10% unsecured convertible debentures of the Company (the “ Debentures ”); and, 2,222 warrants exercisable at \$0.65 per share for 36 months from the Closing Date (the “ Warrants ”).
Use of Proceeds:	Expansion of Nevada cultivation facility, expansion into other US states and into Canada, working capital and general corporate purposes.
Jurisdictions:	Short Form Prospectus offering in the provinces of BC, AB, SK and ON and other provinces mutually agreed upon (the “ Canadian Jurisdictions ”) by way of a short form prospectus (“ Prospectus ”), those offshore jurisdictions which are agreed to by the Company, and by private placement in the United States to “qualified institutional buyers” pursuant to Rule 144A of the U.S. Securities Act of 1933.
Maturity:	The Debentures shall mature on the date that is three years following the Closing Date (the “ Maturity Date ”).
Payment of Principal	The Debentures will be repaid in cash at maturity, together with any accrued and unpaid interest.
Interest:	The Debentures will bear interest at a rate of 10% per annum from the date of issue, payable semi-annually in arrears on the last day of June and December in each year, commencing December 31, 2018. Interest shall be computed on the basis of a 360-day year composed of twelve 30-day months.

Conversion Privilege: The Debentures will be convertible into common shares of the Company (“**Common Shares**”) at the option of the holder at any time prior to the close of business on the earlier of: (i) the last business day immediately preceding the Maturity Date, and (ii) the date fixed for redemption (as set out in section entitled “Change of Control” below), at a conversion price of \$0.45 per Common Share (the “**Conversion Price**”), subject to adjustment in certain customary events. Holders converting their Debentures will receive accrued and unpaid interest thereon for the period from and including the date of the latest interest payment date to, and including, the date of conversion.

Mandatory Conversion: The Company may force the conversion of all of the principal amount of the then outstanding Debentures at the Conversion Price on not less than 30 days’ notice should the daily volume weighted average trading price of the Common Shares be greater than \$0.70 for any 10 consecutive trading days.

Change of Control: Upon a Change of Control (as hereinafter defined) of the Company, holders of the Debentures will have the right to require the Company to repurchase their Debentures, in whole or in part, on the date that is 30 days following the giving of notice of the Change of Control, at a price equal to 104% of the principal amount of the Debentures then outstanding plus accrued and unpaid interest thereon (the “**Offer Price**”).

If 90% or more of the principal amount of the Debentures outstanding on the date of the notice of the Change of Control have been tendered for redemption, the Company will have the right to redeem all of the remaining Debentures at the Offer Price.

For the purposes hereof, a “**Change of Control**” means (i) any event as a result of or following which any person, or group of persons “acting jointly or in concert” within the meaning of applicable Canadian securities laws, beneficially owns or exercises control or direction over an aggregate of more than 50% of the then outstanding Common Shares; or (ii) the sale or other transfer of all or substantially all of the consolidated assets of the Company. A Change of Control will not include a sale, merger, reorganization or other similar transaction if the previous holders of the Common Shares hold at least 50% of the voting shares of such merged, reorganized or other continuing entity.

Anti-Dilution Adjustments: The Conversion Price will be subject to adjustment in certain events including, without limitation, the subdivision or consolidation of the outstanding Common Shares, the issue of Common Shares or securities convertible into Common Shares by way of stock dividend or distribution, the issue of rights, options or warrants to all or substantially all of the holders of Common Shares in certain circumstances, and the distribution to all or substantially all of the holders of Common Shares of any other class of shares, rights, options or warrants, evidences of indebtedness or assets.

Rank: The Debentures will be unsecured obligations of the Company and shall rank *pari passu* in right of payment of principal and interest with all other Debentures issued under the Offering and all previously existing unsecured indebtedness of the Company.

Exchange: The common shares trade on the Canadian Securities Exchange (the “**CSE**”) as “**TGIF**”.

Listing: Assuming adequate distribution under the Offering, the Company will use its best efforts to list the Debentures and Warrants on the CSE. The

Common Shares issuable upon conversion of the Debentures shall be listed on the CSE.

- Eligibility:** The Offered Securities shall be eligible for RRSPs, RRIFs, RDSPs, RESPs, TFSA and DPSPs.
- Closing Date:** September 7, 2018 or on such other date that the Company and the Agents shall agree (the “**Closing Date**”).
- Commission:** 8% of the gross proceeds raised in respect of the Offering (including the Over-allotment Option) payable in cash.
- Agents’ Warrants:** The Agents will receive Agents’ warrants (the “**Agents’ Warrants**”) exercisable at any time prior to the date that is thirty six months from the Closing Date to acquire that number of units (the “**Agents’ Units**”) equal to 8% of the number of common shares that would be issued assuming conversion of 100% of the Convertible Debentures, at an exercise price of \$0.45 per Agents’ Unit. Each Agents’ Unit consists of one Common Share and one Common Share purchase warrant exercisable at \$0.65 for a period of 36 months from the Closing Date.
- Agents:** Canaccord Genuity Corp., as sole book-runner and lead agent, together with Beacon Securities Limited (the “**Agents**”).