

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (this “**Escrow Agreement**”) is made as of September 6, 2022.

AMONG:

AYURCANN HOLDINGS CORP.,

a corporation existing under the laws of the Province of Ontario, having a registered office at Unit 6, 1080 Brock Rd., Pickering, Ontario L1W 3H3

(hereinafter referred to as the “**Purchaser**”)

-and-

TETRA OILS INC.

a corporation existing under the laws of the Province of Ontario, having a registered office at [REDACTED]

(hereinafter referred to as “**Tetra**”, and together with the Purchaser, the “**Parties**”)

-and-

PAOLONE LAW

having a registered office at Suite 400, 90 Adelaide Street West, Toronto, Ontario M5H 4A6,

(hereinafter referred to as “**Escrow Agent**”)

WITNESSETH:

WHEREAS, the Purchaser has entered into a share purchase agreement with Tetra and Joints and Hustle & Shake Inc. (“**Joints**”) dated as of June 21, 2022 (the “**Share Purchase Agreement**”), for the sale and purchase of 100% of the entire issued share capital of Joints, which is wholly owned by Tetra;

AND WHEREAS, capitalized terms used in this Escrow Agreement and not otherwise defined herein shall have the meanings set forth in the Share Purchase Agreement;

AND WHEREAS, concurrently with the execution of this Escrow Agreement, the Purchaser has deposited 32,352,941 common shares of the Purchaser (the “**Escrowed Shares**”), registered in the name of Tetra, into the custody of the Escrow Agent (the “**Escrow Account**”), to be held and distributed by the Escrow Agent for the benefit of Tetra and the Purchaser in accordance with the terms of this Escrow Agreement. For the avoidance of doubt, Tetra shall benefit from all rights attaching or accruing to the Escrowed Shares whilst registered in its name, including the right to receive all dividends declared, made or paid after the date of the Escrow Agreement, the right to vote and rights on liquidation, subject to the terms and conditions of the Share Purchase Agreement and Support and Voting Agreement;

AND WHEREAS, the Parties agree that if the Purchaser, within 60 days from the Closing Date, completes a transaction (“**Additional Transaction**”), and (i) within 30 days from the closing date of any Additional Transaction the closing price of the Ayurcann Common Shares on the CSE is at least \$0.225 per Ayurcann Common Share on any one day or (ii) the price attributed to the Ayurcann Common Shares in connection with such Additional Transaction is at least \$0.225 per Ayurcann Common Share (the price determined under (i) or (ii), the “**Ayurcann Common Share Price**”), then the Escrow Agent shall return to the Purchaser for cancellation the amount of Escrowed Shares calculated as follows:

$$\frac{(32,352,941 \text{ multiplied by } \$[\text{Ayurcann Common Share Price}]) \text{ minus } \$7,200,000}{\$[\text{Ayurcann Common Share Price}]}$$

AND WHEREAS, the Parties agree that if Tetra is required to indemnify the Purchaser in accordance with Sections 8.03, 8.04, 8.05 and 8.06 of the Share Purchase Agreement, the amount of such indemnification obligation (the “**Claim Amount**”), then the Escrow Agent shall return to the Purchaser for cancellation the amount of Escrowed Shares calculated as follows:

Claim Amount

\$0.17

NOW, THEREFORE, in consideration of the covenants and mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereto agree as follows:

ARTICLE I

TERMS OF THE ESCROW

- 1.1 The Parties hereby agree to the establishment of the Escrow Account with the Escrow Agent, and the Escrow Agent agrees to hold the Escrowed Shares in the Escrow Account in accordance with the terms of this Escrow Agreement.
- 1.2 In consideration of the benefit that the Transaction, contemplated pursuant to the Share Purchase Agreement, will confer upon Tetra and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Tetra hereby agrees not to, directly or indirectly, offer, sell, contract to sell, loan, hypothecate, pledge, grant or sell any option for the purchase of, or otherwise dispose of or transfer any Consideration Shares that may be issued, directly or indirectly, to Tetra by the Purchaser in accordance with the terms of the Share Purchase Agreement and this Escrow Agreement (collectively, the “**Subject Shares**”), as any such Subject Shares may be reconstituted, consolidated, converted or otherwise modified, or make any short sale of, engage in any hedging transaction with respect to, or enter into any swap, forward or other transaction or arrangement that has the effect of transferring, in whole or in part, any of the economic consequences of ownership of such Subject Shares (regardless of whether such transaction or arrangement is settled by the delivery of the Subject Shares, other securities of the Purchaser, cash or otherwise) or agree to or publicly announce any intention to do any of the foregoing, without the prior written consent of the Purchaser, any such consent to be at the sole discretion of the Purchaser, for a period commencing as of the date the Consideration Shares are placed into escrow pursuant to the terms hereof (the “**Lock-Up Commencement Date**”) and ending on the date that is 24 months following a Lock-Up Commencement Date, subject to the exceptions set forth herein.
- 1.3 The foregoing restrictions and covenants in Section 1.2 shall cease to apply to the following number of Subject Shares set forth below effective as of the dates set forth below (provided that, if any Escrowed Shares are deemed Forfeited Shares (as defined herein), then the number of Escrowed Shares released in accordance with this Section 1.3 shall be reduced by the number of Forfeited Shares, and any such reduction shall be applied first to the Escrowed Shares released under Section 1.3.1, second to the Escrowed Shares released under Section 1.3.2, third to the Escrowed Shares released under Section 1.3.3 and lastly to the Escrowed Shares released under Section 1.3.4):
 - 1.3.1 the 6-month anniversary of the Lock Up Commencement Date, the Escrow Agent shall release and deliver to Tetra 25% of the Escrowed Shares in the Escrow Account;
 - 1.3.2 the 12-month anniversary of the Lock Up Commencement Date, the Escrow Agent shall release and deliver to Tetra 25% of the Escrowed Shares in the Escrow Account;
 - 1.3.3 the 18-month anniversary of the Lock Up Commencement Date, the Escrow Agent shall release and deliver to Tetra 25% of the Escrowed Shares in the Escrow Account; and

1.3.4 the 24-month anniversary of the Lock Up Commencement Date (the “**Expiry Date**”), the Escrow Agent shall release and deliver to Tetra the remaining 25% of the Escrowed Shares in the Escrow Account.

Subject to Section 2.14 herein, to the extent there is a dispute, any remaining Escrowed Shares in the Escrow Account following the Expiry Date shall continue to be held by the Escrow Agent until it has received, in respect of the disposition of those Escrow Shares, a Cancellation Notice (as defined herein).

1.4 The foregoing restrictions and covenants in Section 1.2 shall not apply to transfers made by Tetra pursuant to a bona fide take-over bid, arrangement or similar transaction involving a change of control of the Purchaser made generally to or involving all holders of equity securities of the Purchaser after the Closing Date or Lock-Up Commencement Date, provided that in the event the take-over bid or acquisition transaction is not completed in respect of the Subject Shares, Tetra and the Subject Shares shall remain subject to the restrictions and covenants contained in Section 1.2.

1.5 Tetra hereby agrees and covenants to execute and deliver any supplementary documentation requested by the Purchaser reflecting restrictions and covenants binding on Tetra that are substantially consistent with the provisions hereof.

1.6 Tetra hereby acknowledges and agrees that the Purchaser, at its discretion, may place restrictive legends on any of the Subject Shares to evidence the restrictions and covenants contained in this Agreement without any further act or approval on the part of Tetra. Tetra hereby agrees and consents to the entry of stop transfer restrictions with the Purchaser’s transfer agent and registrar, or the equivalent, against the disposition or transfer of the Subject Shares contrary to the provisions hereof without any further act or approval on the part of Tetra.

1.7 **Reduction Event**

1.7.1 If the Purchaser, within 60 days from the Closing Date, completes an Additional Transaction, and (i) within 30 days from the closing date of the Additional Transaction the closing price of the Ayurcann Common Shares on the CSE is at least \$0.225 per Ayurcann Common Share on any one day or (ii) the price attributed to the Ayurcann Common Shares in connection with such Additional Transaction is at least \$0.225 per Ayurcann Common Share ((i) or (ii), a “**Additional Transaction Reduction Event**”), then the Escrow Agent shall return to the Purchaser for cancellation the amount of Escrowed Shares calculated as follows:

$$\frac{(32,352,941 \text{ multiplied by } \$[\text{Ayurcann Common Share Price}]) \text{ minus } \$7,200,000}{\$[\text{Ayurcann Common Share Price}]}$$

1.7.2 If Tetra is required to indemnify the Purchaser for the Claim Amount in accordance with Sections 8.03, 8.04, 8.05 and 8.06 of the Share Purchase Agreement, then the Escrow Agent shall return to the Purchaser for cancellation the amount of Escrowed Shares calculated as follows (the “**Indemnification Reduction Event**” and together with the Additional Transaction Reduction Event, the “**Reduction Events**”, each a “**Reduction Event**”):

$$\frac{\text{Claim Amount}}{\$0.17}$$

Upon the occurrence of a Reduction Event, the Parties shall jointly deliver to the Escrow Agent a written notice signed by or on behalf of each of Tetra and the Purchaser instructing the Escrow Agent to return to the Purchaser for cancellation (a “**Cancellation Notice**”) the number of Escrowed Shares calculated pursuant to this Section 1.7 (the “**Forfeited Shares**”), and the Escrow Agent shall return share certificates representing the Forfeited Shares to the Purchaser for cancellation. The Purchaser shall promptly issue new certificates in the name of Tetra representing the balance of the

Escrowed Shares and deliver them to the Escrow Agent to hold in accordance with the terms of this Escrow Agreement and Share Purchase Agreement. For illustrative purposes only, in the event that the Purchaser completes an Additional Transaction within the 60-day period and upon completion, or within 30 days of closing the Additional Transaction, the closing price of the Ayurcann Common Shares on the CSE is \$0.225 per Ayurcann Common Share, the Parties shall deliver to the Escrow Agent a Cancellation Notice instructing the Escrow Agent to return to the Purchaser for cancellation 352,941 Forfeited Shares.

- 1.8 The Escrow Agent shall receive a fee of \$5,000 from the Purchaser for acting as Escrow Agent. Other than such fee, the Escrow Agent shall not be entitled to any fee for acting in such capacity. In the event that the Escrow Agent is made a party to any litigation pertaining to this Escrow Agreement or the subject matter hereof, then the Escrow Agent shall be compensated by Tetra for such services and reimbursed by Tetra for all costs and expenses, including reasonable attorneys' fees and expenses, occasioned by any such delay, controversy, litigation or event.
- 1.9 Upon release or return of the Escrowed Shares pursuant to the terms hereunder, the Escrow Agent shall be relieved of further obligations and released from all liability under this Escrow Agreement.
- 1.10 Tetra will not sell, transfer, assign or mortgage, the Escrowed Shares within escrow or any related share certificates or other evidence of the Escrowed Shares within escrow and Tetra may not pledge, mortgage or charge the Escrowed Shares to a financial institution as collateral for a loan.

ARTICLE II

MISCELLANEOUS

- 2.1 No waiver or any breach of any covenant or provision herein contained shall be deemed a waiver of any preceding or succeeding breach thereof, or of any other covenant or provision herein contained. No extension of time for performance of any obligation or act shall be deemed an extension of the time for performance of any other obligation or act.
- 2.2 Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing to those addresses set out at the start and end of the Escrow Agreement (or such other address as may be notified by one party to the others from time to time) and shall be deemed given and effective on the earliest of (a) the date of transmission, if such notice or communication is delivered via email prior to 5:30 p.m. (Eastern Time) on a Business Day, (b) the next Business Day after the date of transmission, if such notice or communication is delivered via email on a day that is not a Business Day or later than 5:30 p.m. (Eastern Time) on any Business Day, (c) the 2nd Business Day following the date of mailing, if sent by an internationally recognized courier service, or (d) upon actual receipt by the party to whom such notice is required to be given. As used herein, "**Business Day**" shall mean any day other than Saturday, Sunday or other day on which commercial banks in the City of Toronto are authorized or required by law to remain closed.
- 2.3 This Escrow Agreement shall be binding upon and shall enure to the benefit of the permitted successors and permitted assigns of the parties hereto.
- 2.4 This Escrow Agreement is the final expression of, and contains the entire agreement between, the parties with respect to the subject matter hereof and supersedes all prior understandings with respect thereto. This Escrow Agreement may not be modified, changed, supplemented or terminated, nor may any obligations hereunder be waived, except by written instrument signed by the parties to be charged or by its agent duly authorized in writing or as otherwise expressly permitted herein (and no party shall be deemed as agent of the other).
- 2.5 Whenever required by the context of this Escrow Agreement, the singular shall include the plural and masculine shall include the feminine. This Escrow Agreement shall not be construed as if it had been prepared by one of the parties, but rather as if all parties had prepared the same.

- 2.6 The parties hereto expressly agree that this Escrow Agreement shall be governed by, interpreted under and construed and enforced in accordance with the laws of the Province of Ontario. Any action to enforce, arising out of, or relating in any way to, any provisions of this Escrow Agreement shall only be brought in the Province of Ontario.
- 2.7 The Escrow Agent's duties hereunder may be altered, amended, modified or revoked only by an instrument in writing signed by the parties hereto.
- 2.8 The Escrow Agent shall be obligated only for performing such duties as are specifically set forth herein and may rely and shall be protected in relying or refraining from acting on any instrument reasonably believed by the Escrow Agent to be genuine and to have been signed or presented by the proper party or parties. The Escrow Agent shall not be personally liable for any act the Escrow Agent may do or omit to do hereunder as the Escrow Agent while acting in good faith and in the absence of gross negligence, fraud and willful misconduct.
- 2.9 The Escrow Agent is hereby expressly authorized to disregard any and all warnings given by any of the parties hereto or by any other person or corporation, excepting only orders or process of courts of law and is hereby expressly authorized to comply with and obey orders, judgments or decrees of any court. In case the Escrow Agent obeys or complies with any such order, judgment or decree, the Escrow Agent shall not be liable to any of the parties hereto or to any other person, firm or corporation by reason of such decree being subsequently reversed, modified, annulled, set aside, vacated or found to have been entered without jurisdiction.
- 2.10 The Escrow Agent shall not be liable in any respect on account of the identity, authorization or rights of the parties executing or delivering or purporting to execute or deliver any documents or papers deposited or called for hereunder in the absence of gross negligence, fraud and willful misconduct.
- 2.11 The Escrow Agent shall be entitled to employ such legal counsel and other experts as the Escrow Agent may deem necessary properly to advise the Escrow Agent in connection with the Escrow Agent's duties hereunder, may rely upon the advice of such counsel, and may pay such counsel reasonable compensation; provided that the costs of such compensation shall be borne by the Escrow Agent except as provided in Section 1.9 hereof.
- 2.12 The Escrow Agent's responsibilities as escrow agent hereunder shall terminate if the Escrow Agent shall resign by giving written notice to Tetra and the Purchaser at least 30 days in advance of such resignation. Notwithstanding anything to the contrary in the foregoing, the Escrow Agent or any successor escrow agent shall continue to act as Escrow Agent until a successor is approved and qualified to act as Escrow Agent. In the event of any such resignation, the Purchaser shall appoint a successor escrow agent, subject to consent of Tetra, such consent not to be unreasonably withheld, and the Escrow Agent shall deliver to such successor escrow agent any Escrowed Shares held by the Escrow Agent. Upon delivery of the Escrowed Shares to a successor escrow agent in accordance with this Section 2.12, the Escrow Agent shall thereafter be discharged from any further obligations hereunder, and all power, authority, duties and obligations of the Escrow Agent shall apply to any successor agent.
- 2.13 If the Escrow Agent reasonably requires other or further instruments in connection with this Escrow Agreement or obligations in respect hereto, the necessary parties hereto shall join in furnishing such instruments (at the sole cost of the Purchaser).
- 2.14 Save as otherwise provided for in this Escrow Agreement and the Share Purchase Agreement, it is understood and agreed that should any dispute arise with respect to the delivery and/or ownership or right of possession of the documents (if any) or the Escrowed Shares held by the Escrow Agent hereunder, the Escrow Agent is authorized and directed in the Escrow Agent's sole discretion (i) to retain in the Escrow Agent's possession without liability to anyone all or any part of said documents or the Escrowed Shares until such disputes shall have been settled either by mutual written agreement of the parties concerned by a final order, decree or judgment or a court of competent

jurisdiction after the time for appeal has expired and no appeal has been perfected, but the Escrow Agent shall be under no duty whatsoever to institute or defend any such proceedings or (ii) to deliver the Escrowed Shares and any other property and documents held by the Escrow Agent hereunder to a provincial or Federal court having competent subject matter jurisdiction and located in the City of Toronto in accordance with the applicable procedure therefor.

- 2.15 The Purchaser and Tetra agree to jointly and severally defend, indemnify and hold harmless the Escrow Agent and each of the Escrow Agent's officers, directors, agents and employees (the "**Indemnified Parties**") from and against any and all losses, liabilities, claims made by any party or any other person or entity, damages, expenses and costs (including, without limitation, attorneys' fees and expenses) of every nature whatsoever (collectively, "**Losses**") which any such Indemnified Party may incur and which arise directly or indirectly from this Escrow Agreement or which arise directly or indirectly by virtue of the Escrow Agent's undertaking to serve as the Escrow Agent hereunder; *provided, however*, that no Indemnified Party shall be entitled to indemnity with respect to Losses that have been finally adjudicated by a court of competent jurisdiction to have been directly caused by such Indemnified Party's gross negligence or willful misconduct. In no event shall the indemnity from the Purchaser and Tetra exceed the value of the Escrowed Shares. The provisions of this Section 2.15 shall survive the termination of this Escrow Agreement and any resignation or removal of the Escrow Agent.
- 2.16 This Escrow Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be on and the same agreement. A signed copy of this Escrow Agreement 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 Escrow Agreement.
- 2.17 References to the Escrow Agent, the Purchaser and/or Tetra in this Escrow Agreement shall include his/its successors in title and permitted assigns.

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