
SHARE PURCHASE AGREEMENT

between

SENSI BRANDS INC.
as the Purchaser

- and -

GOLDEN LEAF HOLDINGS LTD.
as a Vendor

- and -

MEDICAL MARIHUANA GROUP CORPORATION

- and -

MEDICAL MARIJUANA GROUP CONSULTING LTD.

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SHARE PURCHASE AGREEMENT

THIS AGREEMENT is made as of December 28, 2019,

BETWEEN:

SENSI BRANDS INC., a corporation incorporated under the Laws of Ontario (the “**Purchaser**”)

- and -

GOLDEN LEAF HOLDINGS LTD., a corporation continued under the Laws of Ontario (the “**Vendor**”)

- and -

MEDICAL MARIHUANA GROUP CORPORATION, a corporation incorporated under the Laws of Ontario (“**MMG**”)

- and -

MEDICAL MARIJUANA GROUP CONSULTING LTD., a corporation incorporated under the Laws of Ontario (the “**MMC**”)

RECITALS:

- A. The Vendor is the registered and beneficial owner of the Purchased Shares.
- B. The Vendor wishes to sell the Purchased Shares to the Purchaser, and the Purchaser wishes to purchase the Purchased Shares from the Vendor, upon and subject to the terms and conditions set out herein.

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT in consideration of the premises and the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the Parties covenant and agree as set forth below:

**ARTICLE 1
INTERPRETATION**

1.1 Definitions

Whenever used in this Agreement, unless there is something in the subject matter or context that is inconsistent therewith, the following words and terms will have the respective meanings set out below:

“**Accounting Principles**” has the meaning ascribed to it in Section 1.6;

“**Accounts Payable**” means accounts payable and any other amounts due and owing to trades, suppliers and other Persons in the Ordinary Course of Business, but excluding any

costs and expenses related to the Transaction, in each case as recorded as payable in the Books and Records;

“**Accounts Receivable**” means trade receivables, bills receivable, trade accounts, book debts, employee loans and advances, supplier rebate accruals, and insurance claims, in each case as recorded as a receivable in the Books and Records;

“**Affiliate**” means, with respect to any Person, any other Person that controls or is controlled by or is under common control with the first mentioned Person;

“**Agreed Claims**” has the meaning ascribed to it in Section 7.4;

“**Agreement**” means this share purchase agreement, including its Preamble, Recitals and Schedules, as amended, supplemented or restated in writing from time to time in accordance with Section 9.6;

“**Applicable Drug Laws**” has the meaning ascribed to it in Section 4.1(o)(a);

“**Assets**” means all of the assets, real and personal, tangible and intangible of each of MMG and MMC, wherever situated, including, without limitation, those assets listed in the Schedules;

“**Benefit Plans**” means plans, arrangements, agreements, programs, policies, practices or undertakings under which each of MMG and MMC has, or would have, any liability or contingent liability, or pursuant to which payments are made, or benefits are provided to, or an entitlement to payments or benefits may arise with respect to any of its Employees or former employees of each of MMG and MMC, its directors or officers, individuals working on contract with each of MMG and MMC or other individuals providing services to each of MMG and MMC;

“**Books and Records**” means all books, records, files, Customer and supplier lists, business reports, plans, projections, standard operating procedure manuals, and all other documentation, correspondence and other information (in whatever medium and wherever situated, including all data and information stored electronically or on computer-related media) in the possession or under the control of each of MMG and MMC;

“**Business**” means the business of growing, producing, processing, cultivating, distributing and selling cannabis, and all ancillary matters related thereto, undertaken by each of MMG and MMC;

“**Business Day**” means a day that is not a Saturday, Sunday or statutory holiday in **Toronto, Ontario** and on which the principal commercial banks in downtown **Toronto, Ontario** are open for the transaction of commercial banking business during regular business hours;

“**Cannabis Act**” means the *Cannabis Act* (Canada) and all regulations and amendments thereto;

“**Cash**” means all cash and cash equivalents of each of MMG and MMC, net of the amount of all outstanding cheques written against each of MMG and MMC’s accounts (including cash book overdrafts and issued but uncashed cheques);

“**Certificate**” has the meaning ascribed to it in Section 7.4;

“**Claim Amount**” has the meaning ascribed to it in Section 7.5;

“**Claims**” means claims for Damages;

“**Closing**” means the completion of the Transaction pursuant to this Agreement;

“**Closing Date**” means the date agreed to in writing by the Purchaser and Vendor no later than December 31, 2019;

“**Common Shares**” means the Common Shares in the share capital of each of MMG and MMC;

“**Constating Documents**” means the articles of incorporation, amalgamation, association or equivalent, as the case may be, and by-laws;

“**Contracts**” means any contract, instrument, undertaking, agreement, indenture, lease, deed of trust, license, option, purchase order, warranty, commitment, engagement, covenant or other understanding or obligation of any nature to which a Person is a party or under which it is bound, whether oral or in writing;

“**Core Representations**” means (i) all of the representations and warranties contained in Article 3, and (ii) the representations and warranties contained in Sections 4.1(a) (Incorporation, Formation and Qualification), 4.1(b) (No Default), 4.1(e) (No Conflict), 4.1(h) (Subsidiaries), 4.1(i) (Authorized and Issued Capital), 4.1(e) (No Other Agreements to Purchase), 4.1(p) (Title to the Assets), and 4.1(l) (No Brokers);

“**Corporate Notes Receivable**” means the amounts MMG and MMC owe to the Vendor having an aggregate principal amount of \$2,274,320 plus any interest, penalties and charges, as recorded in their respective Financial Statements and evidenced by certain promissory notes of MMG and MMC;

“**Corporation Account**” means the bank account of each of MMG and MMC;

“**Current Assets**” means, without duplication, Cash, the Accounts Receivable, Other Receivables, any potential refunds or receivables of sales or other Taxes, Inventory and Prepaid Expenses of each of MMG and MMC, calculated in accordance with the Accounting Principles and each of MMG and MMC’s past practices (for greater certainty, excluding any related party receivables);

“**Current Liabilities**” means, without duplication, the Accounts Payable, accrued liabilities and Taxes Payable of each of MMG and MMC calculated in accordance with the Accounting Principles and each of MMG and MMC’s past practices, provided, however, that Current Liabilities excludes any items enumerated in the definition of Indebtedness and excludes related party debt and excludes the existing mortgage payable in the MMG Property;

“**Customer**” means any client, patient, customer or other Person to whom each of MMG and MMC sells goods or services in the Ordinary Course of Business;

“**Damages**” means any losses, costs, claims, interest, fines, penalties, assessments, liabilities, damages or expenses (including reasonable legal and expert fees and investigatory costs, fees and expenses incurred in pursuing or defending a Claim) whether resulting from a claim that is instituted or asserted by a third party, including a Governmental Authority, or a cause, matter, thing, act, omission or state of facts not involving a third party;

“**Deposits**” has the meaning ascribed to it in Section 2.3(b);

“**Employees**” means those individuals employed or retained by each of MMG and MMC, whether such Persons are contractors or employed on a full-time, part-time or temporary basis, including those employees on disability leave, parental leave or other absence;

“**Encumbrance**” means any encumbrance of any kind whatever (registered or unregistered) and includes any security interest, mortgage, conditional sale, lien, hypothec, pledge, hypothecation, assignment, charge, trust or deemed trust (whether contractual, statutory or otherwise arising), a voting trust or pooling agreement with respect to securities, any adverse claim, or joint ownership interest, any grant of any exclusive licence or sole licence, or any other right, option or claim of others of any kind whatever affecting the Purchased Shares or the Assets or the use of any thereof, any covenant or other agreement, restriction or limitation on the transfer of the Purchased Shares or, through such transfer, of the Assets, or the use thereof, or a deposit by way of security or an easement, restrictive covenant, limitation, agreement or right of way, restriction, preferential arrangement, encroachment, burden or title reservation of any kind, or any rights or privileges capable of becoming any of the foregoing, but, for purposes of greater certainty, excluding Permitted Encumbrances;

“**Environment**” means the environment or natural environment as defined in any Environmental Laws;

“**Environmental Laws**” means all applicable Laws relating to public health and safety, pollution or the protection of the Environment, including Laws relating to civil responsibility for acts or omissions with respect to the Environment, and all Governmental Authorizations issued pursuant to such Laws;

“**Environmental Permits**” means any Permits or program participation requirements, sign-offs or registrations required under any Environmental Laws;

“**Financial Statements**” means unaudited financial statements of each of MMG and MMC for the fiscal year ended December 31, 2018 consisting of a statement of financial position as at December 31, 2018 and a profit and loss statement for the year ended December 31, 2018 (which financial statements were consolidated into the audited consolidated year-end financial statements of the Vendor as filed on SEDAR (noting that the intercompany balances are eliminated and the currency is in United States dollars in the audited consolidated year-end financial statements of the Vendor as filed on SEDAR)) (but not including any notes), a copy of which are attached as Schedule 4.1(y) hereto;

“**GLH Deposit**” has the meaning ascribed to it in Section 2.3(b);

“**Governmental Authority**” means any (i) governmental or public department, central bank, court, minister, governor-in-council, cabinet, commission, tribunal, board, bureau, agency, commissioner or instrumentality, whether international, multinational, national, federal, provincial, state, county, municipal, local, or other; (ii) subdivision or authority of any of the above; (iii) stock exchange; (iv) any judiciary or quasi-judiciary tribunal, court or body; and (v) quasi-governmental or private body exercising any regulatory, expropriation or taxation authority under or for the account of any of the above;

“**Governmental Authorizations**” means authorizations, approvals, franchises, Orders, certificates, consents, directives, notices, licenses, permits, variances, registrations or similar rights issued to or required by each of MMG and MMC from any Governmental Authority;

“**Government Licences**” has the meaning ascribed to it in Section 4.1(o)(a);

“**GST**” mean all taxes exigible pursuant to Part IX of the *Excise Tax Act* (Canada)

“**Hazardous Materials**” means any waste, special waste or other substance that is prohibited, listed, defined, designated or classified as, or otherwise determined to be, dangerous, hazardous, radioactive, explosive or toxic or a pollutant or a contaminant under or pursuant to any Environmental Laws;

“**IFRS**” means generally accepted accounting principles as set forth in the CPA Canada Handbook – Accounting for an entity that prepares its financial statements in accordance with International Financial Reporting Standards, at the relevant time, applied on a consistent basis;

“**Indebtedness**” means, without duplication, whether or not contingent, with respect to each of MMG and MMC on a consolidated basis: (i) all indebtedness for borrowed money, funded indebtedness or for the deferred purchase price of property or services (including any earnout or other deferred purchase price liabilities), whether current, short-term or long-term, secured or unsecured, (ii) leases that are capital leases in accordance with IFRS, (iii) any other indebtedness that is evidenced by a note, bond, debenture, debt security or similar instrument, (iv) the dollar amount of any commitment by which each of MMG and MMC assures a creditor against loss (including contingent reimbursement obligations with respect to bankers acceptances, fidelity bonds, surety bonds, performance bonds and letters of credit (in each case, whether or not drawn, called or matured)); (v) all liabilities secured by a purchase money mortgage or other Encumbrance; (vi) all liabilities for, or with respect to, any “success fees” or bonuses, change in control payments, retention payments, severance payments or similar liabilities arising from or that otherwise may be triggered by the Transaction (including all transaction related bonuses or accelerated benefits payable to any officer, director, employee, partner or Affiliate of each of MMG and MMC) in each case, to the extent not paid by each of MMG and MMC pursuant to Article 9); (vii) all liabilities with respect to any interest rate swaps or hedging arrangements; (viii) all amounts owed to any Person under any pension or deferred compensation arrangements; (ix) all liabilities of third Persons of the type referred to herein which are directly or indirectly guaranteed by each of MMG and MMC or which each has agreed (contingently or otherwise) to purchase, assume or otherwise acquire or in respect of which it has otherwise assured a creditor

against loss; (x) all liabilities arising out of any breach of the foregoing obligations; and (xi) any accrued and unpaid interest, fees and other expenses on any of the foregoing, including but not limited to, prepayment penalties, consent fees, “breakage” costs, “break fees”, make-whole amounts or similar payments or contractual charges;

“**Indemnification Cap**” has the meaning ascribed to it in Section 7.3(g);

“**Indemnification Minimum**” has the meaning ascribed to it in Section 7.3(h);

“**Indemnified Party**” has the meaning ascribed to it in Section 7.4;

“**Indemnifying Party**” has the meaning ascribed to it in Section 7.4;

“**Intellectual Property**” means domestic and foreign: (i) patents, applications for patents and reissues, divisions, continuations, renewals, extensions and continuations-in-part of patents or patent applications; (ii) proprietary and non-public business information, including inventions (whether patentable or not), invention disclosures, improvements, discoveries, trade secrets, confidential information, know-how, methods, processes, designs, technology, technical data, schematics, formulae and Customer lists, and documentation relating to any of the foregoing; (iii) copyrights, copyright registrations and applications for copyright registration; (iv) mask works, mask work registrations and applications for mask work registrations; (v) designs, design registrations, design registration applications and integrated circuit topographies; (vi) trade names, business names, corporate names, domain names, website names and world wide web addresses, common law trademarks, trademark registrations, trademark applications, trade dress and logos, and the goodwill associated with any of the foregoing; (vii) Software; and (viii) any other intellectual property and industrial property;

“**Interim Financial Statements**” means unaudited financial statements of each of MMG and MMC up to November 30, 2019, consisting of a statement of financial position as at November 30, 2019 and a profit and loss statement for the eleven month period ending November 30, 2019 (but not including any notes), copies of which are attached as Schedule 4.1(y) hereto;

“**Inventory**” means items including raw materials, work in progress and finished goods held by each of MMG and MMC for cultivation, sale, processing, fabrication, license or other distribution in the Ordinary Course of Business, including inventory in transit, direct order inventory and custom or non-stock inventory;

“**Knowledge of the Vendor**” means the knowledge of the Chief Executive Officer and Chief Financial Officer (or Persons undertaking those roles) of the Vendor, MMG and MMC, as the case may be, of any fact, circumstance, event or other matter. The foregoing individuals will be deemed to have knowledge of a particular fact, circumstance, event or other matter if such fact, circumstance, event or other matter is expressly reflected in one or more documents (whether written or electronic, including electronic e-mails sent to or by such individual) in, or that have been in, the possession of such individual, including their personal files;

“**Laws**” or “**Law**” means any and all applicable Canadian and foreign (i) laws, constitutions, treaties, statutes, codes, ordinances, Orders, decrees, rules, regulations and by-laws, (ii) judgments, Orders, writs, injunctions, decisions, awards and directives of

any Governmental Authority and (iii) to the extent that they have the force of law, policies, guidelines, notices and protocols of any Governmental Authority;

“**Listing Agreement**” has the meaning ascribed to it in Section 6.8.

“**Material Adverse Change**” means any result, change, occurrence, event, violation, inaccuracy, factor or circumstance that is or would reasonably be expected to be materially adverse to the Purchased Shares, the Business or the Assets, liabilities, capitalization, condition (financial or otherwise), prospects or results of operational aspects of each of MMG and MMC;

“**Material Contract**” means all Contracts pertaining to the Business, including all Contracts:

- (a) pursuant to which each of MMG and MMC is subject to any obligation or restriction or is entitled to any right or benefit in relation to the Business that provide for the expenditure of \$20,000 or more during the remainder of the term of such Contract;
- (b) that relate to the acquisition of any business, the shares or material assets of any other Person or any immovable property (whether by merger, sale of shares, sale of assets or otherwise);
- (c) between or among (i) each of MMG and MMC, on the one hand, and (ii) the Vendor or any Affiliate or relative of any Vendor, on the other hand;
- (d) that limit the freedom of each of MMG and MMC to compete in any line of business or in any geographic area;
- (e) that provide any Customer of each of MMG and MMC with pricing, discounts or benefits that change based on the pricing, discounts or benefits offered to other Customers of each of MMG and MMC, including, agreements containing “most favored nation” provisions;
- (f) that relate to the sale of any Assets, other than sales of Assets in the Ordinary Course of Business, for consideration in excess of \$5,000;
- (g) all agreements relating to Indebtedness;
- (h) with Employees providing for annual base compensation in excess of \$25,000;
- (i) which cannot by their terms be cancelled by MMG or MMC, as applicable without payment or penalty upon notice of 60 days or less; and
- (j) involving the settlement of any lawsuit with respect to which (i) there is any unpaid amount or (ii) conditions precedent to the settlement thereof have not been satisfied;

and each amendment, supplement, and modification (whether oral or written) in respect of any of the foregoing;

“**MMC**” has the meaning ascribed to that term in the Preamble;

“**MMG**” has the meaning ascribed to that term in the Preamble;

“**MMG Property**” means the real property municipally described as 150 Burwell Road, St. Thomas, Ontario, Canada N5P 3R8 and legally described as PT LT 21 PL 287 St. Thomas PT 5 11R2877 (PIN 35189-0012 (LT));

“**MMG Property Loan**” means the \$400,000 principal amount loan owed by MMG to ASPCAN (acting as a company) secured by a first mortgage over the MMG Property, at an annual interest rate of 10% and maturing on September 1, 2021;

“**Non-Core Representations**” means the representations and warranties of the Vendor set out in this Agreement that are not Core Representations;

“**Objection Notice**” has the meaning ascribed to it at Section 2.4(b);

“**Order**” means an order, injunction, judgment, administrative complaint, decree, ruling, award, assessment, direction, instruction, penalty or sanction issued, filed or imposed by any Governmental Authority;

“**Ordinary Course of Business**” means, when used in relation to the conduct of the Business, any action which is taken in the ordinary course of the normal day-to-day operations of the Business in a prudent and business-like manner consistent with the Business’s past practices;

“**Other Receivables**” means, all receivables of MMG and MMC of any nature or character that are not Accounts Receivable;

“**Parties**” means the Purchaser, the Vendor, MMG and MMC, and a “**Party**” means any one of them;

“**Permitted Encumbrances**” means:

- (a) undetermined or inchoate liens, charges and privileges incidental to current construction or current operations and statutory liens, charges, adverse claims, security interests;
- (b) liens for Taxes that are due but are being contested in good faith and diligently by appropriate proceedings and for the payment of which adequate provision has been made in the Financial Statements or Interim Financial Statements;
- (c) servitudes, casements, restrictions, rights-of-way and other similar rights in immovable property or any interest therein, provided the same are not of such nature as to materially adversely affect the use or value of the property subject thereto;
- (d) zoning, land use and building restrictions, by-laws, regulations and ordinances of federal, provincial, municipal or other governmental bodies or regulatory authorities provided the same are not of such nature as to materially adversely affect the use or value of the property subject thereto; and
- (e) the Encumbrances described in Schedule 1.1(a);

“**Person**” includes any individual, corporation, limited liability company, unlimited liability company, body corporate, company, limited company, limited liability company, firm, joint venture, syndicate, association, venture capital fund, private equity or investment fund, trust, trustee, executor, administrator, legal personal representative, estate, government, Governmental Authority and any other form of entity or organization, whether or not having legal status;

“**Prepaid Expenses**” means the unused portion of amounts prepaid by or on behalf of each of MMG and MMC relating to the Business including property and municipal business taxes, assessments, rates and charges, corporate insurance, utilities, rent, tenant allowances, auto leases, group plans, workers compensation insurance and deposits with any Person, including with any supplier, public utility or Governmental Authority;

“**Purchase Price**” has the meaning ascribed to it in Section 2.3;

“**Purchased Shares**” means the Common Shares of MMG and Common Shares of MMC owned by the Vendor, in each case representing, and which collectively shall represent, one hundred percent (100%) of all of the issued and outstanding shares in the capital of each of MMG and MMC on and immediately following the Closing;

“**Purchaser**” has the meaning ascribed to it in the Preamble;

“**Purchaser Indemnified Party**” has the meaning ascribed to it in Section 7.1;

“**Required Consents**” means those consents and Authorizations listed and described in Schedule 4.1(g);

“**Restricted Period**” has the meaning ascribed to it in Section 6.2;

“**SBI Deposit**” has the meaning ascribed to it in Section 2.3(b);

“**Secured Loan**” has the meaning ascribed to it in Section 2.3(d);

“**Software**” means computer software and programs (both source code and object code form), all proprietary rights in the computer software and programs and all documentation and other materials related to the computer software and programs;

“**Tax Act**” means the *Income Tax Act* (Canada), RSC 1985 (5th Supp) c 1., and the regulations promulgated thereunder as amended from time to time;

“**Tax Returns**” has the meaning ascribed to it in Section 4.1(ii)(a);

“**Taxation Authority**” means any Governmental Authority that is entitled to impose Taxes or to administer any applicable legislation related to Taxes;

“**Taxes**” means (i) any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever imposed by any Taxation Authority, whether computed on a separate, consolidated, unitary, combined or other basis, including those levied on, or measured by, or described with respect to, income, gross receipts, profits, gains, windfalls, capital, capital stock, production, recapture, transfer, land transfer, license, gift, occupation, wealth, environment, net worth, indebtedness, surplus, sales, goods and services, harmonized sales, use, value-

added, excise, special assessment, stamp, withholding, business, franchising, immovable or movable property, health, employee health, payroll, workers' compensation, employment or unemployment, severance, social services, social security, education, utility, surtaxes, customs, import or export, and including all license and registration fees and all employment insurance, health insurance and pension plan premiums or contributions; (ii) all interest, penalties, fines, additions to tax or other additional amounts imposed by any Taxation Authority on or in respect of amounts of the type described in clause (i) above or this clause (ii); and (iii) any liability for the payment of any amounts of the type described in clauses (i) or (ii) as a result of any express or implied obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any other Person;

“**Taxes Payable**” means all Taxes of each of MMG and MMC accrued in respect of any period ending prior to or on the Closing Date, calculated on an accrual basis in accordance with the Accounting Principles, and excluding future or deferred income taxes recorded for accounting purposes only;

“**Territory**” means Canada;

“**Transaction**” means the purchase and sale of the (i) Purchased Shares, and (ii) Corporate Notes Receivable, and the other transactions contemplated in this Agreement and the Transaction Documents;

“**Transaction Documents**” means this Agreement and any other agreement or document to be delivered under or pursuant to this Agreement;

“**Unsecured Loan**” has the meaning ascribed to that term in Section 2.3(c);

“**Vendor**” has the meaning ascribed to that term in the Preamble;

“**Vendor Indemnified Parties**” has the meaning ascribed to it in Section 7.2;

“**Vendor's Account**” means the bank account(s) designated by the Vendor in writing to the Purchaser at least two Business Days prior to Closing, and any replacement account designated by the Vendor in writing to the Purchaser from time to time; and

“**Working Capital**” means the amount calculated by subtracting the Current Liabilities of each of MMG and MMC from their respective Current Assets;

“**Working Capital Statement**” has the meaning ascribed to it at Section 2.4(a); and

“**Working Capital Target**” means a minimum of \$900,000 of Working Capital.

1.2 Headings

The division of this Agreement into Articles and Sections and the insertion of a table of contents and headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement. The terms “**hereof**”, “**hereunder**” and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles, Sections and Schedules are to Articles and Sections of and Schedules to this Agreement.

1.3 Extended Meanings

For the purposes of this Agreement:

- (a) words importing the singular number include the plural and vice versa, words importing any gender include all genders; and
- (b) the term “**including**” means “including without limiting the generality of the foregoing”, the term “**include**” means “include, without limiting the generality of the foregoing”, and the term “**third party**” means any Person other than the Vendor and the Purchaser and their respective Affiliates.

1.4 Ambiguity

The rule of construction that, in the event of ambiguity, the contract will be interpreted against the Party responsible for the drafting or preparation of the contract, will not apply to this Agreement or to the interpretation of this Agreement. All Parties have had the benefit of independent legal representation and actively participated in the negotiation of this Agreement.

1.5 Statutory References

In this Agreement, unless something in the subject matter or context is inconsistent therewith or unless otherwise herein provided, a reference to any statute is to that statute as now enacted or as the same may from time to time be amended, re-enacted or replaced and includes any regulations made thereunder.

1.6 Accounting Principles

Wherever in this Agreement reference is made to “**Accounting Principles**”, such reference means to accounting standards in accordance with IFRS in effect as at the date on which such reference is being applied or is required to be applied (“**then applicable Accounting Principles**”), applied consistently with prior years. Unless, and except only as, expressly stated in this Agreement, whenever an accounting term that has specific meaning under then applicable Accounting Principles is used in this Agreement, then such accounting term will, for purposes hereof but subject to and without derogating from the express provisions of this Agreement, have the meaning that is ascribed to it by then applicable Accounting Principles, and all interpretations, determinations, calculations and other accounting matters to be made, to be completed or to apply hereunder in relationship to such accounting term will be made, completed or apply, as the case may be, in accordance with then applicable Accounting Principles.

1.7 Currency

All references to currency herein are to lawful money of Canada.

1.8 Schedules

- (a) The following are the Schedules to this Agreement:

<u>Schedule</u>	<u>Description</u>
Schedule 1.1(a)	Permitted Encumbrances

Schedule 2.3(c)	Unsecured Loan Note
Schedule 2.3(d)	Secured Loan Note and Mortgage
Schedule 4.1(g)	Required Consents
Schedule 4.1(i)	Authorized and Issued Capital
Schedule 4.1(l)	Conduct of Business in Ordinary Course
Schedule 4.1(o)(a)&4.1(o)(b)	Governmental Licenses
Schedule 4.1(t)	Material Contracts
Schedule 4.1(v)	Intellectual Property
Schedule 4.1(y)	Financial Statements
Schedule 4.1(aa)	Indebtedness
Schedule 4.1(bb)	Bank Accounts and Powers of Attorney
Schedule 4.1(dd)	Employees
Schedule 4.1(ee)	Benefit Plans
Schedule 4.1(gg)	Insurance
Schedule 4.1(ii)	Tax Matters
Schedule 4.1(jj)	Customers

- (a) All Schedules attached to this Agreement form an integral part of this Agreement.

ARTICLE 2 PURCHASE AND SALE

2.1 Agreement of Purchase and Sale

Subject to the terms and conditions of this Agreement, the Vendor hereby sells, assigns and transfers the Purchased Shares and Corporate Notes Receivable, to the Purchaser, and the Purchaser hereby purchases the Purchased Shares and Corporate Notes Receivable, from the Vendor, free and clear of all Encumbrances.

2.2 Purchase Price and Purchase Price Allocation

The aggregate purchase price payable by the Purchaser to the Vendor for the Purchased Shares and the Corporate Notes Receivable is \$3,000,000 (the “**Purchase Price**”), subject to any adjustment made in accordance with Section 2.4 or Section 7.10 and the allocation of the Purchaser Price is as follows:

- (a) the portion of the Purchase Price allocated to the Corporate Notes Receivable shall be \$2,274,320; and

- (b) the portion of the Purchase Price allocated to the Purchased Shares shall be the amount equal to the result of (i) the Purchase Price less (ii) the portion of the Purchase Price allocated to the Corporate Notes Receivable pursuant to subsection 2.2(a) above.

2.3 Payment of Purchase Price

The Purchaser will pay the Purchase Price to the Vendor on Closing as follows:

- (a) \$1,600,000 by way of wire transfer of immediately available funds to the Vendor's Account;
- (b) \$200,000 by way of the release to the Vendor of the \$100,000 deposit that is being held in trust by Canadian counsel to the Vendor (the "**GLH Deposit**") and wire transfer of immediately available funds to the Vendor's Account of the \$100,000 deposit being held in trust by counsel to the Purchaser (the "**SBI Deposit**") (collectively, the "**Deposits**"). On Closing, the interest on the Deposits will be credited to the Purchaser.
- (c) CDN\$200,000 in the form of an unsecured interest free loan provided by the Vendor to the Purchaser (the "**Unsecured Loan**"), substantially in the form attached as Schedule 2.3(c) with commercial terms to be agreed upon by the Purchaser and the Vendor prior to Closing, payable interest free within the first 24 months following the Closing, and with the payment schedule at the discretion of the Purchaser; and
- (d) CDN\$1,000,000 in the form of a secured loan provided by the Vendor to the Purchaser (the "**Secured Loan**") for which the Vendor shall take back a second mortgage over the MMG Property as security for the Secured Loan, such loan to bear interest at a rate of 5% per annum, repayable as to interest only, monthly on the first day of each calendar month over 24 consecutive calendar months, commencing on the first day of the calendar month following the Closing Date. Subject to the Purchaser's right to prepay set forth below, the principal amount of the Secured Loan shall be paid at the end of the term of the Secured Loan, all in accordance with the terms set forth in the Secured Loan. The Purchaser will have the option to repay the principal amount of the Secured Loan at any time during the mortgage term, without penalty or additional interest, as complete payment towards the acquisition of the MMG Property (each of the Secured Loan and mortgage documents to be substantially in the form attached as Schedule 2.3(d) with commercial terms to be agreed upon by the Purchaser and the Vendor prior to Closing).

The MMG Property Loan will continue to be an obligation of MMG post-Closing.

The Corporate Notes Receivable shall be assigned by the Vendor to the Purchaser on Closing.

2.4 Payment by Vendor in Respect of Working Capital Target Shortfall

- (a) Within the later of: (i) sixty (60) days after the Closing Date, and (ii) the date which is thirty (30) days following the filing of corporate tax returns of MMG and MMC for the periods up to and including the Closing Date, the Purchaser will provide the Vendor with a statement of the Working Capital as at the Closing Date (the "**Draft Working Capital Statement**").
- (b) Within 30 days of receipt of the Draft Working Capital Statement, the Vendor may notify the Purchaser in writing of any objections it may have to the Draft Working Capital

Statement (an “**Objection Notice**”), which Objection Notice will set forth the Vendor’s calculation of the relevant amounts. If an Objection Notice is not so delivered to the Purchaser, the Draft Working Capital Statement shall become the “**Working Capital Statement**” for the purposes hereof and will be conclusive and binding on the Parties. If an Objection Notice is so delivered to the Purchaser, then the Vendor and the Purchaser will forthwith and in any event within 30 days, negotiate in good faith to resolve any such objections. In the event that the Vendor and the Purchaser are unable to resolve all such objections within 30 days after the Purchaser’s receipt of such Objection Notice, the Vendor and the Purchaser will submit such remaining disagreements to a nationally-recognized firm of independent chartered accountants, whose determination of the dispute will be made within 30 days of the date of such submission and will be final and binding upon the Parties and will become the Working Capital Statement for purposes hereof.

- (c) Within ten (10) days of the final determination of the Working Capital Statement and only in the case where the Working Capital is less than the Working Capital Target, the Vendor shall forthwith pay to the Purchaser such shortfall difference by wire transfer to the bank account of the Purchaser. For clarity, if the Working Capital Statement shows that the Working Capital was greater than the Working Capital Target, the Purchaser is not required to pay such difference to the Vendor.
- (d) For the purposes of the calculation of Working Capital as it relates to dried cannabis flower inventory, the Vendor and Purchaser agree that the value of all dried cannabis flower inventory (including the value of any biological assets) shall be determined by multiplying the quantity of dried cannabis flower on hand as at the Closing Date (measured in grams) by \$2.00 per gram.
- (e) For the purposes of the calculation of Working Capital as it relates to Accounts Receivable, any Account Receivable that has not been collected by MMC (or MMG, as the case may be) on or before the date upon which the Purchaser provides the Vendor with a copy of the Draft Working Capital Statement (each, an “Excluded Account Receivable”) shall be excluded from any calculation of Working Capital for the purposes of this section 2.4. Concurrently with the delivery of the Draft Working Capital Statement and the Exclusion of such Excluded Accounts Receivable from such Working Capital calculation, all rights interest and title to such Excluded Accounts Receivable shall transfer to the Vendor.
- (f) For the purposes of the calculation of Working Capital as it relates to Other Accounts Receivable, no amount shall be included in Other Accounts Receivable (or any other Account Receivable) unless such amount relates to services performed, or goods delivered, by MMC (or MMG, as the case may be) on or prior to the Closing Date.

2.5 Other Documents

The Parties will deliver all Transaction Documents and such other documents as may be reasonably necessary to complete the Transaction on the Closing Date.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF THE VENDOR

3.1 Representations and Warranties of the Vendor

The Vendor hereby represents and warrants to the Purchaser the matters set out below as of the Closing Date, and acknowledges and agrees that the Purchaser is relying on such representations and warranties in connection with the Transaction notwithstanding any investigation by or on behalf of the Purchaser:

- (a) **Incorporation, Formation and Qualification.** The Vendor is duly continued, organized, in good standing and existing under the Laws of Ontario and has the power to own and operate their property and carry on its business. The Vendor is duly qualified, licensed or registered to carry on business in all jurisdictions in which the nature of its business or assets makes such qualification necessary or in which it owns or leases any assets or conducts any business.
- (b) **Authorization.** The Vendor has the full power and authority to execute this Agreement and the other Transaction Documents to which they are a party and to perform its obligations hereunder and thereunder. The execution and delivery by the Vendor of this Agreement and the other Transaction Documents, the performance of its respective obligations hereunder and thereunder, and the transactions contemplated hereby and thereby have been duly and validly authorized by all necessary corporate or other action on the part of the Vendor.
- (c) **Enforceability.** Each of this Agreement and each Transaction Document to which the Vendor is a party has been duly executed and delivered by, and constitutes a legal, valid and binding obligation of the Vendor, enforceable against the Vendor in accordance with their terms subject only to any limitation under applicable Laws relating to (i) bankruptcy, winding-up, insolvency, arrangement and other similar Laws of general application affecting the enforcement of creditors' rights and (ii) the discretion that a court may exercise in interpreting enforceability of a provision or in the granting of extraordinary remedies such as specific performance and injunction.
- (d) **Title to the Registered and Beneficial Purchased Shares and to the Corporate Notes Receivable.** The Vendor is the sole legal and beneficial owner of the Purchased Shares and the Corporate Notes Receivable, with good and valid title thereto, free and clear of all Encumbrances. The Vendor is hereby transferring good and valid title to all of the Purchased Shares and the Corporate Notes Receivable to the Purchaser, free and clear of all Encumbrances. The Vendor is not a party to any agreement of guarantee or indemnification or any similar commitment of the obligations of any other Person where enforcement against the Vendor in respect of such agreement could result in an Encumbrance on the issued and outstanding shares owned by the Vendor.
- (e) **No Other Agreements to Purchase.** Except for the Purchaser's rights under this Agreement, no Person has any written or oral agreement, option or warrant, or any right or privilege (whether by Law, pre-emptive or contractual) capable of becoming such for the purchase or acquisition from the Vendor of the Purchased Shares and Corporate Notes Receivable.
- (f) **Residence.** The Vendor is not a "non-resident" of Canada for the purposes of the Tax Act.
- (g) **No Conflict.** The execution, delivery and performance by the Vendor of this Agreement and the Transaction Documents to which the Vendor is a party do not (or would not with the giving of notice, the lapse of time, or both, or the occurrence of any other event or

condition) result in the creation or imposition of any Encumbrance upon the Purchased Shares.

- (h) **Litigation.** There are no (i) actions, complaints, claims, grievances, suits or proceedings by any Person (including each of MMG and MMC), (ii) arbitration or alternative dispute resolution processes or (iii) any administrative or other proceedings by or before any Governmental Authority, in either case, pending or threatened (other than the verbal threats by [Redacted: violate confidentiality provisions] concerning severance, the detailed substance of which has been provided to the Purchaser in writing) against the Vendor which prohibits, restricts, effects or seeks to enjoin the Transaction.
- (i) **Required Authorizations and Consents.** Other than compliance with applicable securities Laws including the policies of the Canadian Securities Exchange, there is no requirement of the Vendor to make any filing with, give any notice to, or obtain or maintain any Governmental Authorization or the consent or authorization of any other Person as a condition to the lawful completion of the Transaction.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF THE VENDOR AS TO MMG AND MMC

4.1 Representations and Warranties of the Vendor as to MMG and MMC

The Vendor represents and warrants to the Purchaser the representations and warranties set forth below as of the Closing Date (unless expressly provided otherwise in the representation and warranty), and acknowledge and agree that the Purchaser is relying on such representations and warranties in connection with the Transaction, notwithstanding any investigation by or on behalf of the Purchaser:

- (a) **Incorporation, Formation and Qualification.** Each of MMG and MMC is duly incorporated, organized, in good standing and existing under the Laws of the Province of Ontario and has the power to own and operate its property and carry on its business. Each of MMG and MMC is duly qualified, licensed or registered to carry on business in all jurisdictions in which the nature of its business or assets makes such qualification necessary or in which it owns or leases any assets or conducts any business.
- (b) **No Default.** Each of MMG and MMC is not in breach, default or violation (and no event has occurred that with notice or the lapse of time or both would constitute a breach, default or violation) of any term, condition or provision of its Constating Documents.
- (c) **Authorization.** Each of MMG and MMC has the full power and authority to execute this Agreement and the other Transaction Documents to which it is a party and to perform its obligations hereunder and thereunder. The execution and delivery by each of MMG and MMC of this Agreement and the other Transaction Documents, the performance of its respective obligations hereunder and thereunder, and the transactions contemplated hereby and thereby have been duly and validly authorized by all necessary corporate or other action on the part of each of MMG and MMC.
- (d) **Enforceability.** Each of this Agreement and each Transaction Document to which each of MMG and MMC is a party has been duly executed and delivered by, and constitutes a legal, valid and binding obligation of each of MMG and MMC, enforceable against each of MMG and MMC in accordance with its terms, subject only to any limitation under

applicable Laws relating to (i) bankruptcy, winding-up, insolvency, arrangement and other similar Laws of general application affecting the enforcement of creditors' rights and (ii) the discretion that a court may exercise in interpreting enforceability of a provision or in the granting of extraordinary remedies such as specific performance and injunction.

- (e) **No Other Agreements to Purchase.** Except for the Purchaser's rights under this Agreement, no Person has any written or oral agreement, option or warrant, or any right or privilege (whether by Law, pre-emptive or contractual) capable of becoming such for the purchase, subscription, allotment or issuance of the unissued shares or other securities or the assets of each of MMG and MMC.
- (f) **No Conflict.** The lawful completion of the Transaction:
 - (a) does not and will not (or would not with the giving of notice, the lapse of time, or both, or the happening of any other event or condition) constitute or result in a breach or a violation of, or conflict with, or allow any other Person to exercise any rights under, any terms, conditions or provisions of (i) each of MMG and MMC Constatng Documents or of any resolutions of its board of directors of shareholders, (ii) any Contracts to which each of MMG and MMC is a party or pursuant to which any of their respective assets, property, business or share capital may be affected; or (iii) any Governmental Authorizations or other licenses which each of MMG and MMC holds;
 - (b) do not (or would not with the giving of notice, the lapse of time, or both, or the occurrence of any other event or condition) result in the creation or imposition of any Encumbrance upon any property or asset of each of MMG and MMC;
 - (c) will not result in any violation of any Law; and
 - (d) will not adversely affect the rights afforded to the Vendor or each of MMG and MMC by any such Constatng Documents, applicable Law, Contract, license or authorization.
- (g) **Required Authorizations and Consents.** Except as set forth on Schedule 4.1(g), there is no requirement of each of MMG and MMC to make any filing with, give any notice to, or obtain or maintain any Governmental Authorization or the consent or authorization of any other Person as a condition to the lawful completion of the Transaction and the lawful enforcement of any existing Contract to which each of MMG and MMC is a party.
- (h) **Subsidiaries.** Neither MMG nor MMC holds any shares or other ownership, equity or proprietary interests in any Person.
- (i) **Authorized and Issued Capital of MMG and MMC.** The authorized capital of each of MMG and MMC is as set forth on Part A of Schedule 4.1(i). Part B of Schedule 4.1(i) sets forth all (and not less than all) of the issued and outstanding shares in the capital of each of MMG and MMC, and all of such shares are outstanding as fully paid and non-assessable. Such shares have been issued in compliance with all applicable Laws. The sale of such shares is not restricted in any way, nor does the sale require any consent except for what is disclosed in Schedule 4.1(g) and the required approval of the directors of each of MMG and MMC.

- (j) **No Shareholders Agreement or Voting Trust.** Neither MMG nor MMC is subject to any shareholder agreement, voting trust or similar arrangement with respect to the voting or ownership of shares of each of MMG and MMC.
- (k) **Books and Records.** Each of MMG and MMC's Books and Records are true, complete and accurate in all material respects, have been maintained in accordance with applicable Laws, and contain copies of all of the articles, by-laws, meeting minutes and material resolutions adopted by the shareholders and directors of each of MMG and MMC, all of which have been duly adopted, and registers of all past or present securities, shareholders and securities issuances, redemptions and transfers. True, correct and complete copies of all Constatting Documents of each of MMG and MMC, share certificates representing the Purchased Shares and all of the resolutions adopted by the shareholders and directors of each of MMG and MMC have been delivered to the Purchaser. The Books and Records of each of MMG and MMC fairly and correctly disclose all transactions of each of MMG and MMC.
- (l) **Conduct of Business in Ordinary Course.** Except as disclosed in Schedule 4.1(l), since December 4, 2019, each of MMG and MMC has carried on its Business in the Ordinary Course.
- (m) **No Material Adverse Change.** Since December 4, 2019, there has been no Material Adverse Change, and no event has occurred or circumstances exist which would reasonably be expected to result in a Material Adverse Change.
- (n) **Compliance with Laws.** Each of MMG and MMC has always conducted and is conducting its aspects of the Business in material compliance with all applicable Laws. Each of MMG and MMC is not in material breach of any such Laws or of any licenses including without limitation zoning bylaws, ordinances or other restrictions as to the use of real property, and the Vendor has not received or has knowledge of receipt by each of MMG and MMC of any notice in writing from any Governmental Authority notifying it that it is not in compliance with any applicable Laws, and any such non-compliance has been remedied or resolved as of the date hereof, and there are no circumstances that might reasonably interfere with or prevent material compliance with applicable Laws.
- (o) **Compliance with Applicable Drug Laws and Governmental Licenses.**
 - (a) (A) Each of MMG and MMC possesses the licenses set forth in Schedule 4.1(o)(a) (collectively, the "**Governmental Licences**"). The Governmental Licenses of MMG authorize it to, among other things, cultivate, produce, process, sell, possess, ship, transport, deliver and destroy cannabis plants and seeds and dried cannabis and is otherwise duly qualified and possesses all such permits, certificates, licences, approvals, consents and other authorizations under the Cannabis Act issued by the appropriate Governmental Authority necessary or required to conduct the business as now operated by each of MMG and MMC and proposed to be conducted by each of them; (B) except as set forth in Schedule 4.1(o)(a), each of MMG and MMC is in compliance with the terms and conditions of all such Governmental Licences; (C) all of the Governmental Licences are in good standing, valid and in full force and effect; (D) except as set forth in Schedule 4.1(o)(a), each of MMG and MMC has not received any notice that any Governmental Authority has taken, is taking, or intends to take action to limit, suspend, modify, cancel, terminate or revoke any Governmental Licences

and has no knowledge or reason to believe that any such Governmental Authority is considering taking or would have reasonable grounds to take such action other than may arise in connection with a breach by the Purchaser of the representation and warranty in Section 5.1(f); and (E) except as disclosed in Schedule 4.1(o)(a) each of MMG and MMC has not made any application to amend the terms, or expand the scope, of any of its Governmental Licences, and has not made application for any new Governmental Licences.

- (b) Except as set forth in Schedule 4.1(o)(b), each of MMG and MMC and its directors, officers and employees: (A) are and at all times have been in full compliance with all applicable statutes, rules, regulations, ordinances, orders, decrees and guidance including, without limitation the Cannabis Act and the Cannabis Regulations, the Narcotic Control Regulations and any laws relating in whole or in part to health and safety and/or the environment, any implementing regulations pursuant to any of the foregoing, and all similar or related provincial or local healthcare statutes, regulations and directives applicable to the Business of each of MMG and MMC, including but not limited to provincial laws concerning fee-splitting, kickbacks, corporate practice of medicine, disclosure of ownership, related party requirements, survey, certification, licensing, civil monetary penalties, self-referrals, or laws concerning the privacy and/or security of personal health information and breach notification requirements concerning personal health information (collectively, “**Applicable Drug Laws**”) in all material respects; (B) have not received any correspondence or notice from any Governmental Authority alleging or asserting material noncompliance with any Applicable Drug Laws and supplements or amendments thereto required by any such Applicable Drug Laws; (C) have not received notice of any pending or threatened claim, suit, proceeding, charge, hearing, enforcement, audit, inspection, investigation, arbitration or other action from any Governmental Authority or third party alleging that any operation or activity of each of MMG and MMC or any of its directors, officers and/or employees is in violation of any Applicable Drug Laws and have no knowledge or reason to believe that any such Governmental Authority or third party is considering or would have reasonable grounds to consider any such claim, suit, proceeding, charge, hearing, enforcement, recall, suspension, revocation of licence, audit, inspection, investigation, arbitration or other action; and (D) either directly has, or indirectly on its behalf has, filed, declared, obtained, maintained or submitted all reports, documents, forms, notices, applications, records, claims, submissions and supplements or amendments as required by any Applicable Drug Laws, and all such reports, documents, forms, notices, applications, records, claims, submissions and supplements or amendments were complete and correct on the date filed (or were corrected or supplemented by a subsequent submission).
- (c) Each of MMG and MMC’s products are currently cultivated, harvested, processed, manufactured, tested, packaged and labeled at facilities which are in compliance with good production practices prescribed by Applicable Drug Laws and such other regulatory requirements applicable to each of MMG and MMC’s products, including good production practices that are acceptable to any Governmental Authority.

- (d) All products manufactured, in whole or in part, marketed, or distributed by each of MMG and MMC comply in full with and meet industry specific standards set by all relevant Governmental Authority which pertain to the Business of each of MMG and MMC, and the products of each of MMG and MMC have met and satisfied all product safety and packaging standards necessary to permit the sale thereof in each jurisdiction in which such products are sold.
- (p) **Title to the Assets.** Each of MMG and MMC solely owns (with good and valid title and, except as herein provided, legally and beneficially) and possesses all of its Assets reflected as being owned by it in the Financial Statements and the Interim Financial Statements, other than inventory sold in the Ordinary Course of Business since the date of the Financial Statements. All of MMG and MMC's respective assets and property are ordinarily located in the Province of Ontario.
- (q) **Condition and Sufficiency of Tangible Assets.** The tangible Assets owned or leased by each of MMG and MMC are in good operating condition and repair having regard to their use and age. The tangible Assets are suitable for their intended use. None of such tangible Assets is in need of maintenance or repairs, except for normal maintenance and repairs that are not material in nature or cost. There are no Assets owned by any Person (other than MMG and MMC) that are used in connection with the Business as currently conducted.
- (r) **Owned Property.** Neither MMG nor MMC own any real or immovable property, nor is it the beneficial owner of any real property or entitled to become the registered or beneficial owner pursuant to any agreement other than the MMG Property owned by MMG. In respect of the MMG Property:
 - (a) There is no other Person in possession of all or any portion of the MMG Property.
 - (b) To the Knowledge of the Vendor the building(s) on the MMG Property is located wholly within the boundaries of the property lines of the MMG Property. There are no encroachments affecting the MMG Property which could affect the ability of MMG or MMC to carry on operations of the Business as they have been carried on in the past. To the Knowledge of the Vendor, without independent inquiry, all public roads and streets necessary for the service of an access to the MMG Property, both legal and physical, for the current or contemplated use thereof have been completed. MMG and MMC have valid and enforceable rights of entry and exit to and from the MMG Property as are reasonably necessary to carry on the Business substantially in the manner in which it is currently carried on.
 - (c) There is no pending or, to the Knowledge of the Vendor, threatened eminent domain taking, expropriation, condemnation or similar proceeding affecting any of the MMG Property.
 - (d) To the Knowledge of the Vendor, buildings situated on the MMG Property, and all fixtures therein, were constructed in accordance with all applicable Laws and inspected and approved for the Business by applicable Governmental Authorities and none of the MMG Property or the buildings thereon, nor their use, operation or maintenance for the purpose of carrying on the Business, violates any

restrictive covenant or any provision of any applicable Law or authorization from an applicable Governmental Authority in any material respect. Subject to Section 4.1(r)(e) to the Knowledge of the Vendor, there are no outstanding work orders, permits or similar authorizations from or required by any municipality, police department, fire department, sanitation, health or safety authorities or from any other Person or Governmental Authority and there are no matters under discussion with or by any Vendor, MMG or MMC relating to any work orders, permits or similar authorizations in respect of the MMG Property.

- (e) The Vendor hereby acknowledges and discloses that there is only one outstanding building permit on the MMG Property, such permit being from 2019 and described as Permit# 2019-435 (the “**2019 Permit**”). The Vendor shall use best efforts to complete or cause to be completed all work under the Permit in a good and workmanlike manner, to close the 2019 Permit prior to the Closing Date and to provide satisfactory written evidence of same to the Purchaser prior to Closing. In the event all work under the Permit cannot be completed in a good and workmanlike manner and the 2019 Permit cannot be closed prior to the Closing Date, the Vendor hereby agrees to indemnify and save harmless the Purchaser and the Purchaser Indemnified Parties (as such term is described herein), from and against any and all Damages which any of the Purchaser Indemnified Parties may suffer or incur as a result of, or in respect of or arising out of the 2019 Permit.
- (f) The provisions, covenants and obligations contained in Instrument No. CT171654, which is registered on title to the MMG Property, are in good standing and have been complied with, in full, to the date hereof.
- (g) With respect to the first mortgage under the MMG Property Loan: (i) all of the terms and conditions of such loan and related mortgage are contained in the Guarantee and Postponement of Mortgage dated August 23, 2019, a copy of which was provided to the Purchaser, (ii) there are no other terms and conditions related thereto (including, without limitation, no obligation to obtain the consent of such lender for the Secured Loan and related mortgage); and, (iii) such first mortgage under the MMG Property Loan is in good standing with no defaults thereunder by the borrower or the lender under such mortgage.
- (s) **Accounts Receivable and Inventory.** All Accounts Receivable of each of MMG and MMC are *bona fide*, result from the Ordinary Course of Business, have been recorded in the Books and Records and the Financial Statements and Interim Financial Statements in the Ordinary Course of Business and, subject to reasonable reserves (taken in accordance with IFRS), are good and collectible in full when due without any discount, set-off or counterclaim. All allowances for potentially uncollectable Accounts Receivable have been adequately accrued and recorded. No Person has been extended payment terms exceeding sixty (60) days from date of invoice. The Inventory of MMG consists of approximately 120 kg of dried flower and is in good and marketable condition.
- (t) **Material Contracts.** Except as disclosed in Schedule 4.1(t), neither MMG nor MMC is a party to or bound by any Material Contract. Each Contract to which each of MMG and MMC is bound is effective and each of MMG and MMC, as applicable, is in good standing thereunder.

- (u) **No Breach of Material Contracts.** Each of MMG and MMC has performed all of the obligations required to be performed by it up to the date hereof and is entitled to all benefits under each, and has not been notified verbally or in writing of any allegation of default of any Material Contract to which it is a party. There are no circumstances which after notice or lapse of time would constitute a breach of any Contract and, to the Knowledge of the Vendor, no counterparty to any such Contract is in breach thereof.
- (v) **Intellectual Property.**
 - (a) Attached as Schedule 4.1(v) is a list of all material Intellectual Property registered, issued, applied for, owned by, licensed to or used by each of MMG and MMC in carrying on the Business, which does not include any off-the-shelf or open source Software.
 - (b) Except for licensed Intellectual Property, each of MMG and MMC is the sole owner and has good and marketable title to its Intellectual Property (and associated goodwill) and all moral rights thereto have been waived and released in favour of each of MMG and MMC.
 - (c) Except as set forth in Schedule 4.1(v), neither MMG nor MMC is a party to or bound by any Contract or other obligation that limits or impairs its ability to use, sell, transfer, assign or convey, or that otherwise affects: (A) any of the Intellectual Property owned by it or (B) any of the Intellectual Property licensed to or used by it, the loss of which would have a material adverse effect. Except as set forth in Schedule 4.1(v), neither MMG nor MMC is obligated to pay any royalties, fees or other compensation to any Person in respect of its ownership, use or license of any Intellectual Property.
 - (d) Neither MMG nor MMC nor the conduct of the Business in the Ordinary Course infringes upon the Intellectual Property rights of any Person.
 - (e) Neither MMG nor MMC nor, to the Knowledge of the Vendor, any Third Party is in breach of or default under any Contract relating to licensed Intellectual Property and each such Contract is valid and enforceable.
 - (f) The Transaction and the continued operation of the Business will not violate or breach the terms of any Intellectual Property license, or entitle any other party to any such Intellectual Property license to terminate or modify it, or otherwise adversely affect each of MMG and MMC's rights under it.
 - (g) Except as set forth in Schedule 4.1(v), following Closing, each of MMG and MMC will be entitled to continue to use, practice and exercise rights in, all of Intellectual Property owned by, licensed to and used by it, to the same extent and in the same manner as used, practiced and exercised by it prior to Closing without financial obligation to any Person.
 - (h) Except as set forth in Schedule 4.1(v), to the Knowledge of the Vendor, no Person is or has infringed any of the Intellectual Property owned by, licensed to or used by each of MMG and MMC.

- (i) Each of MMG and MMC has taken reasonable steps to protect and preserve the confidentiality of all confidential information in any way relating to Customers of the Business and Intellectual Property owned by each of MMG and MMC.
- (w) **Software and Technology.** Neither MMG nor MMC owns or licenses any material Software, other than off-the-shelf Software.
- (x) **Product and Service Warranties.** Neither MMG nor MMC has provided to any Person any written or oral product or services warranties or guarantees.
- (y) **Financial Statements.** The Financial Statements and Interim Financial Statements (i) have been prepared in accordance with IFRS, applied on a basis consistent with previous fiscal years (except such statements do not contain all note disclosure required by IFRS), and (ii) each presents fairly in all material respects (A) the financial position of each of MMG and MMC, and (B) the financial performance of each of MMG and MMC. The Interim Financial Statements each fairly, accurately and completely discloses all income and expenses of each of MMG and MMC for the monthly periods to which they relate.

Since the end of the periods covered by the Interim Financial Statements, (i) each of MMG and MMC has not redeemed, purchased or otherwise acquired any of its securities nor declared nor paid any dividends, nor paid any bonuses or other extraordinary payments to its directors, officers, shareholders or related parties; (ii) each of MMG and MMC has recorded all financial matters of or affecting it, including asset acquisition, reductions in asset value, liability incurrence or accruals, debt incurrence or repayment and changes in equity in accordance with IFRS, consistently applied; and (iii) there have been no changes that had or might reasonably be expected to have a material adverse effect on the organization, business operations and opportunities, assets or condition of each of MMG and MMC or the Business, financial or otherwise and including any arising as a result of any legislative or regulatory change, revocation of any license, termination of any Contract, right to do business, fire, explosion, accident, casualty, labour trouble, flood, drought, riot, storm, condemnation, act of God or otherwise.

True, correct and complete copies of the Financial Statements and Interim Financial Statements are attached as Schedule 4.1(y).

- (z) **No Undisclosed Liabilities.** Except as reflected or reserved against in the balance sheet forming part of the Financial Statements or Interim Financial Statements or specifically disclosed in a note therein, neither MMG nor MMC has any liabilities or obligations of any nature (whether absolute, accrued, contingent or otherwise) except for Current Liabilities or obligations incurred in the Ordinary Course of Business since the date of the Financial Statements, and there is no existing condition or situation which could be reasonably expected to result in any such liabilities or obligations.
- (aa) **Indebtedness.** Except for the Indebtedness listed at Schedule 4.1(aa), neither MMG nor MMC has any liability or obligations for Indebtedness. The Corporate Notes Receivable are in good standing.
- (bb) **Bank Accounts and Powers of Attorney.** Schedule 4.1(bb) is a true, correct and complete list showing (i) the name of each bank in which either MMG or MMC has an account or safety deposit box and the names of all Persons authorized to draw on the account or to have access to the safety deposit box and (ii) the names of all Persons

holding powers of attorney from each of MMG and MMC. Copies of the powers of attorney, if any, have been provided to Purchaser.

(cc) **Environmental Matters.** To the Knowledge of the Vendor, there are no Hazardous Materials located on, at, in or under any of the immovable properties currently used by each of MMG and MMC or over which either has or had charge, management or control. Each of MMG and MMC: (i) is in compliance in all material respects with all applicable Environmental Laws and all terms and conditions of all Environmental Permits, (ii) has not received any order, request or notice from any person alleging a material violation of any Environmental Law, (iii) is not a party to any Claim, nor, to the Knowledge of the Vendor, is any Claim threatened against each of the MMG or MMC or its property or assets, which in either case, asserts or alleges (1) that it violated any Environmental Laws, (2) that it is required to clean up, remove or take remedial or other response action due to the release of any Hazardous Materials, or (3) that either of them is required to pay all or a portion of the cost of any past, present or future cleanup, removal or remedial or other response action which arises out of or is related to the release of any Hazardous Materials, in each case, in a manner that individually or in the aggregate would be expected to have a Material Adverse Effect; (iv) is not subject to any judgment, decree, order or citation related to or arising out of applicable Environmental Law and, to the Knowledge of the Vendor, neither MMG nor MMC has been named or listed as a potentially responsible party by any Governmental Authority in a matter arising under any Environmental Laws; and (v) to the Knowledge of the Vendor, there are no facts, circumstances or conditions, including any release of Hazardous Materials, that would reasonably be expected to result in a Material Adverse Effect.

(dd) **Employees.**

(a) There are no collective agreements in force with respect to employees of each of MMG and MMC, and no collective agreement is currently being negotiated by either of them. No union or employee bargaining agent holds bargaining or certification rights with respect to any employees of each of MMG and MMC, and there are no current or, to the Knowledge of the Vendor, threatened attempts to organize or establish any trade union or employee association with respect to each of MMG and MMC nor has there been any such attempts within the past five years. Each employee and independent contractor employed or engaged by each of MMG and MMC holds all the Authorizations that such Person requires to lawfully fulfill its obligations to each of MMG and MMC.

(b) Other than the police report filed with respect to [**Redacted: violate confidentiality provisions**], particulars of which have been provided in writing to the Purchaser, there have never been any health or safety occurrences affecting the Business or each of MMG and MMC or among current or former professionals or Employees, and no professional or Employee has ever claimed short or long-term disability or similar benefits.

(c) Except as set forth in Schedule 4.1(dd):

(A) all amounts due and owing or accrued due but not yet owing for all salary, wages, bonuses, commissions, vacation pay, pension benefits insurance payments, termination pay, contract payments or otherwise

have been paid or, if accrued, are reflected in the Books and Records and the Financial Statements and Interim Financial Statements;

- (B) there are no outstanding loans made by to any employee or former employee thereof; and
 - (C) there are no bonus, deferred compensation, incentive compensation, stock purchase, stock option, severance or termination pay, hospitalization or other medical, life or other insurance, supplemental unemployment benefits, profit sharing, pension or retirement plans, agreements or arrangements of each of MMG and MMC in respect of any current or former professional or other employee.
- (d) A correct and complete list of each current director, officer, employee, professional, independent contractor, agent and consultant of each of MMG and MMC, whether actively at work or not, their salaries, wage rates, commissions and consulting fees, bonus arrangements, benefits, incentive plans, positions, employment status (employee or independent contractor, for example), status as full-time or part-time employees, length of service, permitted vacation and unused portion thereof as-yet unused or uncompensated in the current calendar year, and information as to whether any such employee is laid off or on a leave of absence with the reasons for any leave of absence has been prepared and delivered to the Purchaser. Schedule 4.1(dd) also contains a list of all employment agreements and all service agreements of each of MMG and MMC with its employees and its consultants as of the Closing Date, as the case may be. The Vendor has furnished the Purchaser with true and complete copies of all such written agreements. Except as set forth in Schedule 4.1(dd), no officer, director, employee, independent contractor, agent and consultant of each of MMG and MMC has any agreement or arrangement as to (i) change of control; (ii) payment of any amount which is triggered by, or expected to be triggered by, the Transactions; (iii) retention payment; or (iv) severance or termination payment required to terminate his employment or his service agreement.
- (e) In regards to the termination of [**Redacted: violate confidentiality provisions**] as a senior executive and employee of the Vendor, MMG and/or MMG, [**Redacted: violate confidentiality provisions**] was lawfully terminated and fully compensated under his employment contract and at common law, and no compensation or payment of any kind, including equity, is owed to [**Redacted: violate confidentiality provisions**] in connection with his employment by the Vendor, MMG and/or MMC or in connection with his participation in founding the businesses of MMG and MMC.
- (ee) **Benefit Plans.**
- (a) Except as set forth on Schedule 4.1(ee), neither MMG nor MMC has any Benefit Plans. Each of MMG and MMC has satisfied all of its obligations regarding the Benefit Plans listed on Schedule 4.1(ee).
 - (b) No Contract exists that could require as a result of the Transaction (i) the payment to any Person of any money, benefits or other property, or (ii) the acceleration or provision of any other increased rights or benefits to any Person.

- (ff) **Privacy.** Each of MMG and MMC is and has always been conducting its business in material compliance with all applicable Laws governing privacy and the protection of personal information and personal health information. Each of MMG and MMC has written privacy policies which govern the collection, use and disclosure of personal information and personal health information (as those or similar terms are used under applicable Laws) and the Vendor and each of MMG and MMC are in compliance with those policies.
- (gg) **Insurance.** Schedule 4.1(gg) contains a complete list of insurance policies which are maintained by each of MMG and MMC, including insurer, amount of coverage, type of insurance, amount of deductible, and policy number. The Vendor has delivered to the Purchaser true, correct and accurate copies of such policies, being all insurance policies of each of MMG and MMC. The Vendor has provided to the Purchaser a summary of any pending claims and the claims history for the last three years. Neither MMG nor MMC is in default with respect to any of the provisions contained in the insurance policies or the payment of any premiums under any insurance policy, nor has it failed to give any notice or to present any claim under any insurance policy with the time periods required by the insurance policy. Neither MMG nor MMC has made any claim under an insurance policy that was denied or with respect to which a reservation of rights letter was issued by the relevant insurer. To the Knowledge of the Vendor, there is no liability of each of MMG and MMC for which the aggregate policy limits could be exhausted or materially eroded by virtue of a claim relating thereto.
- (hh) **Litigation.** Other than the threats made by [**Redacted: violate confidentiality provisions**] in connection with his termination at MMG and MMC as previously disclosed to the Purchaser, there are no (i) actions, complaints, claims, grievances, suits or proceedings by any Person, (ii) arbitration or alternative dispute resolution processes or (iii) any administrative or other proceedings by or before (or, to the Knowledge of the Vendor, any investigation by) any Governmental Authority, pending or, to the Knowledge of the Vendor, threatened against or affecting each of MMG and MMC, the Business or the Assets, and there is no valid basis for any such action, complaint, grievance, suit, proceeding, arbitration or investigation by or against each of MMG and MMC. Neither MMG nor MMC is subject to any judgment, Order or decree entered in any lawsuit or proceeding nor has either of them settled any claim prior to being prosecuted in respect of it.
- (ii) **Tax Matters.**
- Except as set forth in Schedule 4.1(ii):
- (a) **Computation, Preparation and Payment.** Each of MMG and MMC has prepared and duly and timely filed all federal, provincial, municipal, local and foreign returns, information statements, forms, elections, designations, reports and any other filings related to Taxes required to be filed by it on or before the Closing Date ("**Tax Returns**"), has timely paid all Taxes which are due and payable on or before the Closing Date and all such Tax Returns are true and complete. Each of MMG and MMC has made adequate provision for Taxes in the Financial Statements and the Interim Financial Statements for the period ended on the date thereof. Each of MMG and MMC has made adequate and timely instalments of Taxes required to be made. The Vendor have made available to the Purchaser copies of all Tax Returns for each of MMG and MMC

for the previous three years, other than the Tax Returns for fiscal year 2018 for each of MMG and MMC which are in draft form as of the date hereof.

- (b) **Status of Assessments.** All Tax Returns of each of MMG and MMC have been assessed for periods ending on or before November 30, 2019, and there are no outstanding waivers of any limitation periods or agreements providing for an extension of time for the filing of any Tax Return or the payment of any Tax of each of MMG and MMC or any outstanding objections to any assessment or reassessment of Taxes. Any taxes assessed or reassessed have been paid and settled.
- (c) **Contingent Tax Liabilities.** There are no contingent liabilities for Taxes that could prompt an assessment or reassessment of each of MMG and MMC, nor have the Vendor or each of MMG and MMC received any indication from any Taxation Authority that an assessment or reassessment, regardless of its merits, is proposed or under consideration.
- (d) **Withholdings.** Each of MMG and MMC has withheld from each payment made to any of its past and present shareholders, directors, officers, employees and agents and any other Persons the amount of all Taxes required to be withheld and has timely paid such amounts when due, in the form required under applicable Laws, or if not yet due, made adequate provision in its Books and Records for the payment of such amounts to the proper receiving authorities.
- (e) **Collection and Remittance.** Each of MMG and MMC has collected all sales and retail Taxes (including goods and services tax, harmonized sales tax and provincial sales taxes) and has timely remitted such Taxes when due, in the form required under applicable Laws or made adequate provision in its Books and Records for the payment of such amounts to the proper receiving authorities.
- (f) **Assessments.** Neither MMG nor MMC is subject to any current or outstanding assessments or reassessments, suits, actions, proceedings, investigations, claims or questions with respect to Taxes which will result in any liability on its part in respect of any period ending on or prior to the Closing Date and none are, to the Knowledge of the Vendor, pending.
- (g) **Encumbrances.** No Encumbrances for Taxes exist with respect to any Assets or properties of each of MMG and MMC, except for Permitted Encumbrances.
- (h) **Jurisdictions of Taxation.** Neither MMG nor MMC has been, or is currently not, required to file any Tax Returns or other filings with any taxation authority located in any jurisdiction outside Canada. Neither MMG nor MMC has been notified by any Governmental Authority in a jurisdiction where it does not file Tax Returns that it is subject to Tax or required to file Tax Returns in such jurisdiction.
- (i) **Related Party Transactions.** Neither MMG nor MMC has, nor has been deemed to have, for purposes of the Tax Act or any relevant provincial legislation, acquired or had the use of property for proceeds greater than the fair market value thereof from, or disposed of property for proceeds less than the fair market value thereof to, or received or performed services or had the use of

property for other than the fair market value from or to, or paid or received interest or any other amount other than at a fair market value rate to or from, any Person with whom it does not deal at arm's length within the meaning of the Tax Act. For all transactions between MMG or MMC, on the one hand, and any non-resident Person with whom MMG or MMC was not dealing at arm's length for purposes of the Tax Act, on the other hand, MMG or MMC, as the case may be, has made or obtained records or documents that satisfy the requirements of paragraphs 247(4)(a) to (c) of the Tax Act.

- (j) **Capital Dividends and Rollovers.** Neither MMG nor MMC has ever filed or been party to any election pursuant to sections 83 or 85 of the Tax Act or the corresponding provisions of any provincial statute.
- (k) **Deductibility.** There is no Contract, plan or arrangement, covering any employee or former employee of each of MMG and MMC that, individually or collectively, could give rise to the payment of any amount that would not be deductible by each of MMG and MMC, as applicable, as an expense under applicable Law other than reimbursements of a reasonable amount of entertainment expenses and other non-deductible expenses that are commonly paid by similarly situated businesses in reasonable amounts.
- (l) **Tax Returns.** To the Knowledge of the Vendor, all filed Tax Returns and reports are correct and complete.
- (m) **Tax Basis.** Each of MMG and MMC's cost amounts, as defined in the Tax Act, in respect of the Assets are accurately reflected on its Tax Returns and records that have been made available to the Purchaser.
- (n) **Residence and GST Registrant.** Neither MMG nor MMC is a non-resident of Canada within the meaning of the Tax Act. Each of MMG and MMC is a registrant for the purposes of the goods and services tax provided for under the *Excise Tax Act* (Canada) and their GST registration numbers are 849314540RT0001 and 758428098RT0001, respectively. Each of MMG and MMC obtained all of the necessary documentation and information before claiming any tax credits, rebates or refunds to recover any GST on its expenses, and has retained such documentation and information for no less than the time periods required by the applicable statute.
- (jj) **Customers.** All Customers of each of MMG and MMC are accurately listed in Schedule 4.1(jj). Each of MMG and MMC is the sole and exclusive owner of, and has the unrestricted right to use, such Customer list. Neither such list nor any information relating to Customers have, within three years prior to the date of this Agreement, been made available to any Person other than the Purchaser. To the Knowledge of the Vendor, no Customer has any intention to change its relationship or any material terms upon which it will conduct business with MMG or MMC, as applicable.
- (kk) **Securities Matters.** Neither MMG nor MMC is a reporting issuer (as such term is defined in the *Securities Act* (Ontario)) and there is no published market for the Purchased Shares. Each of MMG and MMC is a "private issuer" as defined in Section 2.5 of National Instrument 45-106.

- (ll) **No Brokers, etc.** No broker, finder, agent or similar intermediary has acted on behalf of the Vendor, MMG or MMC in connection with this Agreement or the Transaction, and there are no brokerage commissions, finders' fees or similar fees or commissions payable by the Vendor, MMG or MMC in connection with this Agreement or the Transaction.
- (mm) **Suppliers.** No significant supplier has notified MMG, MMC or the Vendor or, to the Knowledge of the Vendor, any professional working at MMG or MMC, that it intends to terminate or reduce its supply of products and services or referral of other potential customers to the Business, and the Vendor is not aware of any circumstances that could reasonably lead any significant supplier to give such notice.
- (nn) **Referral Agreements.** All educational agreements, referral agreements or patient services agreements (copies of which have not been provided but will be provided as soon as possible) pursuant to which MMC is referring patients to licensed producers, are in good standing, each do not constitute a Material Contract, and there are no obligations or liabilities to MMC therein that would have a Material Adverse Change to the current operations of the Business after Closing.
- (oo) **Full Disclosure.** No representation or warranty of the Vendor in this Agreement and no document furnished to the Purchaser contains any untrue statement of a material fact or omits to state any material fact necessary to make any such statement or representation not misleading.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

5.1 Representations and Warranties of the Purchaser

The Purchaser represents and warrants to the Vendor the representations and warranties set forth below as of the Closing Date, and acknowledges and agrees that the Vendor is relying on such representations and warranties in connection with the Transaction notwithstanding any investigation by or on behalf of the Vendor:

- (a) **Incorporation, Formation and Qualification.** The Purchaser is duly incorporated, organized, existing and in good standing under the Laws of Ontario and has the corporate power and authority to own and operate its property and enter into and perform its obligations under this Agreement and each of the Transaction Documents to which it is a party.
- (b) **Authorization.** The execution and delivery of and performance by the Purchaser of this Agreement and each of the Transaction Documents to which it is a party and the consummation of the Transaction have been duly authorized by all necessary action.
- (c) **Enforceability.** Each of this Agreement and each Transaction Document to which the Purchaser is a party has been duly executed and delivered by, and constitutes a legal, valid and binding obligation of, the Purchaser, enforceable against the Purchaser in accordance with its terms subject only to any limitation under applicable Laws relating to (i) bankruptcy, winding-up, insolvency, arrangement and other similar Laws of general application affecting the enforcement of creditors' rights and (ii) the discretion that a court may exercise in interpreting enforceability of a provision or in the granting of extraordinary remedies such as specific performance and injunction.

- (d) **No Conflict.** The execution, delivery and performance by the Purchaser of this Agreement and the Transaction Documents to which it is a party, will not result in any violation of any Law.
- (e) **Sufficiency of Funds.** The Purchaser has sufficient cash on hand or other sources of immediately available funds to enable it to make payment of the Purchase Price.
- (f) **Governmental Authorizations.** The Purchaser has all Governmental Authorizations required to consummate the Transaction, including but not limited to all security clearances issued by the applicable Governmental Authorities for the individuals who will be directors and officers of each of MMG and MMC from and after the Closing Date. As permitted by Health Canada practice, within five (5) days of the Closing, the Purchaser shall file the necessary documentation in order to associate the security cleared directors and officers of MMG and MMC to those respective companies.

ARTICLE 6 COVENANTS

6.1 Non-Solicitation and Non-Hire Covenants

Except pursuant to a general solicitation that is not directed specifically to any such employees, the Vendor covenants and agrees, on behalf of itself and its affiliates (collectively, the “**Restricted Parties**”), that for a period of eighteen (18) months from the Closing Date, within the geographic region of the Province of Ontario, the Restricted Parties will not, on their own behalf or on behalf of any other Person, directly or indirectly, in any capacity whatsoever including as an employer, employee, principal, agent, joint venturer, partner, shareholder or other equity holder, independent contractor, licensor, licensee, franchisor, franchisee, distributor, consultant, supplier or trustee or by or through any corporation, cooperative, company, trust, unincorporated association or otherwise:

- (a) employ, offer employment to, solicit the employment or service of, or procure or assist any Person to employ, offer employment to, solicit the employment or service of, or otherwise entice away from the employment or service of MMG or MMC, any Person who is, or within three (3) months prior to the date of such solicitation, offer or hiring was, employed by MMG or MMC, any Person whose consulting services are retained by MMG or MMC, or any Person who left his or her employment or terminated his or her contract with MMG or MMC; or
- (b) employ, offer employment to, solicit the employment or service of, or procure or assist any Person to employ, offer employment to, solicit the employment or service of, or otherwise entice away from the employment or service of MMG or MMC, any Person who was employed by MMG or MMC prior to the Transaction or whose consulting services were retained by MMG or MMC prior to the Transaction.

6.2 Non-Competition

Except for the activities provided for pursuant to the Listing Agreement, for a period of eighteen (18) months commencing on the Closing Date (the “**Restricted Period**”), the Vendor shall not, and shall not permit any of its Affiliates to, directly or indirectly: (i) engage in or assist others in engaging in the Business or a similar or competing business in the Territory; (ii) have an interest in any Person that engages directly or indirectly in the Business or a similar or competing

business in the Territory in any capacity, including as a partner, shareholder, member, employee, principal, agent, trustee or consultant; (iii) intentionally interfere in any material respect with the business relationships (whether formed before or after the date of this Agreement) between MMG and MMC and Customers or suppliers of MMG or MMC (notwithstanding the foregoing, the Vendor may own, directly or indirectly, solely as an investment, securities of any Person traded on any stock exchange if the Vendor is not a controlling Person of, or a member of a group which controls, such Person and does not, directly or indirectly, own 5% or more of any class of securities of such Person), (iv) solicit or entice, or attempt to solicit or entice, any Customers of MMG or MMC or potential Customers for purposes of diverting their business from MMG or MMC.

The Vendor acknowledges that a breach or threatened breach of this Section would give rise to irreparable harm to the Purchaser, for which monetary damages would not be an adequate remedy, and hereby agrees that, in the event of a breach or a threatened breach by the Vendor of any such obligations, the Purchaser shall, in addition to any and all other rights and remedies that may be available to it in respect of such breach, be entitled to equitable relief, including a temporary restraining order, an interim or permanent injunction, specific performance and any other relief that may be available from a court of competent equitable jurisdiction (without any requirement to post a bond or other security).

The Vendor acknowledges that the restrictions contained in this Section are reasonable and necessary to protect the legitimate interests of the Purchaser and constitute a material inducement to the Purchaser's entering into this Agreement and consummating the transactions contemplated by this Agreement. The covenants contained in this Section and each provision hereof are severable and distinct covenants and provisions. The invalidity or unenforceability of any such covenant or provision as written shall not invalidate or render unenforceable the remaining covenants or provisions hereof, and any such invalidity or unenforceability in any jurisdiction shall not invalidate or render unenforceable such covenant or provision in any other jurisdiction.

Notwithstanding the foregoing, the Vendor shall be permitted to market and sell cannabis oils, cannabis edibles, and cannabis vaporizer products in the Territory, provided that such products are sold under the Vendor's "Chalice" line of cannabis products or any sub-brands of "Chalice" (the "**Permitted Chalice Products**"). Prior to marketing or selling the Permitted Chalice Products, the Vendor shall first provide notice to the Purchaser, who shall have a right of first refusal to market or sell the Permitted Chalice Products in the Territory, upon such terms as are commercially reasonable and mutually agreed to.

6.3 Collection of Accounts Receivable and Remittance of Excluded Accounts Receivable

The Purchaser will continue to make reasonable commercial efforts to collect Accounts Receivables up to the point when any Excluded Accounts Receivables are transferred to the Vendor. The Purchaser will remit to the Vendor any payments that MMG and MMC receives for those Excluded Accounts Receivable. In connection with its obligations under this Section 6.3, the Vendor shall have the right to inspect, upon two (2) Business Days written notice, during normal business hours, the Books and Records of MMG and MMC to determine the Purchaser's compliance with this Section 6.3.

6.4 Confidentiality Covenants

Except as required by Law, the Vendor will maintain all information in its possession or in its control relating to MMG or MMC and the Business (including this Agreement) strictly in

confidence and will not disclose to any Person or make public or authorize the disclosure of any such information and will not use such information for any purpose except as required to perform any duties that it is required to perform for the purposes contemplated herein, or as may be required by Law. The confidentiality covenants contained in this Section 6.3 shall survive indefinitely.

6.5 Access to Bank Accounts

Prior to the Closing Date, the Vendor shall execute or cause MMG and MMC to execute such documents as are necessary to provide authority for duly authorized Persons specified by the Purchaser to access to MMG and MMC's bank accounts specified in Schedule 4.1(bb) and to provide access to such bank accounts as of the Closing Date to such authorized Persons specified by the Purchaser.

6.6 Restrictive Covenant

The Purchaser and the Vendor agree that no portion of the Purchase Price is allocated to a "restrictive covenant" as that term is defined for the purposes of Section 56.4 of the Tax Act and its provincial equivalent. Any "restrictive covenant" under this Agreement or any Transaction Document is intended to maintain or preserve the value of the Purchased Shares to the Purchaser.

6.7 Employees

The Vendor covenants and agrees not to, prior to Closing, directly or indirectly, unless directed by the Purchaser or an Affiliate of the Purchaser, cause MMG or MMC to, and MMG or MMC shall not, whether directed by the Vendor or otherwise, terminate the contract or change the compensation or other employment or contract terms of any employee, director or officer, individual working with MMG or MMC on contract with or any other individual providing services to MMG or MMC.

6.8 Reciprocal Product Listing and Sales Agreement

The Vendor and Purchaser shall make reasonable commercial efforts to enter, on or before the Closing Date or on such later date as reasonably possible, a reciprocal agreement for product listing and sales in relation to the sale of Vendor products through the Purchaser in Canada, and Purchaser products through the Vendor in the United States, and each is to receive a royalty of 10% per net unit sale provided that either party may terminate the listing agreement upon no less than 90 days' prior written notice if it is not profitable for such party at that party's sole discretion, the terms and conditions of which listing agreement are to be mutually agreed upon (the "**Listing Agreement**"). Notwithstanding any other provision of this Agreement, in the event that the Parties are unable to agree to the terms of the Listing Agreement, the Vendor will not be deemed in violation of any covenant not to compete if it enters into a similar agreement with a third-party in Canada.

6.9 Vendor's Tax Covenants

- (a) Should it be determined that MMG or MMC has made excessive eligible dividend designations, within the meaning of subsection 89(1) of the Tax Act, in respect of dividends paid or deemed to be paid by MMG or MMC (the "**Excess Eligible Dividends**"), (i) MMG, MMC and the Vendor undertake to make and file elections under subsection 185.1(2) of the Tax Act in the prescribed manner and within the time required

by Law to deem any such Excess Eligible Dividends to be separate taxable dividends, and (ii) MMG, MMC and the Vendor hereby concur to the making of such elections.

- (b) Should it be determined that MMG or MMC has elected under subsection 83(2) of the Tax Act to treat dividends paid or deemed to be paid by MMG or MMC as capital dividends and that the full amount of any such dividends or deemed dividends exceeds the capital dividend account (within the meaning of subsection 89(1) of the Tax Act) of MMG or MMC at the time such dividends or deemed dividends were paid (the “**Excess Capital Dividends**”), (i) MMG, MMC and the Vendor undertake to make and file elections under subsection 184(3) of the Tax Act in the prescribed manner and within the time required by Law to deem the portion of any such Excess Capital Dividends in excess of the capital dividend account of MMG or MMC at the time such dividends were paid or deemed to be paid to be separate taxable dividends, and (ii) MMG, MMC and the Vendor hereby concur to the making of such elections.
- (c) The Vendor acknowledges and agrees that an election under subsection 256(9) of the Tax Act with respect to MMG or MMC, if any, shall only be filed provided such election is approved by the Purchaser in its sole discretion.
- (d) After the Closing Date, the Vendor will duly and timely make, prepare and file, at the Vendor’s cost, all Tax Returns required to be so made, prepared and filed by MMG and MMC for any period which ends on or before the Closing Date and for which Tax Returns have not been filed as of such date.
- (e) The Vendor and the Purchaser shall co-operate fully with each other and make available to each other in a timely fashion such data and other information as may reasonably be required for the preparation of any Tax Return of MMG and MMC for a period ending on, before or including the Closing Date and shall preserve such data and other information until the expiration of any applicable limitation period under any applicable Tax Laws.
- (f) Tax Returns, other than GST returns, required to be prepared by MMG or MMC for periods ending on or before the Closing Date shall be submitted in draft form to the Purchaser at least 90 days before the date on which such Tax Returns are required by Law to be filed with the relevant Taxation Authority. GST returns required to be prepared by MMG or MMC for periods ending on or before the Closing Date shall be submitted in draft form to the Purchaser at least 15 days before the date on which such GST returns are required by Law to be filed with the relevant Taxation Authority. The Purchaser shall, acting reasonably, have the right to review all such Tax Returns and GST returns and make any comments that it deems appropriate, which comments the Vendor will incorporate.

6.10 Access for Investigation

Until the Closing, the Vendor shall cause MMG and MMC to permit the Purchaser and its employees, agents, counsel and accountants or other representatives to have access during normal business hours to the MMG Property, and to the Assets, the Books and Records and the employees of each of MMG and MMC, on condition that no Person given access interferes with the ordinary conduct of the Business of MMG and MMC. The Vendor shall similarly cause MMG and MMC to provide to the Purchaser, on a timely manner, all of their respective documents and information reasonably necessary for the Purchaser’s due diligence investigations.

The Vendor agrees that the Purchaser may conduct such environmental investigations and tests on the MMG Property, as the Purchaser considers necessary, at the Purchaser's expense. The Vendor further agree that the Purchaser may conduct any assessments or analyses of the policies of MMG and MMC, including privacy policies, as the Purchaser may consider necessary. The Vendor shall cause MMG and MMC to deliver to the Purchaser, within two Business Days after a request therefor, letters of authorization, in form and substance satisfactory to the Purchaser, directed to the usual Governmental Authorities having jurisdiction over the MMG Property or the Business, authorizing such Governmental Authorities to inspect any aspect of the MMG Property under their jurisdiction and to advise the Purchaser of any defects or non-compliance with matters under the jurisdiction of such Governmental Authorities.

6.11 Electronic Accounting Records

Each of the Vendor and the Purchaser covenant and agree to cooperate reasonably to assist with an orderly transition of the electronic accounting records of MMG and MMC (the "**Pre-Closing Accounting Records**") from its group wide system to a separate stand-alone electronic system managed by the Purchaser (the "**Post-Closing Accounting Records**"), as soon as reasonably possible after Closing. In the event that the Post-closing Accounting Records contains only summary or aggregated information in regards to transactions occurring prior to the Closing Date ("**Pre-closing Accounting Transactions**") and is not an accounting system containing individual records of each individual Pre-closing Accounting Transaction, the Vendor covenants to retain the Pre-Closing Accounting Records for a period of seven years or such longer period as may be required by Law (the "**Access Period**"). The Vendor also covenants to provide access, by the Purchaser, to the Pre-closing Accounting Records during the Access Period upon at least two Business Days written request to the Vendor.

ARTICLE 7 INDEMNIFICATION

7.1 Purchaser Indemnification by the Vendor

- (a) Subject to the terms of this Article 7, effective as of and from and after the Closing Date, the Vendor agrees to, with respect to the representations and warranties contained in Article 3 and in Article 4 and all other covenants of the Vendor herein, indemnify and save harmless the Purchaser, each of its Affiliates and each of their respective officers, directors, employees and agents (collectively, the "**Purchaser Indemnified Parties**" and each of them, a "**Purchaser Indemnified Party**"), from and against any and all Damages which any of the Purchaser Indemnified Parties may suffer or incur as a result of, in respect of or arising out of:
- (a) any breach or inaccuracy of a representation or warranty of the Vendor set forth in Article 3 or Article 4;
 - (b) any breach or non-fulfillment of any covenant or agreement of the Vendor set forth in this Agreement or in any Transaction Documents;
 - (c) all liabilities or obligations of the Vendor, MMG, MMC or the Purchaser pursuant to the threats by [**Redacted: violate confidentiality provisions**], including, for greater certainty, any amounts or Damages awarded or payable by the Vendor, MMG, MMC or the Purchaser to [**Redacted: violate confidentiality provisions**] or his heirs or other personal representatives or assigns, including the

legal and other professional fees incurred in defending such litigation, which shall be borne by the Vendor;

- (d) all liabilities or obligations of MMG or MMC for any time prior to Closing with respect to Taxes for (i) any taxable period ending on or before the Closing Date, (ii) the portion of any taxable period ending at the close of business on the Closing Date, and (iii) any taxation year or taxable period ending after the Closing Date that is attributable to any period ending on or before the Closing Date; and
 - (e) all Transaction fees and expenses incurred by the Vendor, MMG and MMC to the extent not paid pursuant to Section 9.1.
- (b) The Vendor covenants and agrees to promptly notify the Purchaser of any and all information or events that may affect or relate to the indemnities given pursuant to this Section 7.1, but at the same time acknowledge and agree that no such notification will waive or modify any of the Vendor's representations, warranties, obligations or indemnities set forth in any of the Transaction Documents, as applicable.

7.2 Vendor's Indemnification by the Purchaser

The Purchaser will indemnify and hold harmless the Vendor (the "**Vendor Indemnified Parties**") from and against all Damages which the Vendor Indemnified Parties may suffer or incur as a result of, in respect of or arising out of:

- (a) any breach or inaccuracy of a representation or warranty of the Purchaser set forth in Article 5; and
- (b) any breach or non-fulfillment of any covenant or agreement of the Purchaser set forth in this Agreement or in any Transaction Document.

7.3 Limitation of Indemnity of the Vendor

The indemnification obligations of the Vendor set forth under Section 7.1(a)(a) are subject to the following limitations:

- (a) the obligations of the Vendor under Section 7.1(a)(a) for Non-Core Representations (other than the representations and warranties set out in Section 4.1(ii) (Tax Matters) and in Section 6.8 (Vendor Tax Covenants)) will terminate on the twenty-fourth (24) month anniversary of the Closing Date, except with respect to bona fide Claims by the Purchaser set forth in written notices received by the Vendor prior to such date;
- (b) the obligations of the Vendor under Section 7.1(a)(a) in respect of the representations and warranties set out in Section 4.1(ii) (Tax Matters), in Section 6.8 (Vendor Tax Covenants) and under Section 7.1(a)(c) will survive until the date that is 90 days following the expiration of all periods allowed for objecting to or appealing from the final determination of any proceedings relating to any assessment, reassessment or additional assessment of MMG or MMC, as applicable, by any Taxation Authority in respect of any Tax period ending on or prior to the Closing Date. For these purposes, a final determination means (A) the expiry of the delay to appeal from or object to the relevant assessment, reassessment or additional assessment by Canada Revenue Agency, or any

provincial or other Taxation Authority if no appeal is taken or no objection is made, (B) the entering into of any agreement by MMG or MMC, as applicable, and such a Taxation Authority in settlement of a dispute regarding such assessment, reassessment, additional assessment or proposed assessment, reassessment or additional assessment, or (C) the decision by a court or tribunal of competent jurisdiction regarding the relevant assessment, reassessment or additional assessment from which no appeal may be taken or the period during which an appeal may be taken has expired and no appeal has been taken;

- (c) the obligations of the Vendor under Section 7.1(a)(a) for Core Representations will survive and continue in full force and effect without limitation of time;
- (d) the obligations of the Vendor for breaches arising from fraud or fraudulent or wilful misrepresentation will survive and continue in full force and effect without limitation of time;
- (e) the obligations of the Vendor under Section 7.1(a)(a) in respect of the representations and warranties set out in Section 4.1(ii) (Tax Matters) shall not apply to Damages to any Purchaser Indemnified Parties that arise solely by reason of a proposed or actual enactment or change of any applicable Law with respect to Taxes after the Closing Date;
- (f) the obligations of the Vendor under Section 7.1(a)(a) shall not apply to:
 - (a) any Damages that arise solely (A) as a result of any Law not in force on the Closing Date which takes effect retrospectively or (B) as a consequence of a change in the interpretation of any Law after the Closing Date;
 - (b) any Damages that are caused by, or contributed to or by, any Purchaser Indemnified Party, including but not limited to, Damages that arise as a result of the Purchaser and its representatives breaching the representation set forth in Section 5.1(f);
 - (c) any Damages that are caused by any matter or thing done or omitted to be done by or at the direction of or with the consent of the Purchaser Indemnified Party; and
 - (d) any Damages suffered by any Purchaser Indemnified Party to the extent there are any offsetting savings by or net financial benefits to such Purchaser Indemnified Party arising from such Damages or the facts, matters, events or circumstances giving rise to such Damages.
- (g) the maximum aggregate amount for which the Vendor will be required to indemnify the Purchaser in respect of any and all Claims under Section 7.1(a)(a) for breaches of Non-Core Representations (other than the Core Representations, the representations and warranties set out in Section 4.1(ii) (Tax Matters) and the covenants set out in Section 6.8 (Vendor Tax Covenants)) will be an amount equal to \$1,700,000 (the “**Indemnification Cap**”);
- (h) Vendor shall not be liable to the Purchaser Indemnified Parties for indemnification under Section 7.1 until the aggregate amount of all Damages in respect of indemnification

under Section 7.1 exceeds \$10,000, in which event Vendor shall be required to pay or be liable for all such Damages from the first dollar (the “**Indemnification Minimum**”).

- (i) for greater certainty, notwithstanding any of the provisions hereof, neither the Indemnification Cap nor the Indemnification Minimum shall be applicable for Claims made pursuant to a breach of any Core Representation, the representation and warranty set out in Section 4.1(r)(g) (MMG Property Loan), the representation and warranty Section 4.1(dd)(e) [**Redacted: violate confidentiality provisions**], the representations and warranties set out in Section 4.1(ii) (Tax Matters) or the covenants set out in Section 6.8 (Vendor Tax Covenants).

7.4 Procedure for Indemnification

Within ninety (90) days after the incurrence of any Claims by any of the Purchaser Indemnified Parties or Vendor Indemnified Parties entitled to indemnification pursuant to this Article 7 (an “**Indemnified Party**”), including any Claim by a third party described in Section 7.6, which might give rise to indemnification hereunder, the Indemnified Party will deliver to the Party from which indemnification is sought (the “**Indemnifying Party**”) a certificate (the “**Certificate**”), which Certificate will:

- (a) state that the Indemnified Party has paid or properly accrued losses or anticipates that it will incur liability for losses for which such Indemnified Party is entitled to indemnification pursuant to this Agreement;
- (b) specify in reasonable detail each individual item of loss included in the amount so stated, the date such item was paid or properly accrued, the basis for any anticipated liability and the nature of the misrepresentation, breach of warranty, breach of covenant or Claim to which each such item is related and the computation of the amount to which such Indemnified Party claims to be entitled hereunder; and
- (c) be delivered to the Indemnifying Party.

In the event that the Indemnifying Party objects to the indemnification of an Indemnified Party in respect of any Claim or Claims specified in any Certificate, the Indemnifying Party will, within 30 days after receipt by the Indemnifying Party of such Certificate, deliver to the Indemnified Party a notice to such effect and the Indemnifying Party and the Indemnified Party will, within the 30-day period beginning on the date of receipt by the Indemnified Party of such objection, attempt in good faith to agree upon the rights of the respective parties with respect to each of such Claims to which the Indemnifying Party will have so objected. If the Indemnified Party and the Indemnifying Party succeed in reaching agreement on their respective rights with respect to any of such Claims, the Indemnified Party and the Indemnifying Party will promptly prepare and sign a memorandum setting forth such agreement. Should the Indemnified Party and the Indemnifying Party be unable to agree as to any particular item or items or amount or amounts, then the Indemnified Party and the Indemnifying Party will submit such dispute to a court of competent jurisdiction. The Party which receives a final judgment in such dispute will be indemnified and held harmless for all reasonable attorney and consultant’s fees or expenses by the other Party.

Claims specified in any Certificate to which an Indemnifying Party does not object in writing within 10 days of receipt of such Certificate and Claims the validity and amount of which have been the subject of a final judicial determination, or have been settled with the consent of the

Indemnifying Party, as described in Section 7.6, are hereinafter referred to, collectively, as “Agreed Claims”.

7.5 Payment of Claims

Once the amount of an Agreed Claim (the “**Claim Amount**”) has been determined in accordance with Section 7.4, then, subject to the limitations contained in this Article 7:

- (a) in the case where the Claim Amount is payable to a Purchaser Indemnified Party, the Indemnifying Party will pay the Claim Amount within 30 days of the determination of the Claim Amount, to the Indemnified Party by wire transfer in immediately available funds to the bank account or accounts designated by the Indemnified Party in a notice to the Indemnifying Party not less than two Business Days prior to such payment; and
- (b) in the case where the Claim Amount is payable to the Vendor Indemnified Parties, the Indemnifying Party will pay the Claim Amount within 30 days of the determination of the Claim Amount, to the Indemnified Party by wire transfer in immediately available funds to the bank account or accounts designated by the Indemnified Party in a notice to the Indemnifying Party not less than two Business Days prior to such payment.

7.6 Indemnification for Third Party Claims

- (a) In the case of Claims made by a third party with respect to which indemnification is sought, the Indemnified Party will give prompt written notice, and in any event within 30 days, to the Indemnifying Party of any such Claims made upon it, provided that in the event of a failure to give such notice such failure will not preclude the Indemnified Party from obtaining such indemnification but its right to indemnification may be reduced to the extent that such delay prejudiced the defence of such Claim or increased the amount of liability or cost of defence and provided that, notwithstanding anything else herein contained, no Claim for indemnity may be made unless notice of such Claim has been given prior to the expiry of the right of indemnification pursuant to Section 7.3.
- (b) The Indemnifying Party will have the right, by written notice to the Indemnified Party given not later than 30 days after receipt of the notice described in Section 7.6(a), to participate in or assume control of the investigation and defence of the Claim, provided that (i) such assumption will, by its terms, be without cost to the Indemnified Party, (ii) the Indemnifying Party acknowledges in writing its obligation to fully indemnify the Indemnified Party in accordance with the terms contained in this Section 7.6 in respect of such Claim, and (iii) such Claim is for monetary damages only. The Indemnifying Party will not, except with the consent of the Indemnified Party, enter into any settlement that (i) is not entirely indemnifiable by the Indemnifying Party pursuant to this Section 7.6, (ii) requires the Indemnified Party to admit any wrongdoing, take or refrain from taking any action, acknowledge any rights of the Person making the Claim or waive any rights that the Indemnified Party may have against the Person making the Claim and (iii) does not include as an unconditional term thereof the giving by the Person or Persons asserting such Claim to all Indemnified Parties of an unconditional release from all liability with respect to such Claim or consent to entry of any judgment.
- (c) So long as the Indemnifying Party is contesting any such Claim, the Indemnified Party will not pay or settle any such Claim. Notwithstanding the foregoing, the Indemnified Party will have the right to pay or settle any such Claim, provided that in such event it

will waive any right to indemnity therefor by the Indemnifying Party for such Claim unless the Indemnifying Party has consented to such payment or settlement.

- (d) Upon the assumption of control of any Claim by the Indemnifying Party, as set out in Section 7.6(b), the Indemnifying Party will diligently proceed with the investigation and defence at its sole expense, including the employment of counsel reasonably satisfactory to the Indemnified Party. The Indemnified Party will co-operate in good faith in the investigation and defence of such Claim, even if the investigation and defence have been assumed by the Indemnifying Party, and may participate in such investigation and defence assisted by counsel of its own choice at its own expense.
- (e) In any Claim with respect to which indemnification is being sought hereunder, the Indemnified Party or the Indemnifying Party, whichever is not controlling the investigation and defence of such action, will have the right to participate in such matter and to retain its own counsel at such Party's own expense. The Indemnifying Party and the Indemnified Party will at all times use all reasonable efforts to keep each other reasonably apprised of the status of any matter the investigation and defence of which they are maintaining and to co-operate in good faith with each other with respect to the investigation and defence of any such matter.
- (f) The final determination of any Claim pursuant to this Section 7.6, including all related costs and expenses, will be binding and conclusive upon the Parties as to the validity or invalidity, as the case may be, of such Claim against the Indemnifying Party.
- (g) Should the Indemnifying Party fail to give notice to the Indemnified Party as provided in Section 7.6(b), or fail or decline to assume control of the investigation and defence of the Claim as provided for in Section 7.6(b), the Indemnified Party will be entitled, at its option, to elect to make such settlement or compromise of the Claim as in its sole discretion may appear advisable or to employ counsel to represent and defend it in relation to any such Claim, and such settlement or any other final determination of such Claim will be binding and conclusive upon the Parties as to the validity or invalidity, as the case may be, of such Claim against the Indemnifying Party.
- (h) Notwithstanding the foregoing, the Purchaser shall have exclusive carriage of any Claim relating to Tax matters that may be expected to have an impact on Taxes of MMG or MMG for any Tax period beginning on or after the Closing Date.

7.7 Fraud and Remedies

- (a) Except as provided in this Section 7.7, the indemnities provided in Section 7.1 and Section 7.2 constitute the only remedy of the Purchaser or the Vendor, respectively, against a Party in the event of any breach of a representation, warranty, covenant or agreement of such Party contained in this Agreement. The Parties acknowledge that the failure to comply with a covenant or obligation contained in this Agreement or any Transaction Document may give rise to irreparable injury to a Party inadequately compensable in damages. Accordingly, a Party may seek to enforce the performance of this Agreement by injunction, specific performance or other equitable remedies upon application to a court of competent jurisdiction without proof of actual damage (and without the requirement of posting a bond or other security). Each of the Purchaser and the Vendor expressly waive and renounce any other remedies whatsoever, whether at law or in equity, which it would otherwise be entitled to as against a Party.

- (b) For greater clarity, there is no maximum aggregate amount related to the Vendor's requirement to indemnify the Purchaser in respect of any and all Claims involving fraud or fraudulent misrepresentation.

7.8 Insurance Recoveries

The amount of any Claim for which indemnification is provided under this Article 7 will be net of any amounts actually recovered by the Indemnified Party under insurance policies.

7.9 One Recovery and Mitigation

- (a) Each Indemnified Party will use commercially reasonable efforts to mitigate any Damages or potential Damages for which an Indemnifying Party is required to indemnify an Indemnified Party hereunder.
- (b) No Indemnified Party will be entitled to double recovery for any Claim even though the Claim may have resulted from the breach of more than one of the representations, warranties, agreements and covenants made by the Indemnifying Party in this Agreement.
- (c) All Claims shall be reduced by any net Tax benefit actually realized in the year of Claim or in the following year.

7.10 Tax Status of Indemnification Payments

Any payment made by the Vendor pursuant to this Article 7 will constitute a reduction of the Purchase Price and any payment made by the Purchaser pursuant to this Article 7 will constitute an increase in the Purchase Price.

ARTICLE 8 CLOSING ARRANGEMENTS

8.1 Deliveries of the Vendor

At Closing, the Vendor will deliver, or cause to be delivered, to the Purchaser the following in form and substance satisfactory to the Purchaser, acting reasonably:

- (a) assignment of Corporate Notes Receivables, in a form reasonably satisfactory to the Purchaser;
- (b) senior officer's certificate of the Vendor certifying, to the best of such officer's knowledge, information and belief (after due enquiry), that the conditions in Section 8.3(b) have been satisfied;
- (c) senior officer's certificate of each of the Vendor, MMG and MMC containing certified copies of (A) the Constatting Documents of each of MMG and MMC, (B) all resolutions of the board of directors of each of the Vendor, MMG and MMC approving the entering into and completion of the Transaction and the Transaction Documents (including the assignment of the Corporate Notes Receivable and granting of second mortgage (MMG)), and (C) an incumbency page;

- (d) share certificates representing all of the Purchased Shares accompanied by irrevocable stock transfer powers duly executed in blank by the holders of record;
- (e) the complete minute books of each of MMG and MMC;
- (f) a certificate of status, compliance, good standing or similar certificate with respect each of the Vendor, MMG and MMC issued by the appropriate Governmental Authority of its jurisdiction of incorporation dated as of the Closing Date;
- (g) the original Books and Records of each of MMG and MMC;
- (h) a duly executed comprehensive release of each of MMG and MMC effective prior to Closing by the Vendor, acting in its capacity as Vendor;
- (i) resignations from each of the directors and officers of MMG and MMC, a signed comprehensive release from each of them of all claims or potential claims that they may have against each of MMG and MMC relating to matters existing at or prior to the Closing, including claims or potential claims for current unpaid remuneration in their capacities as officers and directors and advances made to MMG or MMC;
- (j) all Required Consents;
- (k) acknowledgements or discharges by any secured parties in respect of any movable property security registrations against each of MMG and MMC other than the Permitted Encumbrances;
- (l) duly executed documents as are necessary to change the signatories of and provide authority for access to MMG and MMC's bank accounts specified in Schedule 4.1(z) to the authorized Persons specified by the Purchaser;
- (m) executed Unsecured Loan;
- (n) executed Secured Note; and
- (o) executed Secured Note second mortgage.

8.2 Deliveries of the Purchaser

At Closing, the Purchaser will deliver, or cause to be delivered, to the Vendor the following in form and substance satisfactory to the Vendor, acting reasonably:

- (a) the portion of the Purchase Price payable on the Closing Date to the Vendor in accordance with Section 2.3;
- (b) senior officer's certificate of the Purchaser certifying, to the best of such officer's knowledge, information and belief (after due enquiry), that the conditions in Section 8.4(b) have been satisfied;
- (c) senior officer's certificate of the Purchaser containing certified copies of (A) the Constatting Documents of the Purchaser, (B) all resolutions of the board of directors of the Purchaser approving the entering into and completion of the Transaction and the Transaction Documents, and (C) an incumbency page;

- (d) a certificate of status, compliance, good standing or similar certificate with respect to the Purchaser issued by the appropriate Governmental Authorities of its jurisdiction of incorporation dated as of the Closing Date;
- (e) executed Unsecured Loan;
- (f) executed Secured Note; and
- (g) executed Secured Note second mortgage.

8.3 Purchaser's Conditions to Closing

The Purchaser shall be obliged to complete the Closing only if each of the conditions precedent set out below have been satisfied in full at or before the Closing (each of such conditions precedent is for the exclusive benefit of the Purchaser and the Purchaser may waive any of them in whole or in part in writing):

- (a) all of the deliveries and actions of the Vendor, as set out in Section 8.1, shall have been completed by the Vendor;
- (b) at the Closing: (i) all of the representations and warranties of the Vendor made in or pursuant to this Agreement shall be true and correct as if made at and as of the Closing (regardless of the date as of which the information in this Agreement or in any schedule or other document made pursuant hereto is given), except to the extent that such representations and warranties may be affected by events or transactions expressly permitted by this Agreement, (ii) the Vendor shall have observed or performed in all respects all of the obligations, covenants and agreements that are to be performed by it at or before the Closing, and (iii) no Material Adverse Change shall have occurred; and
- (c) no order, judgment, injunction, decree, stipulation, determination, award, decision, ruling or writ of any Governmental Authority or other Person shall have been entered that prohibits or restricts the Closing and none of the Parties (including the Purchaser), nor any of their respective directors, officers, employees or agents, shall be a defendant in or third party to or threatened with any litigation or proceedings before any Governmental Authority which, in the opinion of the Purchaser, acting reasonably, could prevent or restrict that Party from performing any of its obligations in this Agreement or any Transaction Documents.

8.4 Vendor's Conditions to Closing

The Vendor shall be obliged to complete the Closing only if each of the conditions precedent set out below have been satisfied in full at or before the Closing (each of such conditions precedent is for the exclusive benefit of the Vendor and the Vendor may waive any of them in whole or in part in writing):

- (a) all of the deliveries and actions of the Purchaser, as set out in Section 8.2, shall have been completed by the Purchaser;
- (b) at the Closing: (i) all of the representations and warranties of the Purchaser made in or pursuant to this Agreement shall be true and correct as if made at and as of the Closing (regardless of the date as of which the information in this Agreement or in any schedule

or other document made pursuant hereto is given), except to the extent that such representations and warranties may be affected by events or transactions expressly permitted by this Agreement, and (ii) the Purchaser shall have observed or performed in all respects all of the obligations, covenants and agreements that are to be performed by it at or before the Closing; and

- (c) no order, judgment, injunction, decree, stipulation, determination, award, decision, ruling or writ of any Governmental Authority or other Person shall have been entered that prohibits or restricts the Closing and none of the Parties (including the Vendor), nor any of their respective directors, officers, employees or agents, shall be a defendant in or third party to or threatened with any litigation or proceedings before any Governmental Authority which, in the opinion of the Vendor, acting reasonably, could prevent or restrict that Party from performing any of its obligations in this Agreement or any Transaction Documents.

8.5 Termination on Failure to Satisfy Conditions

If any condition set forth in Section 8.3 or 8.4 is not satisfied at the Closing, or if it becomes apparent that any such condition cannot be satisfied at the Closing, the Party entitled to the benefit of such condition (the “**First Party**”) may terminate this Agreement by notice in writing to the other Party and in such event:

- (a) unless the other Party can show that the condition or conditions which have not been satisfied and for which the First Party has terminated this Agreement are not reasonably capable of being performed or caused to be performed as a result of a default by the First Party or have not been satisfied by reason of a default hereunder by the First Party, the First Party shall be released from all obligations hereunder; and
- (b) unless the First Party can show that the condition or conditions which have not been satisfied and for which the First Party has terminated this Agreement ought to have been reasonably capable of being performed or caused to be performed by the other Party in the absence of a default by the other Party or have not been satisfied by reason of a default hereunder by the other Party, the other Party shall also be released from all obligations hereunder.

The Parties confirm the following in relation to the Deposits:

- (a) if the Purchaser terminates this Agreement pursuant to this Section 8.5, the Deposits plus interest shall forthwith be returned to the Purchaser; and
- (b) if the Vendor terminates this Agreement pursuant to this Section 8.5 the GLH Deposit plus interest shall forthwith be released to the Vendor and the SBI Deposit plus interest shall forthwith be returned to the Purchaser.

8.6 Place of Closing

The Closing shall take place at the offices of Fasken Martineau DuMoulin LLP, Suite 2400, 333 Bay Street, Bay Adelaide Centre, Toronto, Ontario, or at such other place as may be agreed upon by the Vendor and the Purchaser.

ARTICLE 9 GENERAL

9.1 Fees and Expenses

The Purchaser will pay for its own fees and expenses and the Vendor shall pay for its own fees and expenses as well as the fees and expenses of MMG and MMC which are, in each case, incurred in connection with the negotiation, preparation, execution and performance of this Agreement (provided the Vendor shall not pay for transaction expenses related to performance of this Agreement by MMG or MMC after Closing), the Transaction and the agreements contemplated by them, including the fees and expenses of legal counsel, investment advisers and accountants.

9.2 Further Assurances

The Vendor and the Purchaser will, from time to time, execute and deliver all such further documents and instruments and do all acts and things as the other Parties may reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.

9.3 Public Announcements

No public announcement or press release concerning the Transaction will be made by any of the Parties or any of their Affiliates except as may be required by Laws or the rules of any stock exchange on which they or any of their Affiliates' respective shares are listed. Each of the Parties will consult with each other and obtain the consent from the other Parties, which consent will not unreasonably be refused or delayed, before issuing any press release or public statement concerning the Transaction. If the other Party from whom such consent is requested has not consented or has not reasonably refused such request within two Business Days or four days, whichever is the later, or in the case of disclosure required by Law or rules of any applicable stock exchange, within twenty-four (24) hours, such other Party will be deemed to have consented to the press release or public statement forming the subject matter of such request; provided that the Party from whom such consent is requested will not unreasonably delay in providing its consent or refusal in circumstances in which the Party requesting such consent is required by Laws to issue such a news release or other such public statement before the expiry of such two Business Days or four day period. The Parties hereby consent to the Vendor issuing a news release regarding the signing of this Agreement no later than the business day following the day on which this Agreement is signed by the Parties, and in this regard the Vendor shall provide a copy of the news release as soon as practicable, and permit the Purchaser to make reasonable comments to the news release as they relate to itself and the description of the Transaction provided the Purchaser may not delay release of such press release through its failure to provide comments in a timely manner.

9.4 Benefit of the Agreement

This Agreement will enure to the benefit of and be binding upon the respective administrators, other legal representatives, successors and permitted assigns of the Parties.

9.5 Entire Agreement

This Agreement and the Transaction Documents constitute the entire agreement between the Parties with respect to the respective subject matters hereof and thereof, and cancel and supersede any prior understandings and agreements between the Parties with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, among the Parties other than as expressly set forth in this Agreement and the Transaction Documents with respect to the respective subject matters hereof and thereof. In the event of any inconsistency between the statements in the body of this Agreement and the Schedules hereto (other than an exception expressly set forth as such in a Schedule hereto), the statements in the body of this Agreement will control. The only duties and obligations of the Parties under this Agreement are as specifically set forth in this Agreement, and no other duties or obligations will be implied in fact, Law or equity or under any principle of fiduciary obligation. The Parties agree that prior drafts of this Agreement and the documents referred to herein will be deemed not to provide any evidence as to the meaning of any provision hereof or the intent of the Parties with respect hereto and that such drafts will be deemed joint work product of the Parties. The Parties have voluntarily agreed to define their rights, liabilities and obligations respecting the sale and purchase of the Purchased Shares exclusively in contract pursuant to the express terms and provisions of this Agreement. Furthermore, the Parties each hereby acknowledge that this Agreement embodies the justifiable expectations of sophisticated parties derived from arm's-length negotiations; all Parties to this Agreement specifically acknowledge that no Party has any special relationship with another Party that would justify any expectation beyond that of an ordinary purchaser and an ordinary seller in an arm's-length transaction.

9.6 Amendments and Waivers

No amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by the Vendor and the Purchaser. No waiver of any breach of any provision of this Agreement will be effective or binding unless made in writing and signed by the Party purporting to give the same and, unless otherwise provided, will be limited to the specific breach waived.

9.7 Assignment

Neither Party may assign their rights or obligations hereunder without the prior written consent of the other Party. No assignment will relieve the assigning Party of any of its obligations hereunder.

9.8 Time of the Essence

Time is of the essence in the performance of the Parties' respective obligations under this Agreement and the Transaction Documents.

9.9 Notices

Any demand, notice or other communication to be given in connection with this Agreement must be given in writing and will be given by personal delivery, courier, email, or by facsimile (where applicable) addressed to the recipient as follows:

To the Purchaser:

[Redacted: violate confidentiality provisions]

Attention: Anthony Giorgi

Email: tony@thegiorgis.com

with a copy to (which will not constitute notice):

Fasken Martineau DuMoulin LLP
333 Bay Street, Box 20, Suite 2400
Toronto, ON
M5H 2T6
Attention: Paul Fornazzari
Email: pforazzari@fasken.com

To the Vendor:

Golden Leaf Holdings Ltd.
[Redacted: violate confidentiality provisions]
Attention: Mr. John Varghese, Executive Chairman
Email: [Redacted: violate confidentiality provisions]

with a copy to (which will not constitute notice):

John a. Magliana, Jr.
General Counsel
[Redacted: violate confidentiality provisions]

or to such other street address, individual email address or facsimile number or address as may be designated by notice given by any Party to the others. Any demand, notice or other communication given by personal delivery will be conclusively deemed to have been given on the day of actual delivery thereof and, if given by email or facsimile, on the day of transmittal thereof if given during the normal business hours of the recipient and on the Business Day during which such normal business hours next occur if not given during such hours on any day.

9.10 No Third Party Beneficiaries

This Agreement is solely for the benefit of:

- (a) the Vendor and its successors and permitted assigns, with respect to the obligations of the Purchaser under this Agreement;
- (b) MMG and MMC and its successors and permitted assigns, with respect to the obligations of the Purchaser under this Agreement; and
- (c) the Purchaser and its successors and assigns, with respect to the obligations of the Vendor, MMG and MMC under this Agreement,

and nothing herein, express or implied, is intended to or will confer upon any other Person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

9.11 Governing Law

This Agreement is a contract made under and will be governed by and construed in accordance with the Laws of the Province of Ontario and the Laws of Canada applicable therein, without

giving effect to any choice of Law or conflict of Law provision or rule that would cause the application of the Laws of any jurisdiction other than the Province of Ontario.

9.12 Attornment

For the purpose of all legal proceedings, this Agreement will be deemed to have been performed in the Province of Ontario and the courts of the Province of Ontario will have jurisdiction to entertain any action arising under this Agreement. The Parties each irrevocably submit to the jurisdiction of the courts of the Province of Ontario in respect of any action or proceeding relating in any way to this Agreement and waive objection to the venue of any proceeding in such court or that such court provides an inconvenient forum.

9.13 Counterparts and Electronic Transmission

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument. This Agreement and any signed agreement or instrument entered into in connection with this Agreement, including any other Transaction Document, and any amendments hereto or thereto, to the extent signed and delivered by means of a facsimile machine, electronic mail or DocuSign, will be treated in all manner and respects as an original agreement or instrument and will be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. At the request of any Party, each other Party will re-execute original forms thereof and deliver them to all other Parties. No Party will raise the use of a facsimile machine or electronic mail to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through the use of a facsimile machine or electronic mail as a defense to the formation of a contract and each Party forever waives any such defense.

9.14 Severability

If any provision of this Agreement is held to be illegal, invalid, or unenforceable under Laws, and if the rights or obligations of any Party under this Agreement will not be materially and adversely affected thereby: (a) such provision will be severable; (b) this Agreement will be construed and enforced as if such provision had never comprised a part hereof; (c) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by such provision or its severance herefrom; and (d) in lieu of such provision, there will be added automatically as a part of this Agreement a legal, valid and enforceable provision as similar in terms to such provision as reasonably possible.

[Remainder of this page intentionally left blank; signature pages follow.]

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date first above mentioned.

SENSI BRANDS INC.

By: (signed) Anthony Giorgi
Name: Anthony Giorgi
Title: CEO

GOLDEN LEAF HOLDINGS LTD.

By: (signed) John Magliana
Name: John Magliana
Title: Secretary

**MEDICAL MARIHUANA GROUP
CORPORATION**

By: (signed) Alex Winch
Name: Alex Winch
Title: President

**MEDICAL MARIJUANA GROUP
CONSULTING LTD.**

By: (signed) Alex Winch
Name: Alex Winch
Title: President

Schedule 1.1(a)
Permitted Encumbrances

- PPSA (Ontario) registration no. 20180618 1226 1532 5020 against MMC.
Secured Party: Ford Credit Canada Leasing, Division of Canadian Road Leasing Company
Secured Property: Equipment, Other, including a motor vehicle identified as a 2018 Ford Escape (V.I.N. 1FMCU0GD2JUB89945)

- Mortgage with a principal amount of \$400,000 and interest rate of 10% between MMG and ASPCAN, LLC **[Redacted: violate confidentiality provisions]** in respect of the MMG Property

**Schedule 2.3(c)
Unsecured Loan Note**

Please see attached.

**PROMISSORY NOTE
UNSECURED INTEREST FREE LOAN**

TO: Golden Leaf Holdings Ltd. (the “Lender”)
FROM: Sensi Brands Inc. (the “Debtor”)
RE: Partial payment of Purchase Price under the Share Purchase Agreement dated December __, 2019 between *inter alia* the Debtor and the Lender (the “Share Purchase Agreement”)

1. *Definitions.* In this note, in addition to the terms defined above, the following definitions apply:

“Bankruptcy Event” means, with respect to any Person, that

- (a) the Person fails to pay or perform its obligations generally as they become due or admits its inability to pay its debts generally,
- (b) the Person is an insolvent person or commits or threatens to commit an act of bankruptcy within the meaning of the *Bankruptcy and Insolvency Act* (Canada),
- (c) a Bankruptcy Proceeding (excluding any Bankruptcy Proceeding instituted against that Person that is being contested by that Person in good faith by appropriate proceedings so long as enforcement remains stayed, none of the relief sought is granted (either on an interim or permanent basis), and the Bankruptcy Proceeding is dismissed within 30 days of its commencement), or
- (d) the Person takes any action to authorize any of the actions set forth above in this definition.

“Bankruptcy Proceeding” means, with respect to any Person, the commencement of any proceeding or the taking of any step, whether voluntary or involuntary or whether instituted by or against that Person, under the *Bankruptcy and Insolvency Act* (Canada), the *Companies’ Creditors Arrangement Act* (Canada), the *Winding-Up and Restructuring Act* (Canada), or any other similar legislation of any jurisdiction seeking any of the following or resulting, by operation of law, in the bankruptcy of that Person:

- (a) any moratorium, reorganization, adjustment, composition, proposal, compromise, arrangement, or other similar relief in respect of any or all of that Person’s obligations,
- (b) the winding up, liquidation, or dissolution of that Person or all or any part of its businesses, undertaking, properties, and assets,
- (c) any order declaring, finding, or adjudging that Person insolvent or bankrupt, or
- (d) the appointment (provisional, interim, or permanent) of any receiver, receiver and manager, trustee, monitor, custodian, liquidator, or other Person with similar powers.

“Business Day” means a day other than a Saturday, a Sunday, or any other day on which the principal chartered banks located in Toronto, Ontario are not open for business.

“Debt” means:

- (a) all indebtedness of the Debtor for borrowed money;
- (b) all obligations of the Debtor for the deferred purchase price of property or services (other than trade payables and accrued expenses incurred in the ordinary course of business);
- (c) all obligations of the Debtor evidenced by notes, bonds, debentures or other similar instruments;
- (d) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by the Debtor (even though the rights and remedies of the seller or Lender under such agreement in the Default are limited to repossession or sale of such property);
- (e) all obligations of the Debtor to purchase, redeem, retire, defease or otherwise make any payment in respect of any Equity Interests in such Person or any other Person or any warrants, rights or options to acquire such Equity Interests, valued, in the case of redeemable preferred interests, at the greater of its voluntary or involuntary liquidation preference plus accrued and unpaid dividends;
- (f) all obligations of the Debtor, contingent or otherwise, as an account party or applicant under acceptance or similar facilities in respect of obligations of the kind referred to in (a) through (e);
- (g) all obligations of the kind referred to in (a) through (f) secured by (or which the holder of such obligation has an existing right, contingent or otherwise, to be secured by) any Encumbrance on property (including accounts and contract rights) owned by the Debtor, whether or not the Debtor has assumed or become liable for the payment of such obligation; and
- (h) all debt of any partnership, unlimited liability company or unincorporated joint venture in which the Debtor is a general partner, member or a joint venturer, respectively (unless such Debt is expressly made non-recourse to the Debtor).

“Default” means the occurrence of one or more of the following events:

- (a) the Debtor defaults in the payment or performance of any obligation under this note or under any other document in respect of any other debt for borrowed money,
- (b) any representation, warranty, certification or other statement of fact made by or on behalf of the Debtor herein or in any other Loan Document or any amendment or modification hereof or thereof or waiver hereunder or thereunder or in any certificate, document, report, financial statement or other document furnished by or on behalf of the Debtor under or in connection with this Agreement or any other Loan Document, proves to have been false or misleading in any material respect on or as of the date made or deemed made,

- (c) the Debtor denies its Obligations or the Debtor claims that this note is invalid or has been withdrawn in whole or in part,
- (d) a Bankruptcy Event occurs with respect to the Debtor,
- (e) any act, matter, or thing is done, or any action or proceeding is taken, with a view to terminating the Debtor's existence,
- (f) the Debtor ceases to carry on its business or makes, or proposes to make, any sale of its assets in bulk or any sale of its assets out of the usual course of its business,
- (g) any Person takes possession of any of the Debtor's property that is material to its financial condition, business, or operations by way of or in contemplation of enforcement of security, or a distress, execution, or similar process is levied or enforced against that property, and
- (h) the Debtor fails to perform or observe any other covenant, term, condition or agreement contained in this Agreement or any other Loan Document (other than as provided in (a) through (h) of this definition, and such failure continues unremedied for a period of five (5) Business Days after written notice to the Debtor from the Lender.

"Equity Interests" means any and all shares, interests, participations or other equivalents (however designated) of shares in a corporation, any and all equivalent ownership (or profit) interests in a Person (including partnership, membership or trust interests therein), securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person, and any and all warrants, rights or options to purchase any of the foregoing, whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are authorized or otherwise existing on any date of determination.

"GAAP" means the generally accepted accounting principles in effect in Canada approved from time to time by the Canadian Institute of Chartered Accountants or any successor institute.

"Maturity Date" means December ____, 2021.

"Obligations" means, collectively and at any time and from time to time, all of the indebtedness, liability and obligations (present or future, absolute or contingent, matured or not) of the Debtor to the Lender under, pursuant or relating to this Agreement and whether the same are from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and including all principal, interest, fees, legal and other costs, charges and expenses, and other amounts payable by the Debtor under this Agreement.

"Principal" means the amount of CDN\$200,000.

"Subsidiary" means, with respect to the Debtor, any other Person if at such time the Debtor: (a) owns, directly or indirectly, Equity Interests in such other Person having, in the aggregate, the voting power to elect a majority of the board of directors or persons performing similar functions for such Person; (b) has, directly or indirectly, through the operation of an agreement or otherwise, the ability to elect, or cause to be elected, a majority of the board of directors or persons performing similar functions for such Person

or otherwise exercise control over the management and policies of such other Person. Unless otherwise qualified, all references to a "Subsidiary" or to "Subsidiaries" in this Agreement shall refer to a Subsidiary or Subsidiaries of the Debtor.

2. All terms not otherwise defined herein have the meanings specified in the Share Purchase Agreement.
3. *References to specific terms*
 - (a) *Accounting principles.* Unless otherwise specified, where the character or amount of any asset or liability, item of revenue, or expense is required to be determined, or any consolidation or other accounting computation is required to be made, that determination or calculation will be made in accordance with GAAP.
 - (b) *Currency.* Unless specified otherwise, all dollar amounts expressed in this agreement refer to Canadian currency.
 - (c) *"Including."* Where this agreement uses the word "including," it means "including without limitation," and where it uses the word "includes," it means "includes without limitation."
 - (d) *Statutes, etc.* Unless specified otherwise, any reference in this agreement to a statute includes the regulations, rules, and policies made under that statute and any provision that amends, supplements, supersedes, or replaces that statute or those regulations, rules, or policies.
4. *Indebtedness.* For value received, the Debtor promises to pay to, or to the order of, the Lender the Principal in lawful money of Canada in immediately available funds at 13315 NE Airport Way, Suite 700, Portland, Oregon 97230 (or as the Lender may otherwise designate in writing from time to time) in the manner provided in this note, together with interest and other monies that the Debtor may owe from time to time under this note.
5. *Interest.* The Loan is interest free. Following a Default that is continuing, the Debtor shall pay the Lender interest on the Principal at a rate of 7% per annum, payable monthly in arrears.
6. *Repayment.* The Debtor shall repay the Principal to the Lender and all accrued and unpaid interest, if any, by the Maturity Date. Any payments not received by 5:00 p.m. Eastern Time on a Business Day will be deemed to have been received on the next Business Day.
7. *Prepayment.* At any time prior to the Maturity Date, the Debtor may prepay the Principal either in whole at one time or in part from time to time without notice to the Lender, penalty, or bonus, together with all accrued and unpaid interest, if any, to the date fixed for repayment and, in the case of prepayment in whole, all other monies owing under this note.
8. *Application of payments.* The Lender shall apply any amount paid in satisfaction of any indebtedness under this note first against any accrued and unpaid interest, if any, and second against the outstanding Principal.

9. *Acceleration.* When a Default occurs and is continuing, the full unpaid balance of the Principal and all accrued and unpaid interest, if any, will, at the Lender's option, become immediately due and payable upon demand by the Lender.
10. *Representations and warranties.* The Debtor represents and warrants to the Lender, acknowledging that the Lender is relying on these representations and warranties, as follows:
 - (a) *Existence.* The Debtor is a corporation, incorporated and existing under the laws of the jurisdiction of its incorporation.
 - (b) *Power and capacity.* The Debtor has the corporate power and capacity to carry on business, to own properties and assets, and to execute, deliver, and perform its Obligations.
 - (c) *Authorization.* The Debtor has taken all necessary corporate action to authorize its execution, delivery and the performance of its Obligations to which it is a party.
 - (d) *Execution and delivery.* The Debtor has duly executed and delivered this note.
 - (e) *Enforceability.* This Agreement constitutes a legal, valid, and binding obligation of the Debtor, enforceable against it in accordance with its terms, subject to
 - (i) bankruptcy, insolvency, reorganization, receivership, moratorium, arrangement, winding-up, and other laws of general application affecting the enforcement of creditors' rights generally, and
 - (ii) general equitable principles including the principle that the granting of equitable remedies, such as injunctive relief and specific performance, is at the court's discretion.
 - (f) *No breach.* The execution, delivery, and performance of the Debtor's Obligations do not and will not breach or result in a default under
 - (i) its articles, by-laws, or any unanimous shareholders agreement,
 - (ii) any law, statute, rule, or regulation to which it is subject,
 - (iii) any judgment, order, or decree of any court, agency, tribunal, arbitrator, or other authority to which it is subject, or
 - (iv) any agreement to which it is a party or by which it is bound.
 - (g) *No regulatory approvals required.* The Debtor is not required to obtain any action, approval, authorization, consent, or order of, or make any filing, registration, qualification, or recording with, any Governmental Authority or any other Person in connection with the execution or delivery of, or the performance of its Obligations.
11. *Positive Covenants.* While any amount owing under this note remains unpaid or the Debtor owes any Obligations, the Debtor covenants with the Lender that it shall:
 - (a) preserve and maintain its existence, organization and status in each jurisdiction of incorporation and in each other jurisdiction in which it carries on business or

owns assets and make all corporate, partnership and other registrations and filings necessary to do so,

- (b) preserve and keep in full force and effect all licences, permits, rights, privileges and franchises necessary to the proper conduct of its business in each jurisdiction where it carries on business or owns material assets,
- (c) keep accurate and complete books, records, and accounts in connection with all of its business activities in accordance with sound accounting practices and with GAAP, consistently applied, and, with at least three (3) Business Days prior written notice and during normal business hours, permit the Lender to visit and inspect any of its properties and examine and make abstracts from any of its books and records and to discuss its business operations, properties and financial and other conditions with its officers and employees and its independent public accountants,
- (d) maintain a standard system of accounting in accordance with GAAP and shall promptly provide to the Lender any information respecting the Debtor's business and financial condition that the Lender may reasonably request. The Debtor shall, without any request from the Lender, provide to the Lender:
 - (i) as soon as possible, a copy of the Debtor's most recent available financial statements (whether those statements cover a monthly, quarterly, or annual reporting period),
 - (ii) as soon as available and within 45 days after the last day of each of the Debtor's quarterly and annual accounting periods, a copy of the Debtor's consolidated balance sheet as of the close of that period and the Debtor's consolidated statements of income, retained earnings, and cash flows and accompanying notes for the period then ended, on a notice to reader basis,
 - (iii) as soon as available and within 120 days after the Debtor's financial year end, a copy of the Debtor's consolidated balance sheet as of the close of that financial year and the Debtor's consolidated statements of income, retained earnings, and cash flows and accompanying notes for the period then ended, on a notice to reader basis, and
 - (iv) promptly after knowledge of it comes to the attention of any officer or director of the Debtor, written notice of any Default,

12. *Negative Covenants.* While any amount owing under this note remains unpaid or the Debtor owes any Obligations, the Debtor covenants with the Lender that it shall not:

- (a) merge into, amalgamate or consolidate with any other Person, enter into any partnership, joint venture, corporate reorganization or other transaction intended to effect a wind-up, dissolve, restructure, liquidate, become bankrupt or permit any winding-up, dissolution, liquidation, arrangement or bankruptcy; provided that, if no Default shall have occurred and is continuing at the time thereof and immediately after giving effect thereto, any Subsidiary may liquidate or dissolve if the Debtor determines in good faith that such liquidation or dissolution is in the best interests of the Debtor and is not materially disadvantageous to the Lender,

13. *Security.* The Lender and Borrower acknowledge that this note is unsecured.

14. *No set-off.* The Debtor shall not exercise any right of set-off in connection with amounts that may be owed to the Debtor from time to time as against any amounts that the Debtor may owe under this note.
15. *Further assurances.* The Debtor, at its expense and at the Lender's request, shall sign (or cause to be signed) all further documents or do (or cause to be done) all further acts and provide all reasonable assurances as may reasonably be necessary or desirable to give effect to this note.
16. *Amendment.* This note may only be amended by a written document signed by each of the parties.
17. *Conflict of terms.* If there is any inconsistency between the terms of this note and those in any document entered into under this note, the terms of this note will prevail.
18. *Binding effect.* This note enures to the benefit of and binds the parties and their respective successors and permitted assigns.
19. *Assignment.* The Lender may assign this note in whole or in part to any Person without notice to or the consent of the Debtor. Without the prior written consent of the Lender, the Debtor may not assign this note.
20. *Notice.* Any notice, demand, consent, approval or other communication to be made or given under or in connection with this note shall be in writing and may be made or given and shall be deemed received in the manner provided for in the Share Purchase Agreement.
21. *Severability.* The invalidity or unenforceability of any particular term of this note will not affect or limit the validity or enforceability of the remaining terms.
22. *Waiver*
 - (a) *General.* No waiver of satisfaction of a condition or breach or non-performance of an obligation (including any Default) under this note is effective unless it is in writing and signed by the party granting the waiver. No waiver under this section will be deemed to extend to a subsequent occurrence, whether or not that occurrence is the same or similar to the original occurrence that was waived nor will it affect the exercise of any other rights or remedies under this note. Any failure or delay in exercising any right or remedy will not constitute, or be deemed to constitute, a waiver of that right or remedy. No single or partial exercise of any right or remedy will preclude any other or further exercise of any right or remedy.
 - (b) *Specific.* The Debtor waives presentment for payment, demand, protest, notice of any kind, and statutory days of grace in connection with this note. The Debtor agrees that it is not necessary for the Lender to first bring legal action in order to enforce payment of this note.
23. *Payment of costs.* The Debtor shall pay all costs (including reasonable legal fees) that the Lender incurs in connection with the perfection and enforcement of the Lender's interest under this note, which will be paid immediately upon demand and form part of the indebtedness owing under this note.

24. *Governing law.* The laws of Ontario and the laws of Canada applicable in that province, excluding any rule or principle of conflicts of law that may provide otherwise, govern this note.
25. *Submission to jurisdiction.* The parties irrevocably attorn to the jurisdiction of the courts of Ontario, which will have non-exclusive jurisdiction over any matter arising out of this note.
26. *Copy of note.* The Debtor acknowledges receipt of an executed copy of this note.

[*Signature page follows.*]

Dated December __, 2019

SENSI BRANDS INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule 2.3(d)
Secured Loan Note and Mortgage

Please see attached.

**PROMISSORY NOTE
SECURED LOAN**

TO: Golden Leaf Holdings Ltd. (the “Secured Party”)
FROM: Sensi Brands Inc. (the “Debtor”)
RE: Partial payment of Purchase Price under the Share Purchase Agreement dated December __, 2019 between *inter alia* the Debtor and the Secured Party (the “Share Purchase Agreement”)

1. *Definitions.* In this note, in addition to the terms defined above, the following definitions apply:

“**Applicable Rate**” means the rate of 5% per annum.

“**Bankruptcy Event**” means, with respect to any Person, that

- (a) the Person fails to pay or perform its obligations generally as they become due or admits its inability to pay its debts generally,
- (b) the Person is an insolvent person or commits or threatens to commit an act of bankruptcy within the meaning of the *Bankruptcy and Insolvency Act (Canada)*,
- (c) a Bankruptcy Proceeding (excluding any Bankruptcy Proceeding instituted against that Person that is being contested by that Person in good faith by appropriate proceedings so long as enforcement remains stayed, none of the relief sought is granted (either on an interim or permanent basis), and the Bankruptcy Proceeding is dismissed within 30 days of its commencement), or
- (d) the Person takes any action to authorize any of the actions set forth above in this definition.

“**Bankruptcy Proceeding**” means, with respect to any Person, the commencement of any proceeding or the taking of any step, whether voluntary or involuntary or whether instituted by or against that Person, under the *Bankruptcy and Insolvency Act (Canada)*, the *Companies’ Creditors Arrangement Act (Canada)*, the *Winding-Up and Restructuring Act (Canada)*, or any other similar legislation of any jurisdiction seeking any of the following or resulting, by operation of law, in the bankruptcy of that Person:

- (a) any moratorium, reorganization, adjustment, composition, proposal, compromise, arrangement, or other similar relief in respect of any or all of that Person’s obligations,
- (b) the winding up, liquidation, or dissolution of that Person or all or any part of its businesses, undertaking, properties, and assets,
- (c) any order declaring, finding, or adjudging that Person insolvent or bankrupt, or
- (d) the appointment (provisional, interim, or permanent) of any receiver, receiver and manager, trustee, monitor, custodian, liquidator, or other Person with similar powers.

“Business Day” means a day other than a Saturday, a Sunday, or any other day on which the principal chartered banks located in Toronto, Ontario are not open for business.

“Debt” means:

- (a) all indebtedness of the Debtor for borrowed money;
- (b) all obligations of the Debtor for the deferred purchase price of property or services (other than trade payables and accrued expenses incurred in the ordinary course of business);
- (c) all obligations of the Debtor evidenced by notes, bonds, debentures or other similar instruments;
- (d) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by the Debtor (even though the rights and remedies of the seller or Secured Party under such agreement in the Default are limited to repossession or sale of such property);
- (e) all obligations of the Debtor to purchase, redeem, retire, defease or otherwise make any payment in respect of any Equity Interests in such Person or any other Person or any warrants, rights or options to acquire such Equity Interests, valued, in the case of redeemable preferred interests, at the greater of its voluntary or involuntary liquidation preference plus accrued and unpaid dividends;
- (f) all obligations of the Debtor, contingent or otherwise, as an account party or applicant under acceptance or similar facilities in respect of obligations of the kind referred to in (a) through (e);
- (g) all obligations of the kind referred to in (a) through (f) secured by (or which the holder of such obligation has an existing right, contingent or otherwise, to be secured by) any Encumbrance on property (including accounts and contract rights) owned by the Debtor, whether or not the Debtor has assumed or become liable for the payment of such obligation; and
- (h) all debt of any partnership, unlimited liability company or unincorporated joint venture in which the Debtor is a general partner, member or a joint venturer, respectively (unless such Debt is expressly made non-recourse to the Debtor).

“Default” means the occurrence of one or more of the following events:

- (a) the Debtor defaults in the payment or performance of any obligation under this note or under any other document in respect of any other debt for borrowed money,
- (b) any representation, warranty, certification or other statement of fact made by or on behalf of any Obligor herein or in any other Loan Document or any amendment or modification hereof or thereof or waiver hereunder or thereunder or in any certificate, document, report, financial statement or other document furnished by or on behalf of any Obligor under or in connection with this Agreement or any other Loan Document, proves to have been false or misleading in any material respect on or as of the date made or deemed made,

- (c) an Obligor denies its Obligations or the Debtor claims that this note is invalid or has been withdrawn in whole or in part,
- (d) a Bankruptcy Event occurs with respect to an Obligor,
- (e) any act, matter, or thing is done, or any action or proceeding is taken, with a view to terminating an Obligor's existence,
- (f) an Obligor ceases to carry on its business or makes, or proposes to make, any sale of its assets in bulk or any sale of its assets out of the usual course of its business,
- (g) any Person takes possession of any of an Obligor's property that is material to its financial condition, business, or operations by way of or in contemplation of enforcement of security, or a distress, execution, or similar process is levied or enforced against that property, and
- (h) any Obligor fails to perform or observe any other covenant, term, condition or agreement contained in this Agreement or any other Loan Document (other than as provided in (a) through (h) of this definition, and such failure continues unremedied for a period of five (5) Business Days after written notice to the Debtor from the Secured Party.

"Equity Interests" means any and all shares, interests, participations or other equivalents (however designated) of shares in a corporation, any and all equivalent ownership (or profit) interests in a Person (including partnership, membership or trust interests therein), securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person, and any and all warrants, rights or options to purchase any of the foregoing, whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are authorized or otherwise existing on any date of determination.

"First Payment Date" means February 3, 2020.

"GAAP" means the generally accepted accounting principles in effect in Canada approved from time to time by the Canadian Institute of Chartered Accountants or any successor institute.

"Guarantors" means Medical Marijuana Group Consulting Ltd. and Medical Marihuana Group Corporation.

"Interest" means interest at the Applicable Rate, calculated annually in arrears and payable on each Payment Date.

"Loan Documents" means this note, the MMC Guarantee, the MMG Guarantee and any other agreement or document delivered under or pursuant to this note.

"Maturity Date" means December ____, 2021.

"MMC Guarantee" means the guarantee dated as of the date hereof provided by Medical Marijuana Group Consulting Ltd. to the Secured Party.

"MMG Guarantee" means the guarantee dated as of the date hereof provided by Medical Marihuana Group Corporation to the Secured Party.

"Obligations" means, collectively and at any time and from time to time, all of the indebtedness, liability and obligations (present or future, absolute or contingent, matured or not) of the Debtor and the other Obligors to the Secured Party under, pursuant or relating to this Agreement or the Loan Documents and whether the same are from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and including all principal, interest, fees, legal and other costs, charges and expenses, and other amounts payable by the Debtor under this Agreement.

"Obligors" means the Debtor and the Guarantors, and an **"Obligor"** means any of them.

"Payment Date" means, in relation to interest, the first Business Day of each successive month starting on the First Payment Date.

"Permitted Debt" means:

- a) the Obligations;
- b) any Debt of the Debtor or an Obligor and if secured on the MMG Property, that is not ranked equal or in priority to the Secured Party's security over that property;

"Principal" means the amount of CDN\$1,000,000.

"Subsidiary" means, with respect to the Debtor, any other Person if at such time the Debtor: (a) owns, directly or indirectly, Equity Interests in such other Person having, in the aggregate, the voting power to elect a majority of the board of directors or persons performing similar functions for such Person; (b) has, directly or indirectly, through the operation of an agreement or otherwise, the ability to elect, or cause to be elected, a majority of the board of directors or persons performing similar functions for such Person or otherwise exercise control over the management and policies of such other Person. Unless otherwise qualified, all references to a "Subsidiary" or to "Subsidiaries" in this Agreement shall refer to a Subsidiary or Subsidiaries of the Debtor.

2. All terms not otherwise defined herein have the meanings specified in the Share Purchase Agreement.
3. *References to specific terms*
 - (a) *Accounting principles.* Unless otherwise specified, where the character or amount of any asset or liability, item of revenue, or expense is required to be determined, or any consolidation or other accounting computation is required to be made, that determination or calculation will be made in accordance with GAAP.
 - (b) *Currency.* Unless specified otherwise, all dollar amounts expressed in this agreement refer to Canadian currency.
 - (c) *"Including."* Where this agreement uses the word "including," it means "including without limitation," and where it uses the word "includes," it means "includes without limitation."
 - (d) *Statutes, etc.* Unless specified otherwise, any reference in this agreement to a statute includes the regulations, rules, and policies made under that statute and any provision that amends, supplements, supersedes, or replaces that statute or those regulations, rules, or policies.

4. *Indebtedness.* For value received, the Debtor promises to pay to, or to the order of, the Secured Party the Principal in lawful money of Canada in immediately available funds at 13315 NE Airport Way, Suite 700, Portland, Oregon 97230 (or as the Secured Party may otherwise designate in writing from time to time) in the manner provided in this note, together with interest and other monies that the Debtor may owe from time to time under this note.
5. *Interest.*
 - (a) The Debtor shall pay Interest on the Principal to the Secured Party from the date of this note, both before and after maturity, demand, default, or judgment and until actual payment in full. The first interest payment will consist of accrued interest from the date of this note until the First Payment Date.
 - (b) The Debtor shall pay the Secured Party interest on any overdue Interest at the same rate, and calculated and payable in the same manner, as Interest.
 - (c) For the purpose of the *Interest Act* (Canada), the yearly rate of interest applicable to amounts owing under this note will be calculated on the basis of a 365 day year.
6. *Repayment.* The Debtor shall repay the Principal to the Secured Party on the Maturity Date,
7. *Prepayment.* At any time prior to the Maturity Date, the Debtor may prepay the Principal either in whole at one time or in part from time to time without notice to the Secured Party, penalty, or bonus, together with all accrued and unpaid Interest to the date fixed for repayment and, in the case of prepayment in whole, all other monies owing under this note. Any prepayments of the Principal in part will reduce the outstanding Principal.
8. *Application of payments.* The Secured Party shall apply any amount paid in satisfaction of any indebtedness under this note first against any accrued and unpaid Interest and second against the outstanding Principal.
9. *Acceleration.* When a Default occurs and is continuing, the full unpaid balance of the Principal and all accrued and unpaid Interest will, at the Secured Party's option, become immediately due and payable upon demand by the Secured Party.
10. *Representations and warranties.* The Debtor represents and warrants to the Secured Party, acknowledging that the Secured Party is relying on these representations and warranties, as follows:
 - (a) *Existence.* Each Obligor is a corporation, incorporated and existing under the laws of the jurisdiction of its incorporation.
 - (b) *Power and capacity.* Each Obligor has the corporate power and capacity to carry on business, to own properties and assets, and to execute, deliver, and perform its Obligations.
 - (c) *Authorization.* Each Obligor has taken all necessary corporate action to authorize its execution, delivery and the performance of its Obligations to which it is a party.
 - (d) *Execution and delivery.* Each Obligor has duly executed and delivered this note.

- (e) *Enforceability.* Each Loan Document constitutes a legal, valid, and binding obligation of each Obligor party thereto, enforceable against it in accordance with its terms, subject to
 - (i) bankruptcy, insolvency, reorganization, receivership, moratorium, arrangement, winding-up, and other laws of general application affecting the enforcement of creditors' rights generally, and
 - (ii) general equitable principles including the principle that the granting of equitable remedies, such as injunctive relief and specific performance, is at the court's discretion.
 - (f) *No breach.* The execution, delivery, and performance of each Obligor's Obligations do not and will not breach or result in a default under
 - (i) its articles, by-laws, or any unanimous shareholders agreement,
 - (ii) any law, statute, rule, or regulation to which it is subject,
 - (iii) any judgment, order, or decree of any court, agency, tribunal, arbitrator, or other authority to which it is subject, or
 - (iv) any agreement to which it is a party or by which it is bound.
 - (g) *No regulatory approvals required.* None of the Obligors is required to obtain any action, approval, authorization, consent, or order of, or make any filing, registration, qualification, or recording with, any Governmental Authority or any other Person in connection with the execution or delivery of, or the performance of its Obligations.
11. *Positive Covenants.* While any amount owing under this note remains unpaid or the Debtor owes any Obligations, the Debtor covenants with the Secured Party that it shall, and shall cause each other Obligor to:
- (a) preserve and maintain its existence, organization and status in each jurisdiction of incorporation and in each other jurisdiction in which it carries on business or owns assets and make all corporate, partnership and other registrations and filings necessary to do so,
 - (b) preserve and keep in full force and effect all licences, permits, rights, privileges and franchises necessary to the proper conduct of its business in each jurisdiction where it carries on business or owns material assets,
 - (c) keep accurate and complete books, records, and accounts in connection with all of its business activities in accordance with sound accounting practices and with GAAP, consistently applied, and with at least three (3) Business Days prior written notice and during normal business hours permit the Secured Party to visit and inspect any of its properties and examine and make abstracts from any of its books and records and to discuss its business operations, properties and financial and other conditions with its officers and employees and its independent public accountants,
 - (d) maintain a standard system of accounting in accordance with GAAP and shall promptly provide to the Secured Party any information respecting the Debtor's

business and financial condition that the Secured Party may reasonably request. The Debtor shall, without any request from the Secured Party, provide to the Secured Party:

- (i) as soon as possible, a copy of the Debtor's most recent available financial statements (whether those statements cover a monthly, quarterly, or annual reporting period),
 - (ii) as soon as available and within 45 days after the last day of each of the Debtor's quarterly and annual accounting periods, a copy of the Debtor's consolidated balance sheet as of the close of that period and the Debtor's consolidated statements of income, retained earnings, and cash flows and accompanying notes for the period then ended, on a notice to reader basis,
 - (iii) as soon as available and within 120 days after the Debtor's financial year end, a copy of the Debtor's consolidated balance sheet as of the close of that financial year and the Debtor's consolidated statements of income, retained earnings, and cash flows and accompanying notes for the period then ended, on a notice to reader basis, and
 - (iv) promptly after knowledge of it comes to the attention of any officer or director of the Debtor, written notice of any Default,
 - (e) with respect to the MMG Property, comply with all applicable Environmental Laws and obtain, maintain and comply in all material respects with any and all licenses, approvals, notifications, registrations or permits required by applicable Environmental Laws, and ensure the same by all of its tenants and subtenants, if any.
12. *Negative Covenants.* While any amount owing under this note remains unpaid or the Debtor owes any Obligations, the Debtor covenants with the Secured Party that it shall not, and shall cause each other Obligor to not:
- (a) create, incur, assume, permit to exist or otherwise become liable with respect to any Debt secured on the MMG property located at 150 Burwell Rd.. St. Thomas, Ontario (the "**MMG Property**"), other than Permitted Debt, and
 - (b) merge into, amalgamate or consolidate with any other Person, enter into any partnership, joint venture, corporate reorganization or other transaction intended to effect a or wind-up, dissolve, restructure, liquidate, become bankrupt or permit any winding-up, dissolution, liquidation, arrangement or bankruptcy; provided that, if no Default shall have occurred and is continuing at the time thereof and immediately after giving effect thereto, (i) any Subsidiary that is an Obligor may merge or amalgamate into the Debtor in a transaction in which the Debtor is the surviving corporation; (ii) any Obligor (other than the Debtor) may merge or amalgamate into any other Obligor in a transaction in which the surviving entity is an Obligor; and (iii) any Subsidiary that is not an Obligor may liquidate or dissolve if the Debtor determines in good faith that such liquidation or dissolution is in the best interests of the Debtor and is not materially disadvantageous to the Secured Party.

13. *Security.* The Secured Party and Debtor acknowledge that the MMC Guarantee, the MMG Guarantee and a second mortgage over the MMG Property secure all present and future Obligations.
14. *No set-off.* The Debtor shall not exercise any right of set-off in connection with amounts that may be owed to the Debtor from time to time as against any amounts that the Debtor may owe under this note.
15. *Further assurances.* The Debtor, at its expense and at the Secured Party's request, shall sign (or cause to be signed) all further documents or do (or cause to be done) all further acts and provide all reasonable assurances as may reasonably be necessary or desirable to give effect to this note.
16. *Amendment.* This note may only be amended by a written document signed by each of the parties.
17. *Conflict of terms.* If there is any inconsistency between the terms of this note and those in any document entered into under this note, the terms of this note will prevail.
18. *Binding effect.* This note enures to the benefit of and binds the parties and their respective successors and permitted assigns.
19. *Assignment.* The Secured Party may assign this note in whole or in part to any Person without notice to or the consent of the Debtor. Without the prior written consent of the Secured Party, the Debtor may not assign this note.
20. *Notice.* Any notice, demand, consent, approval or other communication to be made or given under or in connection with this note shall be in writing and may be made or given and shall be deemed received in the manner provided for in the Share Purchase Agreement.
21. *Severability.* The invalidity or unenforceability of any particular term of this note will not affect or limit the validity or enforceability of the remaining terms.
22. *Waiver*
 - (a) *General.* No waiver of satisfaction of a condition or breach or non-performance of an obligation (including any Default) under this note is effective unless it is in writing and signed by the party granting the waiver. No waiver under this section will be deemed to extend to a subsequent occurrence, whether or not that occurrence is the same or similar to the original occurrence that was waived nor will it affect the exercise of any other rights or remedies under this note. Any failure or delay in exercising any right or remedy will not constitute, or be deemed to constitute, a waiver of that right or remedy. No single or partial exercise of any right or remedy will preclude any other or further exercise of any right or remedy.
 - (b) *Specific.* The Debtor waives presentment for payment, demand, protest, notice of any kind, and statutory days of grace in connection with this note. The Debtor agrees that it is not necessary for the Secured Party to first bring legal action in order to enforce payment of this note.
23. *Payment of costs.* The Debtor shall pay all costs (including reasonable legal fees) that the Secured Party incurs in connection with the perfection and enforcement of the

Secured Party's interest under this note, which will be paid immediately upon demand and form part of the indebtedness owing under this note.

24. *Governing law.* The laws of Ontario and the laws of Canada applicable in that province, excluding any rule or principle of conflicts of law that may provide otherwise, govern this note.
25. *Submission to jurisdiction.* The parties irrevocably attorn to the jurisdiction of the courts of Ontario, which will have non-exclusive jurisdiction over any matter arising out of this note.
26. *Copy of note.* The Debtor acknowledges receipt of an executed copy of this note.

[Signature page follows.]

Dated December __, 2019

SENSI BRANDS INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

ASSIGNMENT OF INSURANCE PROCEEDS

TO: Golden Leaf Holdings Ltd. (the “**Lender**”)

RE: Lender’s collateral charge from Medical Marihuana Group Corporation (the “**Chargor**”), on the security against the property municipally known as 150 Burwell Road, St. Thomas, Ontario (the “**Property**”)

FOR VALUABLE CONSIDERATION, receipt and sufficiency whereof is hereby acknowledged, the undersigned hereby assigns in favour of the Lender as second loss payee all rights of the undersigned under any policies of insurance relating to the Property and all monies which may at any time be or become payable thereunder or in connection therewith or be derived therefrom and any insurer holding any such policy of insurance is hereby requested to give effect to the foregoing.

DATED as of the ____ day of December, 2019.

**MEDICAL MARIHUANA GROUP
CORPORATION**

By: _____
Name:
Title:

I have authority to bind the corporation.

STATUTORY DECLARATION

CANADA	)	IN THE MATTER OF TITLE TO:
	)	THE PROPERTY MUNICIPALLY KNOWN AS
PROVINCE	)	150 BURWELL ROAD, ST. THOMAS, ONTARIO
OF	)	AND LEGALLY DESCRIBED IN SCHEUDLE "A"
ONTARIO	)	("PROPERTY")
)	
	)	AND IN THE MATTER OF:
	)	A COLLATERAL CHARGE ON THE
	)	PROPERTY GIVEN IN FAVOUR OF GOLDEN
	)	LEAF HOLDINGS LTD. BY MEDICAL
	)	MARIHUANA GROUP CORPORATION

TO WIT:

I, _____, in my capacity as Authorized Signing Officer of Medical Marihuana Group Corporation and not in my personal capacity and without personal liability, **SOLEMNLY DECLARE** that:

1. I am the Authorized Signing Officer of Medical Marihuana Group Corporation (the "**Corporation**").
2. I have, or after having made or caused to be made such enquiries as were necessary in the circumstances, have acquired knowledge of the matters hereinafter declared.
3. The Corporation has full capacity and power to own the Property and to carry on its business as the same is presently conducted.
4. No part of the Property has ever been occupied by any of the directors or officers, or the spouses of any of the directors or officers of the Corporation as a matrimonial home within the meaning of the *Family Law Act* (Ontario).
5. The Corporation is not now and on delivery of the above-noted Charge will not be a non-resident within the meaning of Section 116 of the *Income Tax Act* (Canada).
6. I have made or caused to be made inquiries of such third parties and made such examinations and investigations that were necessary to enable myself to make the statements and give the opinions contained or expressed herein and each is as far as I am aware true and accurate as of the date hereof. I acknowledge that the Lender is relying upon all matters contained herein in connection with the Property and any advance of funds thereunder and the Lender is entitled to rely upon this Declaration for such purposes from time to time.

(The remainder of this page is intentionally left blank. Signature page follows.)

AND I MAKE THIS SOLEMN DECLARATION conscientiously believing it to be true and knowing that it is of the same force and effect as if made under oath and by virtue of the *Canada Evidence Act*.

DECLARED BEFORE me at the
City of _____
in the Province of Ontario
this ____day of December, 2019.

)
)
)
)
)

A COMMISSIONER, ETC.

(Statutory Declaration)

SCHEDULE "A"

LEGAL/PROPERTY DESCRIPTION

Municipal Address:	150 Burwell Road, St. Thomas, Ontario
Legal Description:	Part Lot 21 on Plan 287 St. Thomas, designated as Part 5 on Reference Plan 11R2877; St. Thomas
PIN :	35189-0012 (LT)
Registry Office:	Land Titles Division of Elgin (No.11)

ACKNOWLEDGEMENT AND DIRECTION

Re: Electronic Registration

TO: All Lawyers within the firm of Cassels Brock & Blackwell LLP
and any and all of their designees

RE: Golden Leaf Holdings Ltd. (the "**Lender**") collateral charge from Medical
Marihuana Group Corporation (the "**Chargor**"), on the security against the
property municipally known as 150 Burwell Road, St. Thomas, Ontario (the
"**Property**")

This will confirm that:

1. The undersigned has reviewed the information contained on the draft documents attached hereto and the information set out below, and confirms that this information is accurate.
2. You are authorized and directed to sign and register electronically on behalf of the undersigned the following documents which are attached hereto:
 1. **Charge/Mortgage:**
Chargor: Medical Marihuana Group Corporation
Chargee: Golden Leaf Holdings Ltd.
Amount: \$1,000,000.00
3. You are authorized to amend or insert the names and titles of the parties who have executed this acknowledgement and direction in the documents as the signing officers having authority to bind the undersigned, if applicable and to complete the balance due date once determined.
4. The effect of the electronic documents described in this Acknowledgement and Direction has been fully explained to us and we understand that we are parties to and bound by the terms and provisions of these electronic documents to the same extent as if we had signed these documents.
5. We are in fact parties named in the electronic documents described in this Acknowledgement and Direction and we have not misrepresented our identities to you.
6. In the event of any investigation by the Director of Land Registration appointed under subsection 6(1) of the *Registry Act* or subsection 9(1) of the *Land Titles Act* (the "**Director**") regarding suspected fraudulent or unlawful activity or registration in connection with the document(s) attached to this Acknowledgement and Direction, the undersigned hereby consents to you releasing to the Director a true copy of this Acknowledgement and Direction, upon request by the Director.
7. This acknowledgement and direction may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument. The undersigned acknowledges and agrees that a facsimile or electronic transmission received by you or your designees shall serve to confirm the execution of this acknowledgment and direction.

[Signature Page Follows]

DATED as of the ____ day of December, 2019.

**MEDICAL MARIHUANA GROUP
CORPORATION
(Chargor)**

By: _____

Name:

Title:

I have authority to bind the corporation.

ACKNOWLEDGEMENT

Re: Standard Charge Terms

TO: Golden Leaf Holdings Ltd. (the "**Lender**")

RE: Lender's collateral charge from Medical Marihuana Group Corporation (the "**Chargor**"), on the security against the property municipally known as 150 Burwell Road, St. Thomas, Ontario (the "**Property**")

THE UNDERSIGNED hereby acknowledges receipt of a copy of Standard Charge Terms No. 200033 prior to the execution of the Charge on the above-noted Property.

DATED this ____ day of December, 2019.

**MEDICAL MARIHUANA GROUP
CORPORATION**

By: _____
Name:
Title:

I have authority to bind the corporation.

Properties

PIN 35189 - 0012 LT *Interest/Estate* Fee Simple
Description PT LT 21 PL 287 ST. THOMAS PT 5 11R2877; ST. THOMAS
Address 150 BURWELL RD
 ST. THOMAS

Chargor(s)

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name MEDICAL MARIHUANA GROUP CORPORATION
Address for Service 29 Kilworth Park Drive
 Kilworth, Ontario
 N0L 1R0

I, Anthony Giorgi, Chief Executive Officer, have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

Chargee(s)*Capacity**Share*

Name GOLDEN LEAF HOLDINGS LTD.
Address for Service 13315 NE Airport Way
 Suite 700
 Portland, Oregon, USA
 97230

Statements

Schedule: See Schedules

Provisions

Principal \$1,000,000.00 *Currency* CDN
Calculation Period Semi-Annually, Not in Advance
Balance Due Date 2021/12/31
Interest Rate 5%
Payments
Interest Adjustment Date
Payment Date 1st day of the month
First Payment Date 2020 02 03
Last Payment Date 2021 12 01
Standard Charge Terms 200033
Insurance Amount Full insurable value
Guarantor

Signed By

Kwaku Albert Kodie Tabi 40 King Street West, Suite 2100 acting for Signed 2019 12 31
 Toronto
 M5H 3C2 Chargor(s)

Tel 416-869-5300

Fax 416-360-8877

I have the authority to sign and register the document on behalf of the Chargor(s).

Submitted By

CASELS BROCK & BLACKWELL LLP 40 King Street West, Suite 2100 2019 12 31
 Toronto
 M5H 3C2

Tel 416-869-5300

Fax 416-360-8877

Fees/Taxes/Payment

Statutory Registration Fee	\$65.05
Total Paid	\$65.05

File Number

Chargee Client File Number : 48494-1

SCHEDULE "A"

ADDITIONAL PROVISIONS

1. STANDARD CHARGE TERMS

The terms contained in this schedule are in addition to the terms contained in the Standard Charge Terms. In the event of any conflict between the terms contained in this schedule and those contained in the Standard Charge Terms, the terms contained in this schedule shall, to the extent of the conflict, prevail.

2. DEFINITIONS

In this schedule, the following definitions apply:

- (a) **Applicable Laws** means, in respect of any person, property, transaction or event, all applicable federal, provincial or municipal laws, statutes, regulations, rules, by-laws, policies and guidelines, orders, permits, licences, authorizations, approvals and all applicable common law or equitable principles in force and effect during the currency of this Charge;
- (b) **Balance Due Date** means December 31, 2021;
- (c) **Borrower** means Sensi Brands Inc.;
- (d) **Charge** means this Charge/Mortgage of Land made pursuant to the *Land Registration Reform Act* and any amendments thereto and including the Standard Charge Terms;
- (e) **Chargee** shall mean Golden Leaf Holdings Ltd. and its respective successors and assigns;
- (f) **Chargor** shall mean Medical Marihuana Group Corporation;
- (g) **Closing Date** means the date the transaction contemplated by a Share Purchase Agreement dated December 28, 2019 between the Borrower, the Chargee, the Chargor and Medical Marijuana Group Consulting Ltd. is completed;
- (h) **Costs** shall include but not be limited to all of the fees, costs, charges, losses, damages and expenses incurred by the Chargee as a direct or indirect consequence of granting the loan secured by this Charge including, without limitation, all expenses incurred in the construction, preservation, maintenance, repair, insuring and realization of the security contained herein, and all reasonable legal costs incurred by the Chargee as between a solicitor and his own client;
- (i) **Environmental Laws** means all present and future Applicable Laws, standards and requirements relating to environmental or occupational health and safety matters, including those relating to the presence, release, reporting, licensing, permitting, investigation, disposal, storage, use, remediation and clean-up or any other aspect of a Hazardous Substance;
- (j) **Environmental Proceeding** means any investigation, action, proceeding, conviction, fine, judgment, notice, order, claim, directive, permit, license, approval, agreement or Lien of any nature or kind arising under or relating to Environmental Laws;

- (k) **Guarantee** means the guarantee granted by the Chargor in favour of the Chargee with respect to the indebtedness, obligations and liabilities of the Borrower to the Chargee as the same may be amended, supplemented, revised, replaced or restated from time to time;
- (l) **Hazardous Substance** means any substance or material that is prohibited, controlled, otherwise regulated by any governmental authority or is otherwise hazardous in fact, including without limitation contaminants, pollutants, asbestos, lead, urea formaldehyde foam insulation, polychlorinated by-phenyls or hydrocarbon products, any materials containing same or derivatives thereof, explosives, radioactive substances, petroleum and associated products, underground storage tanks, dangerous or toxic substances or materials, controlled products, and hazardous wastes;
- (m) **Interest** means interest at the Interest Rate calculated semi-annually not in advance both before and after maturity, default, and judgment;
- (n) **Interest Adjustment Date** means the 1st day of the month following the Closing Date;
- (o) **Interest Rate** means the interest rate of 5% per annum calculated semi-annually, not in advance, both before and after maturity, default and judgment;
- (p) **Principal Amount or Principal** means the maximum principal amount of \$1,000,000.00 in lawful money of Canada;
- (q) **Property or Charged Property** means the lands described in the Charge to which this Schedule is attached and as further described in Schedule "B" attached and all buildings, fixtures and improvements now or hereafter brought or erected thereon;
- (r) **Standard Charge Terms** means the set of Standard Charge Terms filed as No. 200033;
- (s) **Receiver** means a receiver or receiver-manager of the Property.

3. CHARGE

This Charge stands as collateral security for the performance of the obligations of the Chargor in favour of the Chargee, pursuant to the Guarantee. Any default under the Guarantee (an "**Event of Default**") shall constitute a default under this Charge entitling the Chargee to exercise all rights and remedies available to it pursuant to this Charge or at law.

4. PREPAYMENT

At any time prior to the Balance Due Date, the Chargor may prepay the Principal either in whole at one time or in part from time to time without notice to the Chargee, penalty, or bonus, together with all accrued and unpaid Interest to the date fixed for repayment and, in the case of prepayment in whole, all other monies owing under this Charge.

5. PAYMENTS BY CHARGEES

The Chargee may pay all premiums of insurance and all taxes, rates, levies, charges, assessments, utility and heating charges which shall from time to time fall due and be unpaid in respect of the Property and all costs, charges, legal fees (as between solicitor and his own client) and expenses as deemed necessary by the Chargee to preserve the Property and/or to realize upon the Chargee's security and all such payments shall be deemed Costs hereunder.

6. COSTS

Costs shall be forthwith due and payable by the Chargor to the Chargee and shall bear Interest until fully paid.

7. INSURANCE PROVISIONS

The Chargor will at all times during the Term maintain the insurance required by the Chargee including, without limitation, the following coverages:

1. Comprehensive General Liability insurance against loss from liability imposed by law as owner or landlord of the Property resulting from personal injury or death, and damage to or loss of property, of any person, in an amount not less than \$5,000,000.00 on a single occurrence basis. When Umbrella/Excess Liability insurance is evidenced, the Umbrella must follow form of the underlying Comprehensive General Liability.
2. "All Risks" property insurance in an amount not less than 100% of the full replacement cost of the Property including improvements and personal property or "All Risks" Builders Risk/Course of Construction Insurance on a replacement cost basis including the existing structures and/or new build projects. The insurance must insure against damage to or destruction including but not limited to footings, foundations and all parts above and below grade in the amount that equals the full rebuilding cost.

"All Risk" policies are subject to but not limited to the following coverages:

- (a) Replacement cost endorsement;
 - (b) Deletion from the policy any provision requiring reconstruction on same or adjacent sites;
 - (c) An endorsement to the effect that the policy will cover any additional costs of reconstruction as a result of enforcement of current building by-laws and regulations, including the cost of demolition of any undamaged portion of any building or improvement;
 - (d) Such policy of insurance shall not contain a percentage co-insurance endorsement other than a stated amount co-insurance endorsement for an amount not less than full replacement cost;
 - (e) Such policy of insurance shall be written with loss payable to the Chargee in accordance with a form of mortgage clause approved by the Insurance Bureau of Canada or other organization acceptable to the Chargee including, without limitation, that the policy will remain in full force notwithstanding anything contained in or omitted from the application therefor, that such insurance will not be invalidated or affected by any act or omission of any person other than the Chargee and that such policy will not be cancelled, terminated or permitted to expire unless the Chargee shall first receive thirty (30) days prior written notice of same;
3. Standard Comprehensive form boiler and machinery insurance, including pressure vessels, heating, and air conditioning equipment and other like equipment forming part of the improvements on the Property, against loss or damage by explosion, rupture of steam pipes, and other usual risks covered by such insurance, in an amount which is equal to the full replace cost thereof, and upon and subject to the same terms and conditions required under subparagraph 1 hereunder;

4. [Intentionally deleted]; and
5. Other insurance coverages which the Chargee may reasonably require from time to time.

8. ENVIRONMENTAL CLAUSE

Covenants:

From and after the Closing Date, the Chargor shall: (i) ensure that the Property and the Chargor comply with all Environmental Laws at all times; (ii) not permit any Hazardous Substance to be located, manufactured, stored, spilled, discharged or disposed of at, on or under the Property (except in the ordinary course of business of the Chargor or any tenant and in compliance with all Environmental Laws) nor permit any other activity on or in respect of the Property that might result in any Environmental Proceeding affecting the Property, Chargor or Chargee; (iii) notify the Chargee promptly of any threatened or actual Environmental Proceedings; (iv) to the extent required by any governmental authority having jurisdiction, remediate and cure in a timely manner any non-compliance of the Property with Environmental Laws, including removal of any Hazardous Substances from the Property; (v) maintain all environmental and operating documents and records relating to the Property including all permits, licenses, certificates, approvals, orders and agreements, as required by Environmental Laws; (vi) provide the Chargee with such information, documents, records, permits, licences, certificates, approvals, orders, agreements, environmental audits, reports, assessments and inspections and take such other reasonable steps to confirm and/or ensure compliance by the Chargor of Environmental Laws with respect to the Property, and (vii) execute all consents, authorizations and directions necessary to permit an inspection of the Property by any governmental authority, as is reasonably required, and to permit the release to the Chargee or its representatives, of any information relating to the Property and the Chargor.

Indemnity:

Without limiting any other provision of this Charge or any document collateral hereto, the Chargor shall indemnify and pay, protect, defend and save the Chargee harmless from and against all actions, proceedings, losses, damages, liabilities, claims, demands, judgments, costs, expenses, (including legal fees and disbursements on a solicitor and his own client basis) (collectively "**Environmental Claims**"), imposed on, made against or incurred by the Chargee arising from or relating to, directly or indirectly, and whether or not caused by the Chargor or within its control, (i) any actual or alleged breach of Environmental Laws relating to or affecting the Property, (ii) the actual or alleged presence, release, discharge or disposition of any Hazardous Substance in, on, over, under, from or affecting all or part of the Property or surrounding lands, including any personal injury or property damage arising therefrom, (iii) any actual or threatened Environmental Proceeding affecting the Property including any settlement thereof, (iv) any assessment, investigation, containment, monitoring, remediation and/or removal of all Hazardous Substances from all or part of the Property or surrounding areas or otherwise complying with Environmental Laws, or (v) any breach by the Chargor of any covenant hereunder or under any document collateral hereto or under Applicable Law relating to environmental matters, all to the extent arising from and after the Closing Date. This indemnity shall survive repayment of the loan secured hereby, foreclosure upon this Charge and any other extinguishing of the obligations of the Chargor under this Charge and any other exercise by the Chargee of any remedies available to it against the Chargor. For clarity, the indemnity provided hereunder shall not extend to any Environmental Claims imposed on, made against or incurred by the Chargee arising from or relating to the matters described in (i) to (v) above to the extent such matters existed, whether known or unknown, prior to the Closing Date and the Chargor shall have no liability to the Chargee for any environmental issues relating to all or any part of the Property or surrounding areas that occurred or were in existence prior to the Closing Date.

Inspections:

The Chargee or its agent may, before and after an Event of Default, enter upon the Property, upon 48 hours' prior written notice to the Chargor (except in the case of an emergency), to inspect the Property and buildings thereon to ensure it is properly maintained and that its intended use conforms to all laws. The exercise of any of the powers enumerated in this clause shall not result in the Chargee, or its agents being deemed to be in possession, management, or control of the Property and buildings.

9. DUE ON SALE

If:

- (a) the Chargor or beneficial owner of the Property directly or indirectly sells, conveys, transfers or otherwise disposes of its interest in the Property or any part thereof or agrees to do so;
- (b) there is a change in the direct or indirect effective voting control of the Chargor or more than 50% of the voting shares/units of the Chargor are transferred unless the Chargor is a publicly traded entity (as hereinafter defined); or
- (c) subject to the provisions of the promissory note between the Borrower and the Chargee dated December 31, 2019, the Chargor amalgamates or merges;

without the prior written consent of the Chargee being obtained, such consent not to be unreasonably withheld, conditioned, or delayed, then the Chargee may, at its option, declare forthwith due and payable the entire balance of the unpaid principal together with accrued and unpaid interest due thereon. The decision to accelerate the Charge shall be at the sole option of the Chargee. Consent to one such transaction shall not be deemed to be a waiver of the right to require consent to future or successive transactions. A "publicly traded entity" means an entity whose shares/units are listed and traded on a recognized stock exchange in Canada or the United States.

The Chargor will provide reasonable notice to the Chargee of any anticipated or impending transaction which would require the consent of the Chargee under this Section together with such reasonable information as the Chargee may require to determine whether or not to grant its consent thereto.

No sale or other dealing by the Chargor with the Property or any part thereof shall in any way change or affect the liability of the Chargor hereunder, or in any way alter the rights of the Chargee as against the Property, the Chargor or any other person or persons liable for payment of the Principal Amount, Interest and Costs.

10. SUBSEQUENT ENCUMBRANCES

If, following the Closing Date, the Chargor decides to secure any further financing against the Property (herein referred to as "**Additional Financing**"), it shall notify the Chargee in writing of such Additional Financing. The Chargor hereby agrees that it shall only be entitled to secure such Additional Financing so long as the Chargor obtains a postponement from the lender of such Additional Financing wherein the lender under the Additional Financing agrees to postpone its interests to this Charge and Security.

11. RIGHT TO DISTRAIN

The Chargee, subject to any applicable legislation, may distrain for arrears of any portion of the Principal Amount, Interest or any other amounts due and unpaid hereunder. The Chargor waives all rights to claim exemption and confirms that there is no limit in the amount for which the Chargee may distrain.

12. CHARGE NOT A CHARGE IN POSSESSION

It is agreed that the Chargee, in exercising any of its rights under this Charge, shall be deemed not to be a chargee in possession or a mortgagee in possession of the Property.

13. **[INTENTIONALLY DELETED].**

14. **ADDITIONAL SECURITY**

In the event that the Chargee, in addition to the Property, holds or shall hold, in the future, further security on account of the Principal Amount, it is agreed that no single or partial exercise of any of the Chargee's powers under this Charge or any of such further security (this Charge and any such further security are hereinafter together referred to as the "**Security**"), shall preclude other and further exercise of any other right, power or remedy pursuant to the Security. The Chargee shall at all times have the right to proceed against all, any or any portion of the Security in such order and in such a manner as the Chargee shall, in the Chargee's sole and unfettered discretion, deem fit without waiving any rights which the Chargee might have with respect to the Security and the exercise of any such powers or remedies from time to time shall in no way affect the liability of the Chargor under the remaining Security.

15. **PAYMENTS**

Any payment made by the Chargor to the Chargee which is received by the Chargee on a non-business day of the Chargee shall be deemed to have been received by the Chargee on the next business day of the Chargee.

16. **[INTENTIONALLY DELETED]**

17. **CONSENT TO DISCLOSURE**

The Chargor consents to the disclosure by the Chargee to any such perspective assignee/participant of all information and documents regarding the Charge and the Chargor within the possession or control of the Chargee.

18. **RECEIVER**

Notwithstanding anything herein contained, it is declared and agreed that any time and from time to time when there shall be a default under the Guarantee, the Chargee may, at such time and from time to time and with or without entry into possession of the Property, or any part thereof, by instrument in writing appoint any person, whether an officer or officers or an employee or employees of the Chargee or not, to be a receiver (which term as used herein includes a receiver manager and also includes the plural as well as the singular) of the Property, or any part thereof, and of the rents and profits thereof, and with or without security, and may from time to time by similar writing remove any receiver and appoint another in his stead, and that, in making any such appointment or removal, the Chargee shall be deemed to be acting as the agent or attorney for the Chargor, but no such appointment shall be revocable by the Chargor. Upon the appointment of any such receiver from time to time the following provisions shall apply:

- (a) Every such receiver shall have unlimited access to the Property as agent and attorney for the Chargor (which right of access shall not be revocable by the Chargor) and shall have full power and unlimited authority to:
 - (i) collect the rents and profits from tenancies whether created before or after these presents;
 - (ii) rent any portion of the Property which may become vacant on such terms and conditions as he considers advisable and enter into and execute leases, accept surrenders and terminate lease;

- (iii) complete the construction of any building or buildings or other erections or improvements on the Property left by the Chargor in an unfinished state or award the same to others to complete and purchase, repair and maintain any personal property including, without limitation, appliances and equipment, necessary or desirable to render the premises operable or rentable, and take possession of and use or permit others to use all or any part of the Chargor's materials, supplies, plans, tools, equipment (including appliances) and property of every kind and description;
- (iv) manage, operate, repair, alter or extend the Property or any part thereof.

The Chargor undertakes to ratify and confirm whatever any such receiver may do in the Property.

- (b) The Chargee may at its discretion vest the receiver with all or any of the rights and powers of the Chargee.
- (c) The Chargee may fix the reasonable remuneration of the receiver who shall be entitled to deduct the same out of the revenue or the sale proceeds of the Property.
- (d) Every such receiver shall be deemed the agent or attorney of the Chargor and, in any event, the agent of the Chargee and the Chargee shall not be responsible for his acts or omissions except if as a result of gross negligence or willful misconduct.
- (e) The appointment of any such receiver by the Chargee shall not result in or create any liability or obligation on the part of the Chargee to the receiver or to the Chargor or to any other person and no appointment or removal of a receiver and no actions of a receiver shall constitute the Chargee a Chargee in possession of the Property.
- (f) No such receiver shall be liable to the Chargor to account for monies other than monies actually received by him in respect of the Property, or any part thereof, and out of such monies so received every such receiver shall, in the following order, pay:
 - (i) his remuneration aforesaid;
 - (ii) all costs and expenses of every nature and kind incurred by him in connection with the exercise of his powers and authority hereby conferred;
 - (iii) interest, principal and other money which may, from time to time, be or become charged upon the Property in priority to these presents, including taxes;
 - (iv) to the Chargee all interest, principal and other monies due hereunder to be paid in such order as the Chargee in its discretion shall determine;
 - (v) and thereafter, every such receiver shall be accountable to the Chargor for any surplus.

The remuneration and expenses of the receiver shall be paid by the Chargor on demand and shall be a charge on the Property and shall bear interest from the date of demand at the same rate as applies to the principal hereby secured.

- (g) Save as to claims for accounting under clause (f) of this paragraph, the Chargor hereby releases and discharges any such receiver from every claim of every nature, whether sounding in damages or not which may arise or be caused to the Chargor or any person claiming through or under him by reason or as a result of

anything done by such receiver unless such claim be the direct and proximate result of dishonesty or fraud or gross negligence.

- (h) The Chargee may, at any time and from time to time, terminate any such receivership by notice in writing to the Chargor and to any such receiver.
- (i) The statutory declaration of an officer of the Chargee as to default under the provisions of these presents and as to the due appointment of the receiver pursuant to the terms hereof shall be sufficient proof thereof for the purposes of any person dealing with a receiver who is ostensibly exercising powers herein provided for and such dealing shall be deemed, as regards such person, to be valid and effectual.
- (j) The rights and powers conferred herein in respect of the receiver are supplemental to and not in substitution of any other rights and powers which the Chargee may have.

Notwithstanding the foregoing or anything else contained herein, the Chargee may also apply to court for the appointment of a Receiver.

19. CRIMINAL RATE OF INTEREST

Notwithstanding the provisions of this Charge or in any agreement, instrument or other document held by the Chargee in connection with the Charge, in no event shall aggregate "interest" (as that term is defined in Section 347 of the Criminal Code (Canada)) exceed the effective annual rate of interest on the "credit advanced" (as defined therein) lawfully permitted under the Section. The effective annual rate of interest shall be determined in accordance with generally accepted actuarial practices over the term of the Charge, and in the event of a dispute, a certificate of a Fellow of the Canadian Institute of Actuaries selected by the Chargee shall be conclusive for the purposes of such determination.

20. PARTIAL DISCHARGES

No partial discharges shall be permitted.

21. VALIDITY OF PROVISIONS

If any provision of this Charge is held to any extent invalid or unenforceable, the remainder of this Charge shall not be affected and shall remain valid and enforceable.

22. TIME OF THE ESSENCE

Time shall be of the essence in all matters relating to this Charge.

23. INTERPRETATION AND HEADINGS

Wherever in this Charge the singular or masculine is used, the same shall be construed as meaning the plural or the feminine or the neuter where the context or the parties hereto so require. The headings do not form part of this Charge and have been inserted for convenience of reference only.

24. AMENDMENTS TO STANDARD CHARGE TERMS

The Standard Charge Terms shall be amended as follows:

- (a) Paragraphs 4, 7, 14, 16, 18, 21, 22, and 24 of the SCT are deleted;
- (b) Paragraph 8 of the SCT is amended to insert the word "reasonable" immediately prior to the term "legal fees" in the third line; and

(c) Paragraph 23 of the SCT shall be amended to provide that the discharge of the Charge shall be provided within ten (10) business days of payment of the amount secured by the Charge.

SCHEDULE "B"

Legal/Property Description

Municipal Address: 150 Burwell Road, St. Thomas, Ontario
Legal Description: Part Lot 21 on Plan 287 St. Thomas, designated as Part 5 on Reference Plan 11R2877; St. Thomas
PIN : 35189-0012 (LT)
Registry Office: Land Titles Division of Elgin (No.11)

**Schedule 4.1(g)
Required Consents**

Nil.

**Schedule 4.1(i)
Authorized and Issued Capital**

(A) Authorized Capital

MMG	
Class of Shares	Maximum Number
Common Shares	Unlimited

MMC	
Class of Shares	Maximum Number
Class A Common Shares	Unlimited
Class B Common Shares	Unlimited
Class C Common Shares	Unlimited
Class D Common Shares	Unlimited
Class E Common Shares	Unlimited
Class A Special Shares	Unlimited
Class B Special Shares	Unlimited
Class C Special Shares	Unlimited
Class D Special Shares	Unlimited
Class E Special Shares	Unlimited
Class V Special Shares	Unlimited

(B) All of the Issued and Outstanding Shares

MMG	
Issued to	Issued and Outstanding Shares
Golden Leaf Holdings Ltd.	100 Common Shares

MMC	
Issued to	Issued and Outstanding Shares
Golden Leaf Holdings Ltd.	30 Class A Common Shares
Golden Leaf Holdings Ltd.	30 Class B Common Shares
Golden Leaf Holdings Ltd.	30 Class C Common Shares
Golden Leaf Holdings Ltd.	10 Class D Common Shares

Schedule 4.1(I)
Conduct of Business in Ordinary Course

Nil.

**Schedule 4.1(o)(a)
Governmental Licenses**

- **[Redacted: violate confidentiality provisions]**
- Licence No. 10-MM0511/2017, issued to MMG, with respect to the Sale or Provision of Cannabis substances at 150 Burwell Rd., St. Thomas, ON, N5P 3R8, Canada, from November 24, 2017 to November 24, 2020
- Licence No. 10-MM0511/2018, issued to MMG, with respect to the Sale or Provision of Cannabis substances at 150 Burwell Rd., St. Thomas, ON, N5P 3R8, Canada, from August 10, 2018 to November 24, 2020
- Licence No. LIC-TTB91653WH-2018, issued to MMG, with respect to Standard Cultivation at 150 Burwell Rd., St. Thomas, ON, N5P 3R8, Canada, from December 14, 2018 to November 24, 2020
- Licence No. LIC-TTB91653WH-2018-2, issued to MMG, with respect to Standard Cultivation, Standard Processing, and Sale for Medical Purposes at 150 Burwell Rd., St. Thomas, ON, N5P 3R8, Canada, from July 12, 2019 to November 24, 2020
- FSCO Licence No. SP16399 relating to the Health Clinic. This license is maintained online.
- Correspondence with Health Canada regarding the amendment of the license to produce cannabis 2.0 products (i.e. edibles, oils)
- Licence No. **[Redacted: violate confidentiality provisions]**, issued to MMG by the Canada Revenue Agency (“**CRA**”) with respect to the payment of federal excise duties on cannabis products sold at 150 Burwell Road, St. Thomas, ON N5P 3R8, from October 17, 2018 to October 16, 2020, and correspondence from CRA dated October 11, 2018 related thereto.

Schedule 4.1(o)(b)
Governmental Licenses

- **[Redacted: violate confidentiality provisions]**
- Health Canada inspection reports dated July 9, 2019 and July 10, 2019
- December 12, 2019 correspondence with Health Canada regarding revising and reissuing their 60 day product notification

Schedule 4.1(t)
Material Contracts

- Corporate Notes Receivable
- MMG Property Loan
- New and Used Vehicle Lease Agreement and Disclosure Statement where MMGC leased a 2018 Ford Truck, **[Redacted: violate confidentiality provisions]**, from April 6th, 2018 until April 5th, 2020.
- Mortgage with a principal amount of \$400,000 between MMG and ASPCAN, LLC, **[Redacted: violate confidentiality provisions]** in respect of the MMG Property
- Product Acquisition Agreement between MMG and Cannmart dated November 21, 2019
- Services Agreement between the Hydropothecary Corporation and MMC dated September 1, 2016
- Services Agreement between MedReleaf Corporation and MMC dated October 1, 2016
- Services Agreement between Canopy Growth Corporation and MMC dated December 14, 2016
- Educational Materials and Services Agreement between Peach Naturals Project and MMC dated March 14, 2017
- Patient Services Agreement between Emblem Cannabis Corporation and MMC dated February 1, 2017
- Patient Education Agreement between Pure Nature Wellness Inc. O/A Aphria and MMC dated February 1, 2017
- Education Grant Agreement between Broken Coast Cannabis Ltd. and MMC dated April 17, 2019
- Letter of Agreement between Green Relief and MMC dated July 7, 2017
- Referral Agreement between Canna Farms Limited and MMC dated January 9, 2018
- Education Grant Agreement between Solace Health Inc. and MMC dated May 2, 2018
- Customer Service Agreement between CIMCO Refrigeration and MMG, dated March 11, 2019
- **[Redacted: violate confidentiality provisions]**
- Monthly Search Engine Optimization Contract between **[Redacted: violate confidentiality provisions]** and MMC dated April 8, 2019
- MMG - **[Redacted: violate confidentiality provisions]** provides IT services for a monthly fee
- MMC - **[Redacted: violate confidentiality provisions]** provides printer equipment for a monthly fee

- MMG and MMC – **[Redacted: violate confidentiality provisions]** provides phone services for a monthly fee

Schedule 4.1(v)
Intellectual Property

- Company names:
 - Medical Marihuana Group Corporation
 - Medical Marijuana Group Consulting Ltd.
- Company domains:
 - <http://medmg.ca>
 - <http://medmc.ca>

**Schedule 4.1(y)
Financial Statements**

Please see attached.

MMC _ MMG

Statement of Financial Position (Unaudited)

As at December 31, 2018

(Expressed in Canadian dollars)

	MMG	MMC	Eliminate I/CO	MMG_MMG
ASSETS				
CURRENT				
Cash	\$ 447,733	\$ 114,370		\$ 562,103
Accounts receivable	297,713	219,982		517,695
Other receivables	-	67,382		67,382
Intercompany receivable - MMG	-	311,771	(311,771)	-
Sales tax recoverable	259,990	53,596		313,586
Biological assets	32,948	-		32,948
Inventory	11,473	-		11,473
Prepaid expenses and deposits	31,675	5,319		36,994
Total current assets	\$ 1,081,532	\$ 772,420	(311,771)	\$ 1,542,181
New building	144,472			144,472
Buildings and land	372,599			372,599
Building improvements	1,350,738			1,350,738
Production equipment	265,667			265,667
PP&E - other	87,005	39,464		126,469
Accumulated Depreciation	(317,028)	(1,712)		(318,740)
Total assets	\$ 2,984,985	\$ 810,172	\$ (311,771)	\$ 3,483,386
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	\$ 61,156	\$ 50,435		\$ 111,591
Intercompany payable - MMC	311,771	-	(311,771)	-
Sales tax payable	138,970	161,498		300,468
Total current liabilities	\$ 511,897	\$ 211,933	(311,771)	\$ 412,059
Intercompany payable - Corporate	1,269,100	605,220		1,874,320
Mortgage payable	400,000	-		400,000
Total liabilities	\$ 2,180,997	\$ 817,153	(311,771)	\$ 2,686,379
SHAREHOLDERS' EQUITY				
Acquired equity	1,366,730	8,958		1,375,688
Deficit	(562,742)	(15,939)		(578,681)
Total shareholders' equity	803,988	(6,981)	-	797,007
Total liabilities and shareholders' equity	\$ 2,984,985	\$ 810,172	\$ (311,771)	\$ 3,483,386

MMC _ MMG

Statement of Financial Position (Unaudited)

As at November 30, 2019

(Expressed in Canadian dollars)

	MMG	MMC	Eliminate I/CO	MMG_MMG
ASSETS				
CURRENT				
Cash	\$ 68,362	\$ 116,064		\$ 184,426
Accounts receivable	11,300	141,637		152,937
Other receivables	-	44,810		44,810
Intercompany receivable - MMG	-	158,037	(158,037)	-
Sales tax recoverable	134,118	103,669		237,787
Biological assets	-	-		-
Inventory	685,402	-		685,402
Prepaid expenses and deposits	92,658	2,545		95,203
Total current assets	\$ 991,840	\$ 566,762	(158,037)	\$ 1,400,565
New building	456,600			456,600
Buildings and land	372,599			372,599
Building improvements	1,358,481			1,358,481
Production equipment	271,993			271,993
PP&E - other	102,246	30,827		133,073
Accumulated Depreciation	(649,431)	(6,208)		(655,639)
Total assets	\$ 2,904,328	\$ 591,381	\$ (158,037)	\$ 3,337,672
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	\$ 97,548	\$ 40,354		\$ 137,902
Intercompany payable - MMC	158,037	-	(158,037)	-
Sales tax payable	74,441	110,780		185,221
Total current liabilities	\$ 330,026	\$ 151,134	(158,037)	\$ 323,123
Intercompany payable - Corporate	1,669,100	605,220		2,274,320
Mortgage payable	400,000	-		400,000
Total liabilities	\$ 2,399,126	\$ 756,354	(158,037)	\$ 2,997,443
SHAREHOLDERS' EQUITY				
Acquired equity	1,366,730	8,958		1,375,688
Deficit	(861,528)	(173,931)		(1,035,459)
Total shareholders' equity	505,202	(164,973)	-	340,229
Total liabilities and shareholders' equity	\$ 2,904,328	\$ 591,381	\$ (158,037)	\$ 3,337,672

MMC _ MMG

Statements of Operations

For the year ended December 31, 2018

(Expressed in Canadian dollars)

	MMG	MMC	MMG_MMG
Revenues			
Product sales	\$ 1,061,912	\$ 1,157,201	\$ 2,219,113
Consulting revenue	-	54,061	54,061
Total Revenue	1,061,912	1,211,262	2,273,174
Inventory expensed to cost of sales	54,020	-	54,020
Production costs	651,909	-	651,909
Gross margin, excluding fair value items	355,983	1,211,262	1,567,245
Fair value changes in biological assets included			
in inventory sold	255,591	-	255,591
(Gain) Loss on changes in fair value of biological assets	(312,222)	-	(312,222)
Gross profit	412,614	1,211,262	1,623,876
Expenses			
General and administration	438,931	1,214,594	1,653,525
Depreciation and amortization	317,028	1,712	318,740
Total expenses	755,959	1,216,306	1,972,265
Loss before items noted below	(343,345)	(5,044)	(348,389)
Interest expense	40,098	10,892	50,990
Other income (expense)	64	3	67
Gain (loss) before income taxes	(383,507)	(15,939)	(399,446)
Current income tax expense	-	-	-
Net gain (loss)	\$ (383,507)	\$ (15,939)	\$ (399,446)

MMC _ MMG

Statements of Operations (Unaudited)

For the eleven months ended November 30, 2019

(Expressed in Canadian dollars)

	MMG	MMC	MMG_MMC
Revenues			
Product sales	\$ 572,622	\$ 623,256	\$ 1,195,878
Consulting revenue	-	18,577	18,577
Total Revenue	572,622	641,833	1,214,455
Inventory expensed to cost of sales	204,603	-	204,603
Production costs	-	-	-
Gross margin, excluding fair value items	368,019	641,833	1,009,852
Fair value changes in biological assets included			
in inventory sold	520,031	-	520,031
(Gain) Loss on changes in fair value of biological assets	(548,541)	-	(548,541)
Gross profit	396,529	641,833	1,038,362
Expenses			
General and administration	181,759	779,905	961,664
Depreciation and amortization	332,466	7,186	339,652
Total expenses	514,225	787,091	1,301,316
Loss before items noted below	(117,696)	(145,258)	(262,954)
Interest expense	33,018	1,316	34,334
Loss on disposal of assets	148,072	11,418	159,490
Gain (loss) before income taxes	(298,786)	(157,992)	(456,778)
Current income tax expense	-	-	-
Net gain (loss)	\$ (298,786)	\$ (157,992)	\$ (456,778)

**Schedule 4.1(aa)
Indebtedness**

- Corporate Notes Receivable
- MMG Property Loan

Schedule 4.1(bb)
Bank Accounts and Powers of Attorney

[Redacted: violate confidentiality provisions]

**Schedule 4.1(dd)
Employees**

[Redacted: violate confidentiality provisions]

**Schedule 4.1(ee)
Benefit Plans**

Employee Benefit Plan with **[Redacted: violate confidentiality provisions]**, Policy Number **[Redacted: violate confidentiality provisions]**, from November 1, 2016 to October 31, 2020

**Schedule 4.1(gg)
Insurance**

- Certificate of Automobile Insurance, Policy Number **[Redacted: violate confidentiality provisions]**, with **[Redacted: violate confidentiality provisions]** dated April 24, 2019, for 2018 Ford Truck/Van Escape
- Combined Cannabis and Medical Malpractice Liability Insurance Canadian Form, Policy Number **[Redacted: violate confidentiality provisions]**, with **[Redacted: violate confidentiality provisions]**, as MMG as the insured party, from January 4, 2019 to January 4, 2020
- **[Redacted: violate confidentiality provisions]**, Affinity Program Policy, Policy Number **[Redacted: violate confidentiality provisions]**, with **[Redacted: violate confidentiality provisions]**, as MMG and GLH as the insured parties, from April 1, 2019 to April 1, 2020

Schedule 4.1(ii)
Tax Matters

(a)

- 2018 Tax Returns have not been filed. Grant Thornton working on filing as of the date hereof.

(b)

- 2018 Tax Returns have not been filed. Grant Thornton working on filing as of the date hereof.

(c)

- Nil

(d)

- Nil

(e)

- Nil

(f)

- Nil

(g)

- Nil

(h)

- Nil

(i)

- Nil

(j)

- Nil

(k)

- Nil

(m)

- Nil

(n)

- Nil

**Schedule 4.1(jj)
Customers**

- The MMC customer list is comprised of patient data for 2,487 patients. As the patient data is confidential, Purchaser will have access after the close of the Transaction.