

AGREEMENT OF PURCHASE AND SALE

THIS AGREEMENT made the 2nd day of February, 2024 (the "**Effective Date**"),

BETWEEN:

[**NAME REDACTED**] a corporation incorporated under the laws of the Province of British Columbia,

(the "**Vendor**")

– and –

CHRISTINA LAKE CANNABIS CORP. a corporation incorporated under the laws of the Province of British Columbia,

(the "**Purchaser**")

RECITALS:

- A. The Vendor is the registered and beneficial owner of the lands described in Schedule "A" attached hereto (the "**Lands**").
- B. The Vendor has agreed to sell, transfer, assign, set over and convey its interests in the Purchased Assets (as defined below) to the Purchaser, and the Purchaser has agreed to purchase, acquire and assume the Purchased Assets from the Vendor, on the terms and conditions set forth in this Agreement.

NOW THEREFORE, in consideration of the foregoing and the representations, warranties, covenants, conditions, agreements and promises contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties to this Agreement, the Parties agree as follows:

ARTICLE I DEFINITIONS AND RULES OF INTERPRETATION

1.1 Definitions

Throughout this Agreement, the following terms shall have the following corresponding meanings:

"**Agreement**", "**this Agreement**", "**the Agreement**", "**hereof**", "**herein**", "**hereto**", "**hereby**", "**hereunder**" and similar expressions mean this Purchase Agreement dated as of the date hereof between the Parties. All references to "**Articles**" and "**Sections**" mean and refer to the specified article and section of this Agreement.

"**Applicable Law**" means: (a) any domestic or foreign statute, law (including common and civil law), treaty, code, ordinance, rule, regulation, restriction or by-law (zoning or otherwise); (b) any judgement, order, writ, injunction, decision, ruling, decree or award; (c) any regulatory policy, practice, guideline or directive; or (d) any franchise, licence, qualification, authorization, consent, exemption, waiver, right, permit or other approval of any Governmental Entity, binding on or

affecting the Person referred to in the context in which the term is used or binding on or affecting the property of such Person, in each case whether or not having the force of law.

"**Assets**" means the assets listed herein in Schedule "E".

"**Biomass**" means the biomass referred to in the Toll Processing Agreement, as amended, between the Vendor and the Purchaser, which has not been processed as of the date hereof, in the amount of 19,100.34 kg.

"**Building**" or "**Buildings**" means all of the buildings, structures, improvements and fixtures located on the Lands, together with all fixtures, appurtenances and attachments thereto, including systems of a mechanical nature.

"**Business Day**" means every day except a Saturday, Sunday or a day that is a statutory or banking holiday in the Province of British Columbia.

"**Cancellation Agreement**" means the agreement between the Purchaser and the Vendor for the cancellation of any future processing of Biomass under the Toll Processing Agreement to be effective upon the Closing Date, in such form as agreed to between Purchaser and Vendor.

"**Claims**" means all past, present and future claims, suits, proceedings, liabilities, obligations, losses, damages, penalties, judgments, costs, expenses, fines, disbursements, legal fees on a full indemnity basis and other professional fees and disbursements, interest, demands and actions of any nature or any kind whatsoever, but for greater certainty shall exclude punitive or exemplary damages between the Vendor and the Purchaser.

"**Closing**" means the closing and consummation of the purchase and sale of the Purchased Assets pursuant to this Agreement, including payment of the Purchase Price and delivery of the Closing Documents, on the Closing Date.

"**Closing Date**" means February 9, 2024, or such other date as may be agreed by the parties.

"**Closing Documents**" means the agreements, instruments and other documents and deliveries to be delivered on Closing by the Vendor to the Purchaser pursuant to Section 7.2 and the agreements, instruments and other documents and deliveries to be delivered on Closing by the Purchaser to the Vendor pursuant to Section 7.3.

"**Contracts**" means all existing contracts and agreements with third parties in respect of the ownership, maintenance, repair, operation, management, or servicing of the Property or the Assets, but excluding, for greater certainty, any employment contracts.

"**Convertible Note**" means the secured convertible promissory note in the amount of \$3,000,000 (unless adjusted pursuant to this Agreement) issued as of the Closing Date from the Purchaser to the Vendor, the form of which is attached hereto as Schedule "F".

"**Convertible Note Security**" means the security granted collectively in favour of the holder(s) of the Convertible Note and, if applicable, holders of substantially similar convertible notes up to an aggregate principal amount of \$5,000,000 (including the Convertible Note), together with accrued

interest (if any), being: (i) a mortgage against the lands and buildings located at the Property; and (ii) a personal property security registration against the Assets set forth in Schedule "E" hereto, in such forms as agreed between Purchaser and Vendor.

"Effective Date" has the meaning given to it on the first page of this Agreement.

"Encumbrances" means any charge, mortgage, lien, pledge, restriction, restrictive covenant, security interest, easement, servitude, right of way, development or like agreement, license, lease, encroachment or other encumbrance, whether created or arising by agreement, statute or otherwise at law, attaching to property, interests or rights, whether registered or unregistered.

"Environmental Conditions" means, collectively, (i) discharges, deposits, spills, escapes, or releases of any Hazardous Substances into the natural environment in, on, over, under or at the Property in violation of Environmental Law; (ii) claims, actions, prosecutions, charges, hearings or other proceedings of any kind in any court or tribunal which relate to the Property or any violation of any Environmental Law relating to the Property; (iii) violations of, or any orders or directions with respect to, any applicable Environmental Law relating to the Property; (iv) use of the Property for a waste disposal site and there is no fill material on or forming any portion of the Property; and (v) injunctions, orders or judgments outstanding relating to environmental matters with respect to the Property.

"Environmental Law" means, collectively, the Environmental Management Act (British Columbia) and any other Applicable Law rendered by any Governmental Entity relating to protection of human health and the environment, including the regulation of Hazardous Substances.

"Governmental Entity" means any domestic or foreign government, including any federal, provincial, state, territorial or municipal government, and any government agency, tribunal, commission or other authority exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, government, in each case, having jurisdiction.

"GST Act" shall have the meaning given to it in Section 3.6(b).

"GST Certificate" shall have the meaning given to it in Section 3.6(e).

"Land Transfer Tax" shall have the meaning given to it in Section 3.3(c).

"Lands" shall have the meaning given to it in the Recitals.

"Leases" means all offers to lease, agreements to lease, leases, renewals of leases and other rights and licenses (including all security, guarantees and indemnities thereunder) granted by the Vendor or their predecessor in title to possess or occupy any portion of the Property; and "Lease" means any one of the Leases.

"Material Adverse Change" or **"Material Adverse Effect"** means any event, occurrence, circumstance or state of facts that, individually or in the aggregate (taken as a whole with regard to both positive and negative effects) is material and adverse to the business, results of operations or financial condition, property, assets, liabilities (contingent or otherwise) or prospects of the

Purchased Assets taken as a whole, or that would prevent or materially impede the sale of the Purchased Assets to the Purchaser pursuant hereto; provided that "Material Adverse Change" or "Material Adverse Effect" shall not include any event, occurrence, circumstance or state of facts, directly or indirectly, arising out of or relating to: (i) any change in general economic or political conditions in Canada or any general change in securities, commodities, financial, banking or currency exchange markets in Canada; (ii) any change or development resulting from any act of terrorism or any outbreak of hostilities or war (or any escalation or worsening thereof) or any natural disaster or acts of God; (iii) any change or development affecting the cannabis industry generally or the specific industries in which the Vendor operates that are beyond the control of the Vendor; (iv) any action that was consented to or approved by the Purchaser in writing prior to Closing, including such matter that was specifically identified in this Agreement or at the written request of the Purchaser; (v) any matter of which the Purchaser is aware on the date hereof; (vi) any changes in Applicable Law or accounting rules (including GAAP); and (viii) any announcement of the execution of this Agreement or the transactions contemplated hereby;

"**Notice**" shall have the meaning given to it in Section 9.2.

"**Parties**" means, collectively, the Vendor and the Purchaser, and "Party" means any of them.

"**Permitted Encumbrances**" means the Encumbrances set out in Schedule "B" hereto.

"**Person**" means an individual, partnership, limited partnership, corporation, trust, unincorporated organization, government or any department or agency thereof, and the successors and assigns thereof or the heirs, executors, administrators or other legal representatives of an individual.

"**Property**" means, collectively, the Lands, the Buildings, and all easements, rights-of-way, servitudes and other rights enjoyed by the Vendor as appurtenant to or in conjunction therewith.

"**Purchased Assets**" means, collectively:

- (a) the Property;
- (b) the Permitted Encumbrances;
- (c) the Assets; and
- (d) the Biomass.

"**Purchase Price**" shall have the meaning given to it in Section 3.1.

"**Purchaser Public Record**" means all information filed by the Purchaser with any Securities Authority in compliance, or intended compliance, with Applicable Laws, which is available for public viewing on the SEDAR website at www.sedarplus.ca under the Purchaser's profile;

"**Purchaser's Solicitors**" means DS Lawyers Canada LLP or such other firm or firms of solicitors or agents as are appointed by the Purchaser from time to time and Notice of which is provided to the Vendor or the Vendor's Solicitors.

"**Realty Tax Refunds**" shall have the meaning given to it in Section 3.5.

"**Toll Processing Agreement**" means the toll processing agreement between the parties dated August 17, 2023 with respect to the Biomass.

"**Transaction**" shall have the meaning given to it in Section 2.1.

"**Transfer Taxes**" shall have the meaning given to it in Section 7.4.

"**Underlying Shares**" means the common shares in the capital of the Purchaser issuable upon any exercise of the Convertible Note.

"**Unsatisfied Condition**" shall have the meaning given to it in Section 5.3(a).

"**Vendor's Solicitors**" means **[Redacted]** as it relates to the purchase and sale of the Property, and **[Redacted]** as it relates to the Purchased Assets other than the Property, or such other firm or firms of solicitors or agents as are appointed by the Vendor from time to time and Notice of which is provided to the Purchaser or the Purchaser's Solicitors.

1.2 Certain Rules of Interpretation

In this Agreement:

- (a) **Time** – Time is of the essence in and of this Agreement.
- (b) **Calculation of Time** – Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends. Where the last day of any such time period is not a Business Day, such time period shall be extended to the next Business Day following the day on which it would otherwise end.
- (c) **Business Days** – Whenever any action to be taken or payment to be made pursuant to this Agreement would otherwise be required to be made on a day that is not a Business Day, such action shall be taken or such payment shall be made on the first Business Day following such day.
- (d) **Currency** – Unless otherwise specified, all references to amounts of money in this Agreement refer to the lawful currency of Canada.
- (e) **Headings** – The descriptive headings preceding Articles and Sections of this Agreement are inserted solely for convenience of reference and are not intended as complete or accurate descriptions of the content of such Articles or Sections. The division of this Agreement into Articles and Sections shall not affect the interpretation of this Agreement.
- (f) **Including** – Where the word "including" or "includes" is used in this Agreement, it means "including without limitation" or "includes without limitation".

- (g) **Plurals and Gender** – The use of words in the singular or plural, or referring to a particular gender, shall not limit the scope or exclude the application of any provision of this Agreement to such persons or circumstances as the context otherwise permits.
- (h) **Statutory References** – Any reference to a statute shall mean the statute in force as at the date of this Agreement (together with all regulations promulgated thereunder), as the same may be amended, re-enacted, consolidated or replaced from time to time, and any successor statute thereto, unless otherwise expressly provided.

1.3 Schedules

The schedules to this Agreement are an integral part of this Agreement:

- Schedule A - Legal Description of the Lands; Map Depicting Lands
- Schedule B - Permitted Encumbrances
- Schedule C - Form of GST Certificate
- Schedule D - Vendor Deliverables
- Schedule E - Asset List
- Schedule F - Form of Convertible Note

ARTICLE II PURCHASE AND SALE

2.1 Transfer of Purchased Assets

Subject to the terms and conditions of this Agreement, at the Closing Time, the Vendor shall sell, convey, transfer, assign and deliver to the Purchaser and the Purchaser shall purchase and accept from the Vendor all of the Vendor's right, title and interest in, under and to all of the Purchased Assets by the Vendor, free and clear of all Encumbrances, except for Permitted Encumbrances (the "**Transaction**").

The Closing shall be completed electronically on the Closing Date.

ARTICLE III PURCHASE PRICE

3.1 Purchase Price

The purchase price for the Purchased Assets shall be \$3,000,000 (the "**Purchase Price**"), subject to adjustments, which shall be paid in the form of a Convertible Note issued to the Vendor.

The Parties hereby agree that the Convertible Note shall contain such resale restrictions as required by applicable laws.

3.2 Resale Restrictions of Underlying Shares

- (a) The Vendor hereby acknowledges that the Underlying Shares issued to, or at the direction of, the Vendor will be subject to a four month and one day hold in accordance with applicable securities laws.

3.3 Adjustments

- (a) The balance due on Closing shall be adjusted for realty taxes, local improvements, lot levies, dedications, sewer impost fees, special assessments, capital levies, water, utilities, Land Transfer Taxes (as set forth in Section 3.3(c) below) and all other similar costs and fees pertaining to the Property as are customarily adjusted in transactions similar to the Transaction in British Columbia. Insurance premiums maintained by the Vendor shall not be adjusted, but insurance shall remain the responsibility of the Vendor until the Closing Date, and thereafter the Purchaser shall place its own insurance. Adjustments shall be calculated as of the Closing Date, with the Vendor responsible for all expenses and entitled to any revenue accruing from the Purchased Assets for the day ending prior to the Closing Date, and the Purchaser responsible for all expenses and entitled to any revenue accruing from the Purchased Assets from and after the Closing Date.
- (b) At least three (3) Business Days prior to the Closing Date, the Vendor shall cause to be delivered to the Purchaser, for its review and approval, a statement of adjustments for the Property. The statement of adjustments shall have annexed to it, to the extent available, details of the calculations used by the Vendor to arrive at all debits and credits on the statement of adjustments. The Vendor shall give the Purchaser reasonable access to the Vendor's working papers and back-up materials in order to confirm the statement of adjustments.
- (c) The Purchaser and the Vendor hereby agree that payment of land transfer tax and registration fees or other like charges properly payable on or in connection with the purchase of the Purchased as set forth herein pursuant to such applicable taxing legislation (collectively, the "**Land Transfer Tax**") shall be the sole responsibility of the Purchaser to remit on the Closing Date.
- (d) The Purchaser may, in its discretion, upon three (3) Business Days' notice to Vendor, reduce the outstanding principal amount of the Convertible Note as an offset against any mutually agreed adjustments in favour of Purchaser pursuant to this Section 3.3.
- (e) In the event that Purchaser and Vendor mutually agree to any such offset under this Section 3.3, the applicable portion of the principal amount of the Convertible Note shall be reduced for all purposes against the amount of the adjustments in favour of Purchaser, and, if requested by Purchaser, Vendor shall return any such certificates representing the Convertible Note to Purchaser for re-issuance of an updated Convertible Note representing the updated principal amount of the Convertible Note.

3.4 Allocation of the Purchase Price

The Purchase price shall be allocated as follows:

- a) Property - \$2,240,000
- b) Assets - \$325,000
- c) Biomass - \$435,000

The Vendor and Purchaser shall report the sale and purchase of the Purchased Assets to all appropriate Governmental Authorities in their Tax Returns for the relevant taxation year effective as of the Closing Date, in a manner consistent with such allocation. The Purchaser and the Vendor shall file their respective Tax Returns based upon and in accordance with such allocation and will not make any inconsistent statements or take any inconsistent positions on any Tax Returns, in any refund Claims or during the course of any audits by any Governmental Authority with jurisdiction. If any such Governmental Authority does not agree with the allocation agreed to by the Purchaser and the Vendor under this Section 3.3, the Purchaser and the Vendor shall use commercially reasonable efforts to agree upon a different allocation acceptable to such Governmental Authority and, if the Purchaser and the Vendor are so able to agree, they shall amend the allocation and their Tax Returns accordingly; provided, however, nothing herein shall require the Purchaser and the Vendor to commence or participate in any litigation or administrative process challenging the determination made by such Governmental Authority.

3.5 Realty Tax Refunds

In the event that there are any realty or business tax appeals for 2023 or any prior calendar year for the Property, the Vendor shall, at its option, be entitled to continue such appeals and shall be entitled to receive any payment resulting therefrom (the "**Realty Tax Refunds**"), it being understood that the Vendor shall then reimburse the Purchaser for its per diem share of any Realty Tax Refunds received for the calendar year in which Closing occurs as part of post-closing adjustments. The Purchaser agrees to co-operate with the Vendor with respect to all such appeals. To the extent the Purchaser receives any of the aforementioned Realty Tax Refunds (or credits therefor) on or after the Closing Date, it shall hold such Realty Tax Refunds (or credits) in trust and forthwith remit them to the Vendor.

3.6 GST

The Purchaser hereby represents and warrants to the Vendor as follows:

- (a) the Purchaser shall be purchasing the Property on the Closing Date as principal for its own account and not as agent, trustee or otherwise on behalf of another Person;
- (b) the Purchaser shall be registered under subdivision d of Division V of Part IX of the *Excise Tax Act* (Canada) (the "**GST Act**") for the purposes of collection and remittance of GST, and shall be liable, shall self-assess and remit to the appropriate Governmental Entity all GST which is payable under the GST Act in connection

with the transfer of the Property made pursuant to the Agreement, all in accordance with the GST Act;

- (c) the Vendor shall not collect GST on Closing regarding the Property and shall allow the Purchaser to self-assess and remit GST to the Receiver General in accordance with the GST Act;
- (d) the Purchaser shall indemnify and save harmless the Vendor from and against any and all GST, penalties, costs and/or interest which may become payable by or assessed against the Vendor as a result of any inaccuracy, misstatement or misrepresentation made by the Purchaser on the Closing Date in connection with any matter raised in this Section; and
- (e) the Purchaser shall tender on Closing a certificate and indemnity with respect to the foregoing, substantially in the form of Schedule "C" (the "**GST Certificate**").

ARTICLE IV INSPECTIONS AND MATERIALS

4.1 Deliveries

- (a) The Vendor confirms having made available to the Purchaser, via an electronic data room or other electronic means, the items identified in Schedule "D" (being collectively referred to as the "**Deliveries**"). The Purchaser acknowledges receipt of the Deliveries.
- (b) The Purchaser shall be entitled to receive, and the Vendor shall provide to the Purchaser, within a reasonable time following any request given by the Purchaser at any time prior to the Closing Date, such additional material information pertaining to the Property or the Purchased Assets as the Purchaser may reasonably request so long as the same is in the possession and control of the Vendor.

ARTICLE V CLOSING CONDITIONS

5.1 Conditions in favour of the Purchaser

The obligation of the Purchaser to complete the Transaction shall be subject to the following conditions to be waived or satisfied on or before 5:00 p.m. Pacific Time on the date specified therefor:

- (a) by the Closing Date, the Purchaser shall have satisfied itself in its sole, subjective, absolute, and unfettered discretion with the results of the physical condition, state of repair, sufficiency of construction, suitability of the Property for the Purchaser's intended use, and all structural and environmental aspects of the Property, including a satisfactory Phase 1 environmental investigation report, satisfactory review of those Vendor's deliverables as set forth in Schedule "D" attached hereto, satisfactory title insurance, leases, Permitted Encumbrances, satisfactory review of title (and, if any new matters going to the root of title or matters relating to new Encumbrances arise after the expiration of waiving such condition prior to the

Closing Date, the Purchaser shall have the same rights to submit objections and to terminate this Agreement if such objections have not been remedied or satisfied), and with all aspects of this Transaction and Property in accordance with the Purchaser's sole and absolute requirement in that regard (such conditions, the "**Due Diligence Condition**");

- (b) on the Closing Date, all of the terms, covenants and conditions of this Agreement to be complied with or performed by the Vendor, shall have been complied with or performed at the times contemplated herein in all material respects;
- (c) all of the representations and warranties in Section 6.1 shall be true and accurate in all material respects, in each case, at and as of the Closing Date, as if made as of the Closing Date (except to the extent such representations and warranties expressly and only relate to an earlier date, in which event such representations and warranties shall be true and accurate in all material respects, as applicable, on and as of such earlier date); and
- (d) on or before the Closing Date, the Vendor's Closing Documents shall have been delivered as required by Section 7.2.

The conditions set forth in this Section 5.1 are for the sole benefit of the Purchaser and may be waived in whole or in part by the Purchaser by the time specified for satisfaction or waiver of that condition in accordance with Section 5.3 below.

5.2 Conditions in favour of the Vendor

The obligation of the Vendor to complete the Transaction shall be subject to the following conditions to be waived or satisfied on or before 5:00 p.m. Pacific Time on the date specified therefor:

- (a) on the Closing Date, all of the terms, covenants and conditions of this Agreement to be complied with or performed by the Purchaser shall have been complied with or performed at the times contemplated herein in all material respects;
- (b) all of the representations and warranties in Section 6.2 shall be true and accurate in all material respects, in each case, at and as of the Closing Date, as if made as of the Closing Date (except to the extent such representations and warranties expressly and only relate to an earlier date, in which event such representations and warranties shall be true and accurate in all material respects, as applicable, on and as of such earlier date);
- (c) on or before the Closing Date, the Purchaser's Closing Documents shall have been delivered as required by Section 7.3; and
- (d) on or before the Closing Date, the Purchase Price, as adjusted, shall have been paid or satisfied as set forth in Section 3.1.

The conditions precedent set forth in this Section 5.2 are for the sole benefit of the Vendor and

may be waived in whole or in part by the Vendor by the time specified for satisfaction or waiver of that condition in accordance with Section 5.3 below.

5.3 **Non-Satisfaction of Conditions**

- (a) In the event the Due Diligence Condition is not satisfied or waived by the Purchaser by Notice to the Vendor in writing on or before the Closing Date, this Agreement shall be null and void and all of the obligations of the Parties provided for herein shall be at an end (except those which are to survive termination pursuant to this Agreement). Should the Purchaser provide Notice of the satisfaction or waiver of the Due Diligence Condition, it shall be deemed to have agreed to proceed with the purchase of the Purchased Assets subject to the provisions of this Agreement.
- (b) In the event any of the conditions outlined in Sections 5.1 to 5.2 inclusive are not satisfied or waived as therein provided on or before the applicable date or time referred therein, (such condition being referred to as the "**Unsatisfied Condition**"), this Agreement shall, upon Notice by the Party having the benefit of the Unsatisfied Condition to the other Party, be terminated and the Parties shall be released from all obligations hereunder (except those which are to survive termination pursuant this Agreement) unless the reason for the Unsatisfied Condition not being satisfied is the breach by a Party of an obligation under this Agreement, in which case, a Claim may be made against such Party.
- (c) if by the applicable date or time referred to in Sections 5.1 or 5.2 the Party having the benefit of the condition to be satisfied by such date or time has not given Notice to the other Party that the condition has been waived or satisfied, such condition shall be deemed not to have been waived or satisfied, unless in the case of any condition to be satisfied by Closing, the Party shall have proceeded to close the Transaction, in which event all such Conditions shall be deemed to have been waived or satisfied without affecting liability of the Parties for misrepresentations of representations under Sections 6.1 and 6.2 that the affected Party does not discover until after Closing.

5.4 **Existing Leases**

Furthermore, simultaneously with the execution of this Agreement, the Vendor shall cause, at its sole cost and expense, to terminate any existing Leases entered into with regard to the Lands and shall provide written confirmation and/or proof to the Purchaser that such Lease or Leases have been terminated and are of no force and effect.

5.5 **Reasonable and Diligent Efforts to Satisfy Conditions**

Each Party agrees to proceed in good faith and with promptness and reasonable diligence to attempt to satisfy those conditions in favour of the other Party contained in this Article V that are within its responsibility or control, acting reasonably, provided that no Party shall be required to spend money or incur additional obligations to obtain the necessary assistance or co-operation of any third party to satisfy any condition, other than expenditure of reasonable legal fees and

provided that neither Party to this Agreement shall have a right to advance a Claim against the other with respect to an Unsatisfied Condition unless it results in the termination of this Agreement, and the reason for the condition not being satisfied is the breach by such Party of an obligation under this Agreement, in which case a Claim may be made by such Party, subject to the other provisions of this Agreement, and provided further that the foregoing shall not limit or prejudice the rights of any Party to be satisfied in its sole and unfettered discretion as to the fulfilment of a condition in its respective favour if such right is provided pursuant to the terms of such condition..

ARTICLE VI REPRESENTATIONS AND WARRANTIES

6.1 Representations and Warranties of the Vendor

The Vendor hereby represents and warrants to the Purchaser that, with respect to its interest in the Purchased Assets:

- (a) The Vendor is a corporation existing, governed and in good standing under the laws of its jurisdiction of incorporation, and has the necessary power, capacity and authority to own its interest in the Purchased Assets, to enter into this Agreement, the Closing Documents to which it is a party and the Transaction, and to carry out the agreement of purchase and sale constituted on the execution and delivery of this Agreement and the Closing Documents to which it is a party on the terms and conditions herein contained;
- (b) the Vendor (i) is not an insolvent person within the meaning of the *Bankruptcy and Insolvency Act (Canada)* or the *Winding up and Restructuring Act (Canada)*, (ii) has not made an assignment in favour of its creditors or a proposal in bankruptcy to its creditors or any class thereof, (iii) has not had any petition for a receiving order presented in respect of it, and (iv) has not initiated proceedings with respect to a compromise or arrangement with its creditors or for its winding up, liquidation or dissolution;
- (c) no individual or person that is a "related party" of the Vendor is also a "related party" of the Purchaser (and for purposes hereof, "related party" shall have the meaning ascribed thereto in Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*);
- (d) no Related Person or group of Related Persons of the Purchaser has a 10% or greater interest, directly or indirectly, in the Purchased Assets to be acquired by the Purchaser under this Agreement (and for purposes hereof, "Related Person" has the meaning ascribed thereto in the policies of the Canadian Securities Exchange (CSE)).
- (e) there are no options or rights to purchase, agreements to encumber, rights of first offer or refusal, offers to lease or license, offers to purchase, or any other purchase or occupancy rights, conditional or otherwise, with respect to the Purchased Assets or any part thereof, or the Property or any part thereof, in favour of any Person(s) other than this Agreement;

- (f) the Vendor is not now, and will not be on Closing, a "non-resident" of Canada within the meaning of Section 116 of the ITA;
- (g) there is not now any agreement or other instrument binding upon the Vendor that will prevent the performance or satisfaction by the Vendor of any of the terms and conditions of this Agreement, nor is any approval or consent required from any Governmental Entity (except as may be contained in any Permitted Encumbrance) to consummate the Transaction herein contemplated; and
- (h) The Vendor has paid and discharged all Taxes which are due and payable by the Vendor with respect to the Purchased Assets. The Vendor has, with respect to the Purchased Assets, withheld from each amount paid or credited to any Person the amount of Taxes required to be withheld therefrom and has remitted such Taxes to the appropriate Governmental Authority;
- (i) There is no Legal Proceeding in progress, pending or, to the knowledge of the Vendor, threatened against or affecting the Vendor (or the title of the Vendor to any of the Purchased Assets at law or in equity), solely to the extent that such legal proceedings relate to any of the Purchased Assets before or by any Tribunal and, to the knowledge of the Vendor, there are no grounds on which any such Legal Proceeding relating, or that might relate, to the Purchased Assets might be commenced with any reasonable likelihood of success. There is no Order outstanding against or affecting the Vendor relating to the Purchased Assets.
- (j) The Vendor is the legal and beneficial owner of all of the Purchased Assets with good and marketable title thereto, free and clear of all Encumbrances except Permitted Encumbrances, and has the exclusive right to possess and dispose of the Purchased Assets.
- (k) Except for the Purchaser's rights under this Agreement, no Person has any written or oral agreement, option, understanding or commitment, or any right or privilege capable of becoming such, for the purchase, re-purchase or other acquisition from the Vendor of any of the Purchased Assets.
- (l) The Vendor has good and valid title to all the Equipment listed in Schedule E, free and clear of Encumbrances except for Permitted Encumbrances. Except as above, all of the Equipment is being sold on as "as is, where is" basis.
- (m) To the knowledge of the Vendor, there are no Equipment Leases that form part of the Purchased Assets and no Equipment Lease obligations will be assumed by the Purchaser.
- (n) Property.
 - (i) Schedule A is a true, correct and complete list of the real property comprising the Property.

- (ii) Except as disclosed in Schedule B, the Vendor is the sole and absolute legal and beneficial owner of the Property in fee simple, with good and valid marketable title thereto, free and clear of all Encumbrances other than Permitted Encumbrances.
- (iii) Other than the Permitted Encumbrances, there are no Contracts which affect or relate to the title to, ownership, operation or management of the Property, the Vendor has no option, right of first refusal or other right relating to the Property, and no third-party has any right to purchase, option to purchase, or right of first refusal with respect to the Property other than the Purchaser.
- (iv) the Property has not been occupied by any shareholder, director or officer of the Vendor and his or her spouse as their matrimonial home;
- (v) all municipal taxes, rates, levies and assessments due with respect to the Property are or will be paid in full up to the Closing Date;
- (vi) there are no Leases or any other contracts granting any Person the right to lease, license, use, occupy, or otherwise enjoy the Property;
- (vii) all amounts for labour and materials relating to any work carried out on the Property shall be fully paid for and in connection with such labour and materials, no one shall have the right to file a lien under the British Columbia *Builder's Lien Act* or any other statute and no lien shall have been claimed in respect of the Vendor's interest in the Property; at the Closing Time, the Vendor shall deliver a certificate executed by a senior officer of the Vendor familiar with the Lands stating that at such time the above representations and warranties continue to be true and correct or, if not true and correct, stating details thereof;
- (viii) The Vendor has not received any notification of and has no knowledge of, any outstanding or incomplete work orders, deficiency notices or other current non-compliance with Laws relating to Property.
- (ix) the Vendor is not aware of any expropriation or other proceedings by the municipality or any other department or government agency or engineering department or any utility company which has jurisdiction over the Property which may affect the size of the Property, and to the best of the Vendor's knowledge, no such expropriation or condemnation is planned or threatened;
- (x) so far as the Seller is aware the buildings located on the Property are wholly situated within the boundaries of the Property and comply with all applicable by-laws and requirements of governmental and public authorities;
- (xi) the Vendor is not aware of any outstanding orders against the Property by

the Fire Warden, Health Department, Building or Engineering Departments of the regional district of Kootenay Boundary or any other department or government agency which has jurisdiction over the Property.

- (xii) To the Vendor's knowledge, there is no fact or condition existing which will result in the termination or reduction of the current vehicular access from the Property to the adjacent public highway and adjacent public roads that provide vehicular access thereto.
 - (xiii) there is no action or proceeding pending, or to the Vendor's knowledge threatened against the Vendor before any court, arbiter, arbitration panel or administrative tribunal or agency which, if determined adversely to the Vendor, might materially affect the Vendor's ability to perform the transaction herein;
 - (xiv) there are no "service contracts" pertaining to the operation of the Property and the building which cannot be terminated within thirty (30) days;
 - (xv) the Vendor has no employees employed to work at the Property with respect to the operation thereof for which the Purchaser will be responsible following the Closing Date;
 - (xvi) to the best of the Vendor's knowledge, the Property is not affected by any environmental pollutants or other hazardous materials; and
 - (xvii) the Vendor will transfer any leases, property orientated licences, inspections and safety programs relating to the Property to the Vendor. The Vendor will continue to sign and pursue the transfer of these items for up to one year past the completion date.
- (b) Biomass.
- (i) The Biomass is free from any lien, pledge, hypothecation, charge, mortgage, security interest, encumbrance, claim, infringement, interference, option, right of first refusal, pre-emptive right, community property interest or restriction of any nature (including any restriction on the voting of any security, any restriction on the transfer of any security or other asset (except statutory hold periods), any restriction on the receipt of any income derived from any asset, any restriction on the use of any asset and any restriction on the possession, exercise or transfer of any other attribute of ownership of any asset).
- (c) Environmental Matters.
- (i) The Vendor has not received written notice, nor does the Vendor have knowledge of any facts that may give rise to any such notice being delivered, that the Vendor is responsible for any material remedial or other

corrective action or any material work, repairs, construction or capital expenditures to be made pursuant to any Environmental Law with respect to the Property.

- (ii) The Vendor has provided the Purchaser with copies of all environmental analyses and reports pertaining to any environmental assessments or audits relating to the Property that were obtained by the Vendor and are in the possession or control of the Vendor.

6.2 Covenants, Representations and Warranties of the Purchaser

The Purchaser hereby represents and warrants to the Vendor that:

- (a) the Purchaser is a corporation existing, governed and in good standing under the laws of its jurisdiction of incorporation, has the necessary authority, power and capacity to enter into this Agreement and the Closing Documents to which it is a party and the Transaction contemplated herein, and to carry out the agreement of purchase and sale constituted on the execution and delivery of this Agreement and the Closing Documents to which it is a party and the Transaction contemplated herein on the terms and conditions herein contained;
- (b) this Agreement, the agreement of purchase and sale constituted on the execution and delivery thereof and the obligations of the Purchaser hereunder and the documents and the Transaction contemplated herein have been duly and validly authorized by all requisite proceedings and constitute legal, valid and binding obligations of the Purchaser enforceable against the Purchaser in accordance with their terms subject to (i) bankruptcy, insolvency, moratorium, reorganization and other laws relating to or affecting the enforcement of creditors' rights generally, and (ii) the fact that equitable remedies, including the remedies of specific performance and injunction, may only be granted in the discretion of a court;
- (c) the Purchaser (i) is not an insolvent person within the meaning of the Bankruptcy and Insolvency Act (Canada) or the Winding up and Restructuring Act (Canada), (ii) has not made an assignment in favour of its creditors or a proposal in bankruptcy to its creditors or any class thereof, (iii) has not had any petition for a receiving order presented in respect of it, and (iv) has not initiated proceedings with respect to a compromise or arrangement with its creditors or for its winding up, liquidation or dissolution;
- (d) no approval or consent of any Governmental Entity is required by the Purchaser in connection with the execution, delivery and performance of this Agreement or any Closing Document by the Purchaser and the completion of the Transaction;
- (e) the Purchaser is not a "non-Canadian" for the purposes of the *Investment Canada Act* (Canada);

- (f) the authorized capital of the Purchaser consists of an unlimited number of Common Shares and an unlimited number of preferred shares, issuable in series. As of the close of business on the day prior to the date of this Agreement, there were: (i) 131,122,173 Common Shares issued and outstanding, (ii) nil preferred shares of Purchaser issued and outstanding, (iii) stock options to purchase 11,483,400 Common Shares under the Purchaser's stock option plan, (iv) RSUs outstanding exercisable into 200,000 Common Shares (v) convertible debentures and convertible notes as disclosed in the Purchaser's MD&A for the nine months ended August 31, 2023 dated October 27, 2023; and (vi) warrants outstanding to purchase up to a total of 480,000 Common Shares (for purposes of this Section 6.2(f), collectively, the "**Outstanding Securities**"). Other than the Outstanding Securities, there are no securities of Purchaser outstanding (including options, warrants, rights of conversion or exchange privileges or other securities entitling a Person to acquire Common Shares or other securities of Purchaser) and there are no rights, agreements, options or privileges (contractual or otherwise) requiring the issuance or sale by Purchaser of any such securities.
- (g) The issued and outstanding Common Shares are listed and posted for trading on the CSE. The Purchaser has filed or furnished all material reports or other information required to be filed or furnished under Applicable Securities Laws or the by-laws, rules and regulations of the CSE. The Purchaser is not in default of any material requirements of any Applicable Securities Laws, including the rules and regulations of the CSE. No delisting, suspension of trading or cease trade or other order or restriction with respect to the Common Shares or any other securities of the Purchaser is: (i) pending, (ii) in effect, (iii) to the knowledge of Purchaser, has been threatened, or (iv) is expected to be implemented or undertaken.
- (h) The documents comprising the Purchaser Public Record complied in all material respects with Applicable Laws (including Applicable Securities Laws), and did not, as of the date filed (or, if amended or superseded by a subsequent filing prior to the date of this Agreement, on the date of such filing), contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.
- (i) The Purchaser is a "reporting issuer" in British Columbia, Alberta and Ontario within the meaning of the Applicable Securities Laws in such provinces.

6.3 Survival of Representations and Warranties

- (a) **Survival Period.** The representations, warranties and certifications of the Vendor and the Purchaser contained in this Agreement and in any Closing Documents shall not merge on Closing but shall survive for a period of twelve (12) months after the Closing Date (the "**Survival Period**"). The party which has received a representation, warranty or certification, whether contained in this Agreement or in any Closing Document, shall give written notice to the other party of each breach

of any representation, warranty or certification of the other party, together with details thereof, promptly after becoming aware of such breach and no later than the last day of the Survival Period. Notwithstanding any other provision of this Agreement or of any Closing Document, no claim may be asserted or pursued against any party hereto, or any action, suit or other proceedings commenced or pursued, for or in respect of any breach of any representation, warranty or certification made by such party in this Agreement or in any Closing Document unless written notice of such claim is received by such party describing in detail the facts and circumstances with respect to the subject matter of such claim on or prior to the last day of the Survival Period.

(b) Indemnities. Notwithstanding the foregoing provisions of this Section 6.3, there shall be no limitation upon the period for making a claim in respect of any indemnity which is expressly provided for in this Agreement or in the Closing Documents and which survives Closing as provided in Section 9.8 and such indemnities shall survive Closing for an unlimited period, unless otherwise expressly provided in this Agreement.

(c) Survival. This Section 6.3 shall survive Closing.

ARTICLE VII THE CLOSING

7.1 Closing

The closing of the Transaction shall occur electronically on the Closing Date, at which time:

- (a) the Vendor shall deliver the Purchased Assets to the Purchaser, including vacant possession of the Property, free and clear of all Encumbrances other than Permitted Encumbrances; and
- (b) the parties shall exchange the Closing Documents.

7.2 Vendor's Closing Documents

On or before Closing, subject to the provisions of this Agreement, the Vendor shall execute or cause to be executed and shall deliver or cause to be delivered to the Purchaser or Purchaser's Solicitors the following, and as appropriate:

- (a) a registrable transfer of its interest in the Lands in favour of the Purchaser or as the Purchaser directs (the "**Transfer**");
- (b) any specific assignment and assumption agreements that may be required by the terms of any Permitted Encumbrance;
- (c) a general conveyance in respect of the Assets, if applicable;
- (d) a bill of sale;
- (e) a certificate of an officer confirming the Vendor (i) is not a non-resident of Canada within the meaning of Section 116 of the *Income Tax Act* (Canada), and (ii) is

receiving the Purchase Price for its own account and not as an agent, trustee or otherwise on behalf of another Person;

- (f) an undertaking to readjust following Closing;
- (g) all keys to the Building;
- (h) confirmation that such existing Leases with regard to the Lands have been terminated and are of no force and effect;
- (i) a certificate of an officer of the Vendor setting out that the representations and warranties of the Vendor contained herein that are to be brought forward on closing are true and accurate in all material respects as at the Closing Date;
- (j) the Cancellation Agreement;
- (k) an investor rights agreement, in form satisfactory to Vendor and Purchaser, each acting reasonably (the "**Investor Rights Agreement**"); and
- (l) all other conveyances, documents and deliverables which are required and which the Purchaser has requested on or before the Closing Date to give effect to the proper sale, transfer, assignment and conveyance of the Purchased Assets by the Vendor to the Purchaser, free and clear of all Encumbrances other than Permitted Encumbrances.

7.3 Purchaser's Closing Documents

On or before Closing, subject to the provisions of this Agreement, the Purchaser shall execute or cause to be executed and shall deliver or cause to be delivered to the Vendor or Vendor's Solicitors the following:

- (a) the Purchase Price;
- (b) the Convertible Note Security in registrable form;
- (c) a direction re title to the Lands, if required;
- (d) any specific assignment and assumption agreements that may be required by the terms of any Permitted Encumbrance;
- (e) an undertaking to readjust following Closing;
- (f) the GST Certificate and indemnity;
- (g) the Cancellation Agreement;
- (h) the Investor Rights Agreement; and

- (i) all other conveyances, documents and deliverables which are required and which the Vendor has requested on or before the Closing Date to give effect to the proper transfer, assignment and conveyance of the Purchased Assets by the Vendor to the Purchaser, free and clear of all Encumbrances other than Permitted Encumbrances.

7.4 Transfer Taxes

The Purchaser shall pay or cause the payment on the Closing Date of all applicable GST, land transfer taxes, sales taxes, registration fees or other like charges properly payable on or in connection with the purchase of the Purchased Assets hereunder (collectively, the "**Transfer Taxes**") as and when such Transfer Taxes are payable pursuant to the applicable taxing legislation. The Purchaser and the Vendor acknowledge and agree that the Purchase Price and all other amounts referenced herein are exclusive of all Transfer Taxes.

7.5 Form of Closing Documents

All Closing Documents to be delivered by the Parties hereunder shall be in form and substance satisfactory to the Parties and their respective solicitors, in each case acting reasonably, provided that none of such documents shall contain covenants, representations or warranties which are in addition to or more onerous upon the Vendor or the Purchaser than those expressly set forth in this Agreement, or which are inconsistent or in conflict with Article VI.

7.6 Closing Procedures

- (a) The Vendor and the Purchaser covenant and agree to cause their respective solicitors to enter into the most recent document registration agreement adopted by the Law Society of British Columbia, as same may be reasonably amended by the agreement of both the Vendor's Solicitors and the Purchaser's Solicitors (the "**DRA**"), together with the requirement that the registering solicitor shall be obliged to provide the non-registering solicitor with a copy of the registration report printed by the electronic registration system ("**TERS**") upon the registration of the electronic documents, as evidence of the registration thereof, on the Closing Date. The DRA shall outline or establish the procedures and timing for completing the Transaction and shall be executed by both the Vendor's Solicitors and the Purchaser's Solicitors and exchanged between such solicitors (such that each solicitor has a copy of the DRA duly executed by both solicitors) prior to the Closing Date.
- (b) The delivery and exchange of the Closing Documents and funds, and the release thereof to the Vendor and the Purchaser, as the case may be, shall be governed by the DRA, pursuant to which the solicitor receiving any Closing Documents and/or funds will be required to hold them in escrow and will not be entitled to release them except in strict accordance with the provisions of the DRA.
- (c) Notwithstanding anything contained in this Agreement or in the DRA to the contrary, it is expressly understood and agreed by the Parties that an effective tender shall be deemed to have been validly made by either Party (the "**Tendering Party**")

upon the other Party (the "**Receiving Party**") when the solicitor for the Tendering Party has: (A) delivered all applicable Closing Documents and funds to the Receiving Party's solicitor in accordance with the provisions of the DRA; (B) advised the solicitor for the Receiving Party, in writing, that the Tendering Party is ready, willing and able to complete the Transaction in accordance with the terms and provisions of this Agreement; and (C) completed all steps required by TERS to complete the Transaction that can be performed or undertaken by the Tendering Party's solicitor without the cooperation or participation of the Receiving Party's solicitor, and specifically when the Tendering Party's solicitor has electronically "signed" the Transfer/Deeds of Land for the Lands and other documents to be electronically registered for completeness and granted "access" to the Receiving Party's solicitor (but without the Tendering Party's solicitor releasing such Transfer/Deeds of Land for registration by the Receiving Party's solicitor), without the necessity of personally attending upon the Receiving Party or the Receiving Party's solicitor with the Closing Documents and/or funds, and without any requirement to have an independent witness evidencing the foregoing.

ARTICLE VIII OPERATIONS UNTIL CLOSING

8.1 Interim Operations of Property

The Vendor hereby covenants and agrees with the Purchaser as follows:

- (a) except as expressly contemplated in the Toll Processing Agreement, to continue to operate, manage and maintain the Property until the Completion Date as a prudent owner of lands of a comparable type, age, class and location, subject to the other provisions of this Agreement; and

- (c) The Vendor covenants and agrees with the Purchaser that in respect of any work order, deficiency notice, order to comply or other directive or notice of non-conformity from a Governmental Entity that relates to any defect or deficiency in the construction, state of repair or state of completion of the Property (a "**Work Order**"), other than any Work Order resulting from obligations of the Purchaser under the Toll Processing Agreement, the Vendor shall, to the extent reasonably possible, comply with same prior to Closing at its expense and deliver evidence of such compliance to the Purchaser or an undertaking to comply with same at its sole expense as soon as reasonably possible after the Closing. Notwithstanding the foregoing, if in the reasonable opinion of the Purchaser's arm's length independent architect, engineer or other qualified expert, the cost to effect such compliance exceeds the amount of One Hundred Thousand Dollars (\$100,000.00), the Purchaser shall so advise the Vendor and the Purchaser may either (i) assume such excess costs and proceed to Closing, with the Purchaser entitled to an adjustment on Closing in its favour equal to the estimated cost of compliance, or (ii) not complete the purchase of the Purchased Assets, in which case this Agreement shall be terminated, null and void and of no further force or effect whatsoever, each of the Vendor and the Purchaser shall be released from all of its liabilities and obligations under this Agreement (other than those liabilities and obligations which are expressly stated to survive the termination of this Agreement).

8.2 **Damage Before Closing**

- (a) Except as otherwise contemplated by the Toll Processing Agreement, the interests of the Vendor in and to the Property being purchased, acquired and assumed by the Purchaser pursuant to the terms and conditions of this Agreement shall be at the risk of the Vendor until Closing. If any loss or damage occurs before Closing to the Building, in excess of ten percent (10%) of the Purchase Price (such loss or damage and replacement cost to be determined by the Purchaser's arm's length, independent architect, engineer or other qualified expert, acting reasonably), the Purchaser, within five (5) Business Days after disclosure to the Purchaser by the Vendor of the loss or damage and the extent thereof, shall by Notice to the Vendor elect either (i) to complete the purchase of the Property, in which event the Purchaser shall be entitled to the proceeds of insurance, if any, in respect of the loss or damage and the Vendor shall pay any deductibles in respect of such loss or damage, or (ii) not to complete the purchase of the Property, in which case this Agreement shall be terminated, null and void and of no further force or effect whatsoever, each of the Vendor and the Purchaser shall be released from all of its liabilities and obligations under this Agreement (other than those liabilities and obligations which are expressly stated to survive the termination of this Agreement).
- (b) If other loss or damage to the Building occurs, the Purchaser shall have no right to elect to terminate this Agreement, the Purchaser shall be entitled to all proceeds of insurance in respect of such loss or damage (plus the reimbursement by the Vendor of any deductibles), and the Parties shall complete the within Transaction.

8.3 **Ordinary Course/Specific Transactions**

From the Effective Date until Closing, the Vendor shall operate the Property or cause the Property to be operated in the same manner as it has been operated prior to the Effective Date and, in any event, in accordance with sound business and management practices as would a reasonable owner of comparable properties, and not deal with the Property prior to the Closing Date in any way that could reasonably adversely affect the proposed use of the Property by the Purchaser.

8.4 **Leasing and Contracts Prior to Closing**

From and after the Effective Date, the Vendor may not enter into any Lease, Contract or Permitted Encumbrance affecting the Property without the prior written consent of the Purchaser, which may be withheld in its sole, absolute and unfettered discretion as to Leases and Contracts, and which may not be unreasonably withheld as to Permitted Encumbrances. Notwithstanding the foregoing, the Vendor may enter into customary maintenance and/or operational Contracts after the Effective Date without the approval of the Purchaser, provided the Vendor (i) notifies the Purchaser of same, and (ii) terminates such Contracts at its sole cost and expense prior to Closing, or such Contracts expire prior to Closing.

8.5 Assignment of Purchased Assets

Nothing in this Agreement shall be construed as an assignment of, or an attempt to assign to the Purchaser, any right, title or interest in any Purchased Asset which is (i) not assignable, or (ii) not assignable without the approval or consent of the other party or parties thereto, without first obtaining such approval or consent (collectively "Non-Assignable Rights"). In connection with such Non-Assignable Rights the Vendor shall, at the request of the Purchaser and in each case at the Purchaser's expense:

- (a) apply for and use all reasonable commercial efforts to obtain all such consents or approvals, in a form satisfactory to the Purchaser acting reasonably, provided that nothing herein shall require the Vendor to make any payment or incur any obligations to any other party; and
- (b) co-operate with the Purchaser in any reasonable and lawful arrangements designed to provide the benefits of such Non-Assignable Rights to the Purchaser, including without limitation, holding any such Non-Assignable Rights in trust for the Purchaser as the Purchaser may so direct or acting as agent for the Purchaser, as the Purchaser may so direct, provided that pursuant to such arrangements the Purchaser fully indemnifies the Vendor for all costs, obligations or liabilities incurred thereunder or in connection therewith.

ARTICLE IX MISCELLANEOUS

9.1 As Is, Where Is

The Purchaser acknowledges and agrees, except as otherwise expressly provided for in this Agreement or the Toll Processing Agreement, that:

- (a) the Purchased Assets are being purchased and assumed by the Purchaser on an "as is, where is" basis as of the Closing Date, in the condition or state as they exist as of the Closing Date, and without any express or implied agreement, representation or warranty of any kind whatsoever;
- (b) on Closing, title to the Property will be subject to Permitted Encumbrances; and
- (c) in entering into this Agreement, the Purchaser has relied and will continue to rely entirely and solely upon its own inspections and investigations with respect to the Purchased Assets, including without limitation, the physical and environmental condition of the Property and the review of the documentation made available to the Purchaser.

This section shall not merge on, but shall survive, the Closing Date.

9.2 Notice

Any notice, demand, waiver, instrument, approval, consent, information, agreement, offer, payment, request or other communication (herewith referred to as a "Notice") to be given under or

in connection with this Agreement shall, unless otherwise agreed to in writing, be in writing and shall be given by personal delivery, addressed or sent as set out below or to such other address as may from time to time be the subject of a notice, or be given by facsimile or email communication, as all set forth below:

To the Purchaser: Christina Lake Cannabis Corp.
Suite 1890 - 1075 West Georgia Street
Vancouver, British Columbia
V6E 3C9
Attention: Mark Aiken
Email: mark@clcannabis.com

With a copy to: DS Lawyers Canada LLP
333 – 7th Avenue S.W., Suite 800
Calgary, Alberta
T2P 2Z1
Attention: Adil Hirji
Email: ahirji@dsavocats.ca

To the Vendor: **[Name Redacted]**
[Address Redacted]

Attention: **[Redacted]**
Email: **[Redacted]**

With a copy to: **[Name Redacted]**
[Address Redacted]

Attention: **[Redacted]**
Email: **[Redacted]**

A Notice is deemed to be given and received (i) if sent by personal delivery or same day courier, on the date of delivery if it is a Business Day and the delivery was made prior to 4:00 p.m. (Local Time) and otherwise on the next Business Day, (ii) if sent by email prior to 5:00 p.m., upon the day such email is sent, unless such email is not delivered to the recipient's inbox, in which case it shall be deemed delivered on the next Business Day; or (iii) if sent by overnight courier, on the next Business Day if the delivery was made prior to 4:00 p.m. (local time in place of receipt) on such Business Day and otherwise on the next Business Day. A Party may change its address for service from time to time by providing a Notice in accordance with the foregoing. Any subsequent Notice must be sent to the party at its changed address. Any element of a party's address that is not specifically changed in a Notice will be assumed not to be changed.

9.3 Expenses

Each Party shall pay its respective accounting and other professional advisory fees, costs and expenses incurred in connection with the negotiation, preparation and execution of this Agreement and all documents and instruments executed or delivered pursuant to this Agreement, as well as

any other fees, costs and expenses incurred.

9.4 Further Assurances

The Parties shall do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this Agreement, and each Party shall provide such further documents or instruments required by any other Party as may be reasonably necessary or desirable to effect the purpose of this Agreement and carry out its provisions.

9.5 Entire Agreement

This Agreement, the Toll Processing Agreement and the confidentiality agreement dated September 8, 2023 and the agreements and other documents required to be delivered pursuant to this Agreement, constitute the entire agreement between the Parties and set out all of the covenants, promises, warranties, representations, conditions and agreements between the Parties in connection with the subject matter of this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, pre-contractual or otherwise. There are no covenants, promises, warranties, representations, conditions or other agreements whether oral or written, pre-contractual or otherwise, express, implied or collateral, whether statutory or otherwise, between the Parties in connection with the subject matter of this Agreement and the Toll Processing Agreement except as specifically set forth in this Agreement and any document required to be delivered pursuant to this Agreement. For greater certainty, this Agreement does not constitute a waiver or termination of the rights of either Party under the Toll Processing Agreement, including the rights granted by Section 10.4 thereunder.

9.6 Amendments in Writing

No supplement, modification, waiver or termination of this Agreement shall be binding unless executed in writing by the Parties hereto in the same manner as the execution of this Agreement.

9.7 Severability

If any immaterial covenant, obligation, agreement or part thereof or the application thereof to any Person or circumstance, to any extent, shall be invalid or unenforceable, the remainder of this Agreement or the application of such covenant, obligation or agreement or part thereof to any Person, party or circumstance, other than those to which it is held invalid or unenforceable, shall not be affected thereby. Each covenant, obligation and agreement in this Agreement shall be separately valid and enforceable to the fullest extent permitted by law.

9.8 No Merger

Except where specifically set out in this Agreement, none of the provisions of this Agreement shall merge in the transfer of the Property or any other document delivered on the Closing Date and the provisions of this Agreement shall survive the Closing Date.

9.9 Applicable Law

This Agreement shall be construed in accordance with the laws of the Province of British Columbia

and the laws of Canada applicable therein and shall be treated, in all respects, as a British Columbia contract.

9.10 Time of the Essence

Time shall be of the essence of this Agreement and the transactions contemplated herein. Where anything is required to be done under this Agreement on a day that is not a Business Day, then the day for such thing to be done shall be the next following Business Day.

9.11 Waiver

No waiver of any of the provisions of this Agreement shall constitute or shall be deemed to constitute a waiver of any other provision (whether or not similar), nor shall any waiver constitute a continuing waiver unless otherwise expressed or provided.

9.12 Force Majeure

No Party shall be liable or responsible to the other Party, nor be deemed to have breached this Agreement, for any failure or delay in fulfilling or performing any term of this Agreement when and to the extent such failure or delay is caused by or results from acts beyond such Party's control, including acts of God, flood, fire, earthquake, tsunami, epidemics, pandemics or epidemics (including the coronavirus pandemic), explosion, war, invasion, hostilities, terrorist threats or acts, riot, or other civil unrest, actions, embargoes, or blockades in effect on or after the date of this Agreement, national or regional emergency, strikes, labour stoppages or slowdowns, or other industrial disturbances, shortage of adequate power or transportation facilities, other similar events beyond the control of the affected Party, and any action by any Governmental Entity (including any Applicable Law) in response to any of the foregoing.

9.13 Interpretation

The Parties hereto acknowledge and agree that:

- (a) each Party and its solicitors reviewed and negotiated the terms and provisions of this Agreement and have contributed to their revision;
- (b) the rule of construction to the effect that any ambiguities are resolved against the drafting Party shall not be employed in the interpretation of this Agreement; and
- (c) the terms and provisions of this Agreement shall be construed fairly as to all Parties and not in favour of or against any Party, regardless of which party was generally responsible for the preparation of this Agreement.

9.14 Counterparts

This Agreement may be signed in one or more counterparts, each of which so signed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument. Counterparts may be executed and exchanged in electronic format, including by way of "DocuSign" or other similar electronic signature software. Notwithstanding the date of

execution or transmission of any counterpart, each counterpart shall be deemed to have the effective date first written above.

[Signature Page to Follow]

IN WITNESS WHEREOF the Parties have duly executed this Agreement on the date first written above.

[NAME REDACTED]

Per: _____

Name:

Title:

I/We have authority to bind the Corporation

CHRISTINA LAKE CANNABIS CORP.

Per: _____

Name:

Title:

SCHEDULE "A"

LANDS & MAP DESCRIPTION

Legal Description:

[Redacted]

Municipal Addresses:

[Address redacted] Midway, British Columbia

SCHEDULE "B"

PERMITTED ENCUMBRANCES

General Permitted Encumbrances

1. The Convertible Note Security.
2. Any subsisting reservations, limitations, provisions and conditions contained in any original grants from the Crown of any land or interests therein.
3. Title defects or irregularities including any easements or rights of way in favour of any federal, provincial, municipal or other governmental bodies or regulatory authorities, any private or public utility, any railway company or any adjoining owner which either individually or in the aggregate do not and will not materially impair the value, use or marketability of the Property.
4. All instruments registered on title to the Lands (as set out below under the heading Specific Permitted Encumbrances).
5. All Applicable Laws, including municipal, provincial or federal statutes, by laws, regulations or ordinances including any charge, trust, priority or preference given to or in favour of the Crown, Crown agents or municipalities pursuant thereto.
6. Any liens, charges and encumbrances for real property taxes (which term includes charges, rates and assessments) or charges for electricity, power, gas, water and other services and utilities in connection with the Property that have accrued but are not yet due and owing or, if due and owing, are adjusted for on Closing.
7. Any lien for a claim for which although registered or of which notice has been given, relates solely to work done by or on behalf of the Tenants under the Leases if and so long as the Vendor has not assumed or otherwise become liable for the payment of such work and the claimant is not pursuing such tenant lien against the Property or the Vendor.
8. Leases, notices thereof, renewals and extensions thereof and any ancillary documents referred to in and permitted by the terms of the Leases.
9. Any easement, right-of-way, watercourse, right-of-water or other unregistered interest or claim not disclosed by registered title provided that individually or in the aggregate do not and will not materially impair the value, use or marketability of the Property.
10. Zoning, land use and building restrictions, by-laws, regulations and ordinances, including subdivision agreements, site plan control agreements, development agreements, heritage easements and agreements relating thereto, servicing agreements, utility agreements, permits, licenses, airport zoning regulations and other similar agreements with federal, provincial, municipal or other governmental bodies or regulatory authorities or private or public utilities affecting the development or use of the Property.

11. The rights reserved to or vested in any municipality, governmental or other public authority by statutory provisions including the right to acquire portions of the lands for road widening or interchange construction, and the right to complete or remedy improvements, landscaping or deficiencies in any pedestrian walkways or traffic control or monitoring.
12. Minor encroachments by improvements on the Lands over neighbouring lands and/or permitted under agreements with neighbouring landowners and minor encroachments over the Lands by improvements of neighbouring landowners and/or permitted under agreements with neighbouring landowners that, in either case, do not materially and adversely impair the current use, operation or marketability of the Property.
13. Security given to a public utility or any governmental authority when required by the operations of the Property in the ordinary course of business.
14. Any statutory liens, charges, adverse claims, prior claims, security interests, deemed trusts or other encumbrances of any nature whatsoever which are not registered on the title to the Property and of which the Vendor does not have notice, claimed or held by His Majesty the King in Right of Canada, His Majesty the King in Right of the Province of British Columbia or by any other Government Authority under or pursuant to any Applicable Laws.
15. Any encumbrances, registrations or agreements that may be required by the Subdivision Authority pursuant to the Subdivision Approval.

SCHEDULE "C"

FORM OF GST CERTIFICATE

TO: [Name Redacted] (the "Vendor")

RE: Agreement of purchase and sale made as of February ___, 2024 between **CHRISTINA LAKE CANNABIS CORP.**, (the "**Purchaser**"), as purchaser, and the Vendor, as vendor (the "**Purchase Agreement**"), for the purchase and sale of the lands and premises legally described in [Property ID Redacted] (collectively, the "**Property**")

DATE: _____, 2024

Capitalized terms used herein and not defined herein shall have the meanings ascribed to them in the Purchase Agreement.

IN CONSIDERATION of the completion of the transaction set out in the Purchase Agreement, the undersigned hereby certifies and agrees as follows:

- (a) the Property is being purchased by the Purchaser as principal for its own account and not as an agent, trustee or otherwise on behalf of or for another person;
- (b) the Purchaser is registered under Subdivision d of Division V of Part IX of the *Excise Tax Act* (Canada) (the "**Act**") for the collection and remittance of harmonized sales tax ("**GST**") and its registration number is and such registration is in good standing and has not been varied, cancelled or revoked;
- (c) the Purchaser shall be liable for, shall self-assess and shall remit to the appropriate Governmental Entity, all GST which is payable under the Act in connection with the transfer of the Property made pursuant to the Purchase Agreement, all in accordance with the Act; and
- (d) the Purchaser shall indemnify and save harmless each Vendor from and against any and all GST, penalties, costs and/or interest which may become payable by or be assessed against such Vendor as a result of any inaccuracy, misstatement or misrepresentation made by the Purchaser in connection with any matter contained in this Certificate and Indemnity.

This Certificate and Indemnity may be executed and delivered by electronic means.

[Signature Page to Follow]

•

Per: _____
Name: _____
Title: _____

Per: _____
Name: _____

SCHEDULE "D" VENDOR DELIVERABLES

1. True copies of a Phase 1 environmental investigation report;
2. True copies of any studies, tests, audits, surveys, investigations, reports (including environmental, geotechnical and soils reports), plans, service records, and other information concerning the Property, to the extent in the possession or control of the Vendor;
3. Any material correspondence with any Governmental Entity in respect of the use and/or operation of the Property;
4. copies of the following, or acknowledgment that none exist: (i) any Contracts, including a list of all suppliers and addresses; and (ii) any Leases, to the extent in the possession or control of the Vendor;
5. a list describing all Personal Property, or acknowledgement none exist;
6. a list of any fixed equipment, improvements, Assets or fixtures located on, in or under the Lands, which are not owned or leased by the Vendor;
7. all building plans and specifications of the Building as built and other improvements to be built within the Property, together with any plans/proposals/renderings for these Building and any expansion to the Building to the extent in the possession or control of the Vendor;
8. up-to-date surveys showing the location of the Building and other improvements presently situated thereon and planned and all easements and rights-of-way thereon and any encroachments on or affecting the Property prepared by a qualified Land Surveyor, to the extent in the possession of the Vendor;
9. copies of any unregistered agreements with, and permits and licenses from Governmental Entities or owners of adjoining lands relating to the development or operation of the Property, or the construction of the Building to the extent in the possession or control of the Vendor; and
10. any operating, property and security manuals with respects to the Assets or Building, and the fixtures and systems located within, thereon and thereunder, to the extent in the possession or control of the Vendor.

SCHEDULE "E" ASSET LIST

[List of specific Assets redacted. Includes vehicles, outdoor cultivation equipment, and property maintenance equipment.]

Plus any additional equipment or other tangible personal property owned by the Vendor and used in the operation and maintenance of the Property.

SCHEDULE "F" FORM OF CONVERTIBLE NOTE

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE JUNE 10, 2024.

Note No. [●]

Principal Amount: CAD\$3,000,000.00

Original Issue Date ("Issue Date"): February 9, 2024

CONVERTIBLE PROMISSORY NOTE

FOR VALUE RECEIVED, Christina Lake Cannabis Corp., a British Columbia corporation (hereinafter called the "**Borrower**"), hereby promises to pay to the order of [**Name Redacted**] (the "**Holder**") the sum of CAD\$3,000,000.00 together with any interest as set forth herein, on February 9, 2029 (the "**Maturity Date**"), whether at maturity or upon acceleration or by prepayment or otherwise. Unless the Note is earlier prepaid or converted in accordance with the terms hereof, the Borrower agrees to pay interest to the Holder on the unpaid principal amount of this Note from February 9, 2024 at a rate of:

1. during the first twelve (12) months, a rate equal to ten percent (10%) per annum;
2. during the second twelve (12) months, a rate equal to fifteen percent (15%) per annum; and
3. during the final thirty-six (36) months, a rate equal to twenty percent (20%) per annum (the "**Interest**").

For the first twenty-four (24) months, the Borrower shall pay Interest only annually on the first and second anniversary dates, respectively, of this Note (each, an "**Anniversary Payment Date**"); after such twenty-four (24) month period and until the Maturity Date, the Borrower shall pay the Interest quarterly; and shall also repay an amount of principal annually consisting of \$1,000,000 on or before each Anniversary Payment Date until the remaining principal amount of this Note is satisfied in full (each an, "**Annual Prepayment Obligation**"). The Holder may, if mutually agreed between the Holder and the Borrower, waive the Annual Prepayment Obligation, by mutual agreement in writing at any time prior to the applicable Anniversary Payment Date, in which case, the Borrower is relieved from such obligation for that particular year. Interest shall be computed on the basis of a 360-day year composed of twelve 30-day months. All payments due hereunder (to the extent not converted in accordance with the terms hereof into common shares of the Borrower (the "**Common Shares**")) shall be made in lawful money of Canada. All payments shall be made at such address as the Holder shall hereafter give to the Borrower by written notice made in accordance with the provisions of this Note. Whenever any amount expressed to be due by the terms of this Note is due on any day which is not a business day, the same shall instead be due on the next succeeding day which is a business day and, in the case of any interest payment date which is not the date on which this Note is paid in full, the extension of the due date thereof shall not be taken into account for purposes of determining the amount of interest due on such date. As used in this Note, the term "business day" shall mean any day other than a Saturday, Sunday or a day on which commercial banks in the city of Vancouver, British Columbia are authorized or required

by law or executive order to remain closed.

This Note is free from all taxes, liens, claims and encumbrances with respect to the issue thereof and shall not be subject to pre-emptive rights or other similar rights of shareholders of the Borrower and will not impose personal liability upon the holder thereof.

For purposes of this Note, "**Purchase Agreement**" means that certain Asset Purchase Agreement dated February 2, 2024 between the Holder and the Borrower.

The following terms shall apply to this Note:

ARTICLE I CONVERSION RIGHTS

1.1 Conversion Right. The Holder shall have the right from time to time, and at any time, and ending on the Maturity Date to convert all or any part of the outstanding and unpaid principal and/or interest of this Note into fully paid and non-assessable shares of Common Shares, as such Common Shares exists on the Issue Date, or any common shares or other securities of the Borrower into which such Common Shares shall hereafter be changed or reclassified at the Conversion Price (as defined below) determined as provided herein (a "**Conversion**"); provided, however, that in no event shall the Holder be entitled to convert any portion of this Note in excess of that portion of this Note upon conversion of which the sum of: (1) the number of shares of Common Shares beneficially owned by the Holder and its affiliates (other than shares of Common Shares which may be deemed beneficially owned through the ownership of the unconverted portion of the Notes or the unexercised or unconverted portion of any other security of the Borrower subject to a limitation on conversion or exercise analogous to the limitations contained herein) and (2) the number of shares of Common Shares issuable upon the conversion of the portion of this Note with respect to which the determination of this proviso is being made, would result in beneficial ownership by the Holder and its affiliates of more than 19.99% of the outstanding shares of Common Shares (the "**Maximum Share Amount**"). For purposes of the proviso to the immediately preceding sentence, beneficial ownership shall be determined in accordance with Section 1.8(1) of National Instrument 62-104 Take-Over Bids and Issuer Bids ("**NI 62-104**"). The number of Common Shares to be issued upon each conversion of this Note shall be determined by dividing the Conversion Amount (as defined below) by the applicable Conversion Price then in effect on the date specified in the notice of conversion, in the form attached hereto as Exhibit A (the "**Notice of Conversion**"), delivered to Borrower by the Holder in accordance with Section 1.4 below; provided that the Notice of Conversion is submitted by facsimile or e-mail (or by other means resulting in, or reasonably expected to result in, notice) to the Borrower before 5:00 p.m. (Vancouver Time) on such conversion date (the "**Conversion Date**"). The term "**Conversion Amount**" means, with respect to any conversion of this Note, the sum of: (1) the principal amount of this Note to be converted in such conversion plus (2) at the Holder's option, accrued and unpaid interest, if any.

The Borrower shall not effect any conversion of this Note, and a Holder shall not have the right to convert any portion of this Note, pursuant to this Section 1.1, or the Holder's Election Right

in Section 1.7 or otherwise, to the extent that after giving effect to such issuance after conversion as set forth on the applicable Notice of Conversion, the Holder (together with the Holder's affiliates, and any other Persons "acting jointly or in concert" with the Holder or any of the Holder's affiliates (such Persons, "**Attribution Parties**")), would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing, "acting jointly or in concert" shall be determined in accordance with NI 62-104, including Section 1.9 of NI 62-104. For purposes of the foregoing sentence, the number of shares of Common Shares beneficially owned by the Holder and its affiliates and Attribution Parties shall include the number of shares of Common Shares issuable upon conversion of this Note with respect to which such determination is being made, but shall exclude the number of shares of Common Shares which would be issuable upon (i) conversion of the remaining, non-converted portion of this Note beneficially owned by the Holder or any of its affiliates or Attribution Parties and (ii) convert or conversion of the unconverted or non-converted portion of any other securities of the Borrower (including, without limitation, any other Common Shares equivalents) subject to a limitation on conversion or convert analogous to the limitation contained herein beneficially owned by the Holder or any of its affiliates or Attribution Parties. Except as set forth in the preceding sentence, for purposes of this Section, beneficial ownership shall be calculated in accordance with applicable regulatory definitions and the rules and regulations promulgated thereunder, it being acknowledged by the Holder that the Borrower is not representing to the Holder that such calculation is in compliance with Section 1.8(1) of NI 62-104 and the Holder is solely responsible for any filings required to be made in accordance therewith. To the extent that the limitation contained in this Section applies, the determination of whether this Note is exercisable (in relation to other securities owned by the Holder together with any affiliates and Attribution Parties) and of which portion of this Note is exercisable shall be in the sole discretion of the Holder, and the submission of a Notice of Conversion shall be deemed to be the Holder's determination of whether this Note is exercisable (in relation to other securities owned by the Holder together with any affiliates and Attribution Parties) and of which portion of this Note is exercisable, in each case subject to the Beneficial Ownership Limitation, and the Borrower shall have no obligation to verify or confirm the accuracy of such determination. The "**Beneficial Ownership Limitation**" shall be 19.99% of the number of shares of the Common Shares outstanding immediately after giving effect to the issuance of shares of Common Shares issuable upon conversion of this Note. The limitations contained in this paragraph shall apply to a successor holder of this Note. The Holder shall at all times be in compliance with Applicable Securities Laws and any filings required therein. The Holder shall consult with the Borrower as soon as practicable if there is any uncertainty regarding calculations relating to the Attribution Parties for purposes of this Note.

- 1.2 Reduction under Purchase Agreement. The Holder agrees and acknowledges that the unpaid principal balance of the Notes together with any accrued and unpaid interest (and the shares issuable upon exchange of this Note or previously issued upon exchange of the Notes) are subject to reduction if the Borrower and the Holder, mutually agree to reduce

the principal amount of the Note to offset any Adjustment (as defined in the Purchase Agreement) in favour of the Borrower pursuant to the terms of the Purchase Agreement.

1.3 Conversion Price. Subject to the adjustments described herein, the conversion price (the "Conversion Price") shall equal CAD \$0.05 per Common Share.

1.4 Authorized Shares. The Borrower covenants that during the period the conversion right exists, the Borrower will reserve from its authorized and unissued Common Shares a sufficient number of shares, to provide for the issuance of Common Shares upon the full conversion of this Note (the "**Reserved Amount**"). The Borrower represents that upon issuance, such shares will be duly and validly issued, fully paid and non-assessable. In addition, if the Borrower shall issue any securities or make any change to its capital structure which would change the number of shares of Common Shares into which the Notes shall be convertible at the then current Conversion Price, the Borrower shall at the same time make proper provision so that thereafter there shall be a sufficient number of shares of Common Shares authorized and reserved, free from preemptive rights, for conversion of the outstanding Notes. The Borrower (i) acknowledges that it has irrevocably instructed its transfer agent to issue certificates for the Common Shares issuable upon conversion of this Note, and (ii) agrees that its issuance of this Note shall constitute full authority to its officers and agents who are charged with the duty of executing share certificates to execute and issue the necessary certificates for shares of Common Shares in accordance with the terms and conditions of this Note.

1.5 Method of Conversion.

(a) Mechanics of Conversion. Subject to Section 1.1, this Note may be converted by the Holder in whole or in part at any time from time to time after the Issue Date, by (A) submitting to the Borrower a Notice of Conversion by facsimile, e-mail or other reasonable means of communication dispatched on the Conversion Date prior to 5:00 p.m. (Vancouver time) and subject to Section 1.5(b), surrendering this Note at the principal office of the Borrower.

(b) Surrender of Note Upon Conversion. Notwithstanding anything to the contrary set forth herein, upon conversion of this Note in accordance with the terms hereof, the Holder shall not be required to physically surrender this Note to the Borrower unless the entire unpaid principal amount of this Note is so converted, at which point this Note shall automatically terminate. The Holder and the Borrower shall maintain records showing the principal amount so converted and the dates of such conversions or shall use such other method, reasonably satisfactory to the Holder and the Borrower, so as not to require physical surrender of this Note upon each such conversion. In the event of any dispute or discrepancy, such records of the Borrower shall, *prima facie*, be controlling and determinative in the absence of manifest error. Notwithstanding the foregoing, if any portion of this Note is converted as aforesaid, the Holder may not transfer this Note unless the Holder first physically surrenders this Note to the Borrower, whereupon the Borrower will forthwith issue and deliver upon the order of the Holder a new Note of like tenor, registered as the Holder may request, representing in the aggregate the remaining

unpaid principal amount of this Note. The Holder and any assignee, by acceptance of this Note, acknowledge and agree that, by reason of the provisions of this paragraph, following conversion of a portion of this Note, the unpaid and unconverted principal amount of this Note represented by this Note may be less than the amount stated on the face hereof.

- (c) [reserved].
- (d) Delivery of Common Shares Upon Conversion. Upon receipt by the Borrower from the Holder of a facsimile transmission or e-mail (or other reasonable means of communication) of a Notice of Conversion meeting the requirements for conversion as provided in this Section 1.5, the Borrower shall use reasonable commercial efforts to issue and deliver or cause to be issued and delivered to or upon the order of the Holder certificates for the Common Shares issuable upon such conversion within ten (10) business days after such receipt (the "**Deadline**") (and, solely in the case of conversion of the entire unpaid principal amount hereof, surrender of this Note) in accordance with the terms hereof.
- (e) Obligation of the Borrower to Deliver Common Shares. Upon receipt by the Borrower of a Notice of Conversion in compliance with this Section 1.5, the Holder shall be deemed to be the holder of record of the Common Shares issuable upon such conversion, the outstanding principal amount and the amount of accrued and unpaid interest on this Note shall be reduced to reflect such conversion, and, unless the Borrower defaults on its obligations under this Article I, all rights with respect to the portion of this Note being so converted shall forthwith terminate except the right to receive the Common Shares or other securities, cash or other assets, as herein provided, on such conversion. If the Holder shall have given a Notice of Conversion as provided herein, the Borrower's obligation to issue and deliver the certificates for Common Shares shall be absolute and unconditional, irrespective of the absence of any action by the Holder to enforce the same, any waiver or consent with respect to any provision thereof, the recovery of any judgment against any person or any action to enforce the same, any failure or delay in the enforcement of any other obligation of the Borrower to the holder of record, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by the Holder of any obligation to the Borrower, and irrespective of any other circumstance which might otherwise limit such obligation of the Borrower to the Holder in connection with such conversion. The Conversion Date specified in the Notice of Conversion shall be the Conversion Date so long as the Notice of Conversion is received by the Borrower before 5:00 p.m. (Vancouver Time) on such date.
- (f) Delivery of Common Shares by Electronic Transfer. In lieu of delivering physical certificates representing the Common Shares issuable upon conversion, the Borrower shall issue the Common Shares by way of direct registration statement ("**DRS**") unless a physical share certificate is specifically requested by the Holder at time of Conversion.

- (g) Fractional Shares. Notwithstanding anything herein contained including any adjustment provided for in Section 1.7, the Borrower shall not be required, upon the exercise of any Notes, to issue fractions of Common Shares. Notes may only be exercised in a sufficient number to acquire whole numbers of Common Shares. Any fractional Common Shares issuable upon the exercise of any Note shall be rounded down to the nearest whole number and the holder of such Note shall not be entitled to any compensation in respect of any fractional Common Shares which are not issued.

1.6 Concerning the Shares.

Until such time as the Common Shares issuable upon conversion of this Note ("**Underlying Shares**") may be sold without any restriction as to the number of securities as of a particular date that can then be immediately sold, each certificate or DRS for Underlying Shares, shall bear a legend substantially in the following form, as appropriate:

**"UNLESS PERMITTED UNDER SECURITIES
LEGISLATION, THE HOLDER OF THIS SECURITY MUST
NOT TRADE THE SECURITY BEFORE JUNE [10], 2024."**

Until the expiry of the applicable hold period, the Underlying Shares cannot be traded through the facilities of the Canadian Securities Exchange or any other exchange on which the Common Shares may trade from time to time.

1.7 Effect of Certain Events.

- (a) Early Termination Fee. For purposes of this Note, "**Early Termination Fee**" shall mean, as of the date of the applicable event: (i) if none of the Note principal has been repaid, then the aggregate amount of the principal amount of the Note plus \$2,550,000 less any paid interest; and (ii) if the Note principal has already been partially repaid or the repayment is to be partial principal only, then the aggregate amount of the remaining unpaid principal amount of the Note (or proposed portion of principal to be repaid), together with \$2,550,000 less any paid interest on the Note up to the date that such Early Termination Fee is paid.
- (b) Holder's Election Right. For purposes of this Note, "**Holder's Election Right**" means, the right of the Holder to elect to convert all or any part of the remaining unpaid Principal on the Note into Common Shares at the Conversion Price (or such lesser amount of Principal as may be agreed in writing by the Borrower) (the "**Convertible Amount**"), immediately prior to the closing of any asset sale described in Section 1.7(c), immediately prior to the closing of any merger, amalgamation, or other event described in Section 1.7(d), or within the time period specified below in respect of a take-over event described in Section 1.7(d), instead of receiving such amount in cash. Subject to Section 1.7(d), to exercise the Holder's Election Right in respect of Section 1.7(c) or 1.7(d), the Holder must provide written notice to the Borrower at least thirty (30) days prior to the closing date of any event described in this Section 1.7. To exercise the Holder's Election Right in

respect of Section 1.7(e), the Holder must provide written notice to the Borrower by the date that is fourteen (14) days following the occurrence of the take-over event. If the Holder's Election Right is duly exercised, then: (i) the Holder's right to receive the securities issuable in exchange for the Common Shares shall be governed by Section 1.7(i) below, if applicable; (ii) the Common Shares issuable upon the exercise of the Holder's Election Right shall be issued and delivered to the Holder concurrently with the closing of the asset sale described in Section 1.7(c) below or reorganization described in Section 1.7(d) below; and (iii) the Common Shares issuable upon the exercise of the Holder's Election Right in respect of a Change of Control described in Section 1.7(e) below, shall be issued and delivered to the Holder by the date that is no more than twenty-one (21) days following the occurrence of the take-over event.. Unless the Holder's Election Right is exercised within the timeline above, all of the Early Termination Fee shall not be convertible, but shall instead be paid in cash.

- (c) Effect of Asset Sale. The sale, conveyance or disposition of all or substantially all of the assets of the Borrower or any of its direct or indirect subsidiaries shall be deemed to be an Event of Default (as defined in Article III), and subject to the exercise by the Holder of the Holder's Election Right, the Borrower shall be required to pay to the Holder the portion of the Early Termination Fee that is not the Convertible Amount, in cash. "**Person**" shall mean any individual, corporation, limited liability company, partnership, association, trust or other entity or organization.
- (d) Effect of Merger, Consolidation, Etc. If, at any time when this Note is issued and outstanding and prior to conversion of all of the Notes, there shall be any merger, amalgamation, exchange of shares, reorganization, or other similar event, as a result of which shares of Common Shares shall be changed into the same or a different number of shares of another class or classes of shares or securities of the Borrower or another entity, or the effectuation by the Borrower of a transaction or series of related transactions in which more than 50% of the voting power of shares of Common Shares is disposed of, then, subject to the exercise by the Holder of the Holder's Election Right, the Borrower shall be required to pay to the Holder upon the consummation of and as a condition to such transaction an aggregate amount equal to the portion of the Early Termination Fee, that is not the Convertible Amount, in cash.

The Borrower shall not affect any transaction described in Section 1.7(c) or (d) unless (x) it first gives, to the extent practicable, fifteen (15) days prior written notice (but in any event at least five (5) days prior written notice) of the record date of the special meeting of shareholders to approve, or if there is no such record date, thirty-five (35) days prior written notice of the consummation of, such merger, amalgamation, exchange of shares, reorganization or other similar event or sale of assets; and (y) the resulting successor or acquiring entity (if not the Borrower) assumes by written instrument the obligations of this Note, if any. The above provisions shall similarly apply to successive mergers, amalgamations, exchange of shares, reorganizations or similar events.

- (e) Effect of Take-Over. If, at any time when this Note is issued and outstanding and prior to conversion of all of the Notes, a Third Party Person (or two or more Third Party Persons), acquires beneficial ownership of Common Shares, which, together with such Person's then-owned Common Shares, other interests or rights to acquire Common Shares, if any, result in that Person or Persons being in a position to exercise effective control of the Borrower which, for the purpose of this definition, shall be deemed to be any Person or group of Persons holding, owning or controlling, directly or indirectly, more than 50% of the Common Shares ("**Change of Control**"), then, the Borrower shall, subject to the exercise by the Holder of the Holder's Election Right, be required to pay to the Holder an aggregate amount equal to the portion of the Early Termination Fee, that is not the Convertible Amount, in cash, by the date that is no more than twenty-one (21) days following the occurrence of the take-over event.

For purposes of this Section 1.7(d), "**Third Party Person**" means any Person that is not:

- (i) the Holder;
 - (ii) any current director, current officer, or current employee of the Borrower (as determined in accordance with the *Securities Act* (British Columbia));
 - (iii) any current or former "insider" of the Holder (as of the relevant time);
 - (iv) any affiliate of (i), (ii) or (iii) above (as determined in accordance with the *Securities Act* (British Columbia)); or
 - (v) any Person "acting jointly or in concert" with any person in (i), (ii), (iii) or (iv) above, as determined in accordance with NI 62-104, including Section 1.9 of NI 62-104.
- (f) Adjustment Due to Distribution. If the Borrower shall declare or make any distribution of its assets (or rights to acquire its assets) to holders of Common Shares as a dividend, share repurchase, by way of return of capital or otherwise (including any dividend or distribution to the Borrower's shareholders in cash or shares (or rights to acquire shares) of capital shares of a subsidiary (i.e., a spin-off)) (a "**Distribution**"), then the Holder of this Note shall be entitled, upon any conversion of this Note after the date of record for determining shareholders entitled to such Distribution, to receive the amount of such assets which would have been payable to the Holder with respect to the shares of Common Shares issuable upon such conversion had such Holder been the holder of such shares of Common Shares on the record date for the determination of shareholders entitled to such Distribution.
- (g) Purchase Rights. If, at any time when the Note is issued and outstanding, the Borrower issues any convertible securities or rights to purchase shares, warrants, securities or other property (the "**Purchase Rights**") pro rata to the record holders of any class of Common Shares, then the Holder of this Note will be entitled to

acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which such Holder could have acquired if such Holder had held the number of shares of Common Shares acquirable upon complete conversion of this Note (without regard to any limitations on conversion contained herein) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights or, if no such record is taken, the date as of which the record holders of Common Shares are to be determined for the grant, issue or sale of such Purchase Rights.

(h) Participation Rights.

(i) Definitions:

(1) "**Convertible Security**" means any security that is convertible into, exchangeable for, or exercisable to acquire Common Shares; and

(2) "**Percentage of Outstanding Shares**" means at any time, the aggregate interest of the Holder calculated as that fraction, expressed as a percentage, (i) the numerator of which shall be the aggregate number of Common Shares beneficially owned by the Holder at the time of the calculation plus the number of Common Shares issuable upon conversion, exercise or exchange of any Convertible Securities beneficially owned by the Holder at the time of calculation; and (ii) the denominator of which shall be the aggregate number of Common Shares issued and outstanding at the time of the calculation plus the number of Common Shares issuable upon conversion, exercise or exchange of any Convertible Securities beneficially owned by the Holder at the time of calculation;

(ii) For so long as the Holder holds a Percentage of Outstanding Shares not less than 10%, if the Borrower proposes to, or reasonably anticipates that it will, issue any Common Shares or Convertible Securities for cash consideration (the "**Offered Securities**"), the Borrower will promptly offer (the "**Offer**") the Holder the opportunity to participate in such issuance and subscribe for and acquire that number of Common Shares or Convertible Securities necessary in amount to maintain the Holder's Percentage of Outstanding Shares at the time or any such lesser amount as the Holder may elect to subscribe for, all on the same terms and conditions including terms as to transaction completion timing and subscription price as determined by the Borrower's board of directors with respect to such issuance. The Offer shall also include the timing by which the Holder must either accept or decline the Offer and such timing shall be such as to allow the contemplated transaction to close in the ordinary course but shall not be less than five (5) Business Days, provided that: (i) in the case of a short form prospectus offering of Offered Securities, the Holder shall have not less than one (1) clear Business Day to accept or reject such Offer; and (ii) such timing may be less than five (5) Business Days where the board of directors of the

Borrower determines that a particular transaction requires a shorter period of notice.

- (iii) Any Offer must be in writing and must contain: (i) the number of Offered Securities proposed to be issued, (ii) a description of the terms and conditions relating to the Offered Securities, (iii) the subscription price per security at which the Offered Securities are proposed to be offered or if not known the Borrower's best estimate of the price (which may be satisfied by an estimated discount to the applicable market price) and (iv) the estimated date on which the purchase of Offered Securities by the Holder is to be completed (which shall be the same date as the date of completion of the sale of the balance of Offered Securities and shall be at least 10 Business Days following the date of the Offer and not more than 120 days following the date of the Offer) and will state that the Holder may subscribe for Offered Securities only by giving written notice of the exercise of the subscription right to the Borrower within the timing contemplated above, specifying the number of Common Shares or Convertible Securities that it wishes to subscribe for.
- (iv) If the Holder does not exercise its subscription right within the applicable period provided for in the Offer, the Borrower may proceed with the offer of such unsubscribed Common Shares or Convertible Securities within the timing contemplated above to any Person, provided the price at which such Common Shares or Convertible Securities are issued is not less than the subscription price offered to the Holder and the terms of payment for such Common Shares or Convertible Securities are not more favourable to such Person than the terms of payment offered to the Holder.
- (v) The Borrower will be entitled to issue Common Shares or Convertible Securities without complying with the foregoing provisions of this Section 1.7(g) when such Common Shares, and/or Convertible Securities are being issued: (i) to all holders of Common Shares as a stock dividend or dividend-in-kind or other pro-rata distribution (including as a result of a consolidation or subdivision of any securities of the Borrower); (ii) to employees, officers, directors or consultants of the Borrower pursuant to any compensation plan approved by the Borrower's board of directors; (iii) in connection with any dividend reinvestment, stock dividend or similar plan; (iv) on the conversion, exercise or exchange of any Convertible Security in accordance with its terms; or (v) as consideration for any bona fide merger, business combination, tender offer, exchange offer, take-over bid, arrangement asset purchase transaction or other acquisition of assets or shares of a third party.
- (vi) The Borrower shall use its best efforts to obtain all approvals or consents as are required to permit the Holder to exercise its rights under and to complete any transaction contemplated by this Section 1.7(g), including those of any stock exchange having jurisdiction.

(vii) The Holder's failure to exercise its participation or subscription rights in respect of any particular issuance of Offered Securities shall not adversely affect the Holder's participation or subscription rights in respect of any subsequent issuance of Offered Securities.

(i) Reclassifications.

(i) In the event of any reclassification, change, subdivision or redivision of the issued Common Shares at any time prior to the Maturity Date into a greater number of Common Shares, the Holder shall be entitled to receive, and shall accept, in lieu of the number of Common Shares to which the Holder was theretofore entitled upon exchange of the Note, the kind and amount of shares and other securities or property which the Holder would have been entitled to receive as a result of such reclassification, change, subdivision, or redivision if, on the effective date thereof, the Holder had been the registered holder of the number of Common Shares to which the Holder was theretofore entitled upon exchange of the Note.

(ii) In the event of any reclassification, change or consolidation in the Common Shares at any time prior to the Maturity Date into a lesser number of Common Shares, the Holder shall be entitled to receive, and shall accept, in lieu of the number of Common Shares to which the Holder was theretofore entitled upon exchange of the Note, the kind and amount of shares and other securities or property which the Holder would have been entitled to receive as a result of such reclassification, change or consolidation if, on the effective date thereof, the Holder had been the registered holder of the number of Common Shares to which the Holder was theretofore entitled upon exchange of the Note.

(j) Notice of Adjustments. Upon the occurrence of each adjustment or readjustment of the Conversion Price as a result of the events described in this Section 1.7, the Borrower, at its expense, shall promptly, but no later than 10 business days after such adjustment or readjustment becomes effective, compute such adjustment or readjustment and prepare and furnish to the Holder a notice setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Borrower shall, upon the written request at any time of the Holder, furnish to such Holder a like certificate setting forth (i) such adjustment or readjustment, (ii) the Conversion Price at the time in effect and (iii) the number of shares of Common Shares and the amount, if any, of other securities or property which at the time would be received upon conversion of the Note. Notwithstanding the foregoing, the Holder shall be required to return to the Borrower the original Note prior to being issued any replacement certificate.

1.8 Status as Shareholder. Ten business days following the submission of a Notice of Conversion by a Holder, (i) the shares covered thereby (other than the shares, if any, which cannot be issued because their issuance would exceed such Holder's allocated portion of the Reserved Amount or Maximum Share Amount) shall be deemed converted into shares

of Common Shares and (ii) the Holder's rights as a Holder of such converted portion of this Note shall cease and terminate, excepting only the right to receive certificates for such shares of Common Shares and to any remedies provided herein or otherwise available at law or in equity to such Holder because of a failure by the Borrower to comply with the terms of this Note. Notwithstanding the foregoing, if a Holder has not received certificates for all shares of Common Shares prior to the fifteenth (15th) business day after the expiration of the Deadline with respect to a conversion of any portion of this Note for any reason, then (unless the Holder otherwise elects to retain its status as a holder of Common Shares by so notifying the Borrower) the Holder shall regain the rights of a Holder of this Note with respect to such unconverted portions of this Note and the Borrower shall, as soon as practicable, return such unconverted Note to the Holder or, if the Note has not been surrendered, adjust its records to reflect that such portion of this Note has not been converted. In all cases, Holder shall retain all of its rights and remedies for the Borrower's failure to convert this Note.

- 1.9 Security. As continuing security for the due and timely payment by the Borrower of the remaining Principal due under this Note, together with accrued Interest under this Note (if any), the Borrower has granted a 1st registered mortgage charge in favour of the Holder of this Note, over the land, buildings located at [Address redacted] Midway, BC, V0H 1M0 ([Property ID] redacted (the "**Secured Property**")), and a priority charge with the Personal Property Registry over certain assets described in the Purchase Agreement. The Holder acknowledges that the Borrower may grant additional mortgages against the Secured Property in respect of additional convertible notes in an aggregate amount up to \$2,500,000, provided: (i) such granted security and obligations of the Borrower are subordinated in priority to the security granted to the Holder hereunder and the obligation of the Borrower to repay the Principal to the Holder under this Note; (ii) the additional convertible notes of the Borrower are issued by no later than June 30, 2024 and will be issued substantially in such form as previously disclosed to the initial Holder; and (iii) the additional convertible notes are in a form substantially similar to this Note, and for certainty, have an identical conversion price to the Conversion Price of this Note (accounting for any Reclassification undertaken in accordance with Section 1.7(h) hereof, if undertaken prior to the issuance of the additional convertible notes).
- 1.10 Prepayment. Subject to section 1.7(a), (b) and (c), this Note may be prepaid in whole or in part at any time, provided, that the Borrower shall pay the Early Termination Fee and provide Holder with two (2) days' advance notice of its intent to prepay this Note (the "Prepayment Notice"), during which time Holder may convert this Note or any portion of this Note of the outstanding and unpaid principal. The portion of the Early Termination Fee, that is not the Convertible Amount, shall be paid by the Borrower in cash.
- 1.11 Delivery of Security. The Borrower covenants and agrees to deliver to the Holder within ten (10) days of the issue date, the mortgage and personal property security registrations

from the Borrower to and in favour of the Holder under which the Borrower shall grant the Security described in Section 1.9 above.

ARTICLE II CERTAIN COVENANTS

- 2.1 Preservation of Existence, etc. The Borrower shall maintain and preserve, and cause each of its direct or indirect subsidiaries to maintain and preserve, its existence, rights and privileges, and become or remain, and cause each of its direct or indirect subsidiaries (other than dormant subsidiaries that have no or minimum assets) to become or remain, duly qualified and in good standing in each jurisdiction in which the character of the properties owned or leased by it or in which the transaction of its business makes such qualification necessary.
- 2.2 Non-circumvention. The Borrower hereby covenants and agrees that the Borrower will not, by amendment of its certificate of incorporation, notice of articles or articles, or through any reorganization, transfer of assets, consolidation, merger, amalgamation, scheme of arrangement, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Note, and will at all times in good faith carry out all the provisions of this Note and take all action as may be required to protect the rights of the Holder.
- 2.3 Expenses. Each party shall be responsible for their own expenses.

ARTICLE III EVENTS OF DEFAULT

If any of the following events of default (each, an "**Event of Default**") shall occur:

- 3.1 Failure to Pay Principal or Interest. The Borrower fails to pay the principal hereof or interest thereon when due on this Note, whether at maturity, upon acceleration or otherwise.
- 3.2 Conversion and the Shares. the Borrower (i) fails to issue shares of Common Shares to the Holder (or announces or threatens in writing that it will not honor its obligation to do so) upon exercise by the Holder of the conversion rights of the Holder in accordance with the terms of this Note, (ii) fails to transfer or cause its transfer agent to transfer (issue) (electronically or in certificated form) any certificate for shares of Common Shares issued to the Holder upon conversion of or otherwise pursuant to this Note as and when required by this Note, (iii) directs its transfer agent not to transfer or delays, impairs, and/or hinders its transfer agent in transferring (or issuing) (electronically or in certificated form) any certificate for shares of Common Shares to be issued to the Holder upon conversion of or otherwise pursuant to this Note as and when required by this Note, and/or (iv) fails to

reserve sufficient amount of shares of Common Shares to satisfy the Reserved Amount at all times.

- 3.3 Breach of Covenants. The Borrower breaches any material covenant or other material term or condition contained in this Note and such breach continues for a period of fifteen (15) days after written notice thereof to the Borrower from the Holder.
- 3.4 Breach of Representations and Warranties. Any representation or warranty of the Borrower made herein shall be false or misleading in any material respect when made and the breach of which has (or with the passage of time will have) a material adverse effect on the rights of the Holder with respect to this Note.
- 3.5 Receiver or Trustee. If the Borrower shall apply for, consent to or acquiesce in the appointment of a trustee, receiver, or other custodian for the Borrower or for a substantial part of the property thereof, or make a general assignment for the benefit of creditors.
- 3.6 Bankruptcy. Bankruptcy, insolvency, reorganization or liquidation proceedings or other proceedings, voluntary or involuntary, for relief under any bankruptcy law or any law for the relief of debtors shall be instituted by or against the Borrower or any direct or indirect subsidiary of the Borrower, or have filed against it an involuntary petition for bankruptcy relief, all under federal, provincial or state laws as applicable, or have filed against it an involuntary petition for bankruptcy relief, all under international, federal or state laws as applicable and such action is not dismissed within forty five (45) days.
- 3.7 Merger. The Borrower completes a merger, amalgamation, exchange of shares, or other similar event, as a result of which the Common Shares as a class shall be changed into the same or a different number of shares of another class or classes of shares or securities of another entity, without the written consent of the Holder of this Note.
- 3.8 Delisting of Common Shares. The Borrower shall fail to maintain the listing of the Common Shares on the Canadian securities exchange ("CSE"), or an equivalent replacement exchange as determined by the board of directors of the Borrower.
- 3.9 Failure to Comply with the Securities Act; Reporting Issuer Status. The Borrower shall fail to use commercially reasonable efforts to comply with the reporting requirements under applicable securities laws and rules and policies (including but not limited to becoming delinquent in its filings); and/or the Borrower fails to use commercially reasonable efforts to maintain its status as a "reporting issuer" in British Columbia, not in default of any requirement of the applicable securities laws.
- 3.10 Liquidation. Any dissolution, liquidation, or winding up of the Borrower or any substantial portion of its business including its direct or indirect subsidiaries on an aggregate basis.
- 3.11 Cessation of Operations. Any permanent cessation of operations by the Borrower or the Borrower admits in writing it is otherwise generally unable to pay its debts as such debts become due, provided, however, that any disclosure of the Borrower or the Borrower's

ability to continue as a "going concern" shall not be an admission that the Borrower or Borrower cannot pay its debts as they become due.

- 3.12 Maintenance of Assets. The failure by the Borrower to maintain in any material respect any material intellectual property rights, personal, real property or other assets which are necessary to conduct its business (whether now or in the future), or any disposition or conveyance of any material asset of the Borrower or any of its director or indirect subsidiary outside the ordinary course of business.

From and after the date of this Note, an Event of Default shall not be deemed to have occurred unless and until the Holder has notified the Borrower in writing of such Event of Default and the Borrower has failed to cure such Event of Default or has failed to pay the Note in full, in either case, within fifteen (15) business days (or such longer period as may be provided in such Event of Default) after the Borrower receives such notice.

Upon the occurrence of any Event of Default, the Note shall become immediately due and payable (a) with respect to Events of Default other than those set forth in Section 3.6 above (but subject to Section 1.7(d)), upon Holder's delivery of written notice of acceleration to Borrower, and (b) with respect to an Event of Default under Section 3.6, automatically and without notice. In addition, Holder shall be entitled to all other remedies under law and equity, including those of a secured creditor.

ARTICLE IV MISCELLANEOUS

- 4.1 Failure or Indulgence Not Waiver. No failure or delay on the part of the Holder in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privileges. All rights and remedies existing hereunder are cumulative to, and not exclusive of, any rights or remedies otherwise available.
- 4.2 Notices. All notices, demands, requests, consents, approvals, and other communications required or permitted hereunder shall be in writing and, unless otherwise specified herein, shall be (i) personally served, (ii) deposited in the mail, registered or certified, return receipt requested, postage prepaid, (iii) delivered by reputable air courier service with charges prepaid, or (iv) transmitted by hand delivery, telegram, electronic mail, or facsimile, addressed as set forth below or to such other address as such party shall have specified most recently by written notice. Any notice or other communication required or permitted to be given hereunder shall be deemed effective (a) upon hand delivery or delivery by electronic mail or facsimile, with accurate confirmation generated by the transmitting facsimile machine, at the address or number designated below (if delivered on a business day during normal business hours where such notice is to be received), or the first business day following such delivery (if delivered other than on a business day during normal business hours where such notice is to be received) or (b) on the second business day following the date of mailing by express courier service, fully prepaid, addressed to such

address, or upon actual receipt of such mailing, whichever shall first occur. The addresses for such communications shall be:

If to the Borrower, to:

Christina Lake Cannabis Corp.
1890-1075 West Georgia Street
Vancouver, BC, V6E 3C9

Attn: Chief Executive Officer

Email: mark@clccannabis.com

With a copy to (which copy shall not constitute notice):

DS Lawyers Canada LLP
800, 333 – 7th Ave S.W.
Calgary, AB, T2P 2Z1

Attn: Adil Hirji

Email: ahirji@dsavocats.ca

If to the Holder:

[Name Redacted]

[Address Redacted]

Attn: **[Redacted]**

Email: **[Redacted]**

- 4.3 Amendments. This Note and any provision hereof may only be amended by an instrument in writing signed by the Borrower and the Holder. The term "Note" and all reference thereto, as used throughout this instrument, shall mean this instrument as originally executed, or if later amended or supplemented, then as so amended or supplemented.
- 4.4 Assignability. This Note shall be binding upon the Borrower and its successors and assigns, and shall inure to be the benefit of the Holder and its successors and assigns. Borrower shall not assign this Note or any rights or obligations hereunder without the prior written consent of Holder. Holder shall not assign this Note or any rights or obligations hereunder without the prior written consent of Borrower.
- 4.5 Transfers. Except as otherwise set forth expressly in this Note, this Note is non-transferable except with the written consent of the Borrower.
- 4.6 Governing Law. This Note shall be governed by and construed in accordance with the laws of the Province of British Columbia without regard to principles of conflicts of laws. Any action brought by either party against the other concerning the transactions contemplated by this Note shall be brought only in the courts of British Columbia located in Vancouver, British Columbia. The parties to this Note hereby irrevocably waive any objection to jurisdiction and venue of any action instituted hereunder and shall not assert any defense

based on lack of jurisdiction or venue or based upon *forum non conveniens*. Each party hereby irrevocably waives personal service of process and consents to process being served in any suit, action or proceeding in connection with this Note by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Note and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law.

- 4.7 Notice of Corporate Events. Except as otherwise provided below, the Holder of this Note shall have no rights as a Holder of Common Shares unless and only to the extent that it converts this Note into Common Shares. The Borrower shall provide the Holder with prior notification of any meeting of the Borrower's shareholders (and copies of proxy materials and other information sent to shareholders). In the event of any taking by the Borrower of a record of its shareholders for the purpose of determining shareholders who are entitled to receive payment of any dividend or other distribution, any right to subscribe for, purchase or otherwise acquire (including by way of merger, consolidation, reclassification or recapitalization) any share of any class or any other securities or property, or to receive any other right, or for the purpose of determining shareholders who are entitled to vote in connection with any proposed sale, lease or conveyance of all or substantially all of the assets of the Borrower or any proposed liquidation, dissolution or winding up of the Borrower, the Borrower shall mail a notice to the Holder, at least five (5) days prior to the record date specified therein (or ten (10) days prior to the consummation of the transaction or event, whichever is earlier), of the date on which any such record is to be taken for the purpose of such dividend, distribution, right or other event, and a brief statement regarding the amount and character of such dividend, distribution, right or other event to the extent known at such time. In the event the Borrower makes a public announcement of an event requiring notification hereunder, such public announcement shall be deemed to provide notice to the Holder hereunder.
- 4.8 Severability. In the event that any provision of this Note is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any provision hereof which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision hereof.
- 4.9 Waiver. The Holder shall not, by any act, delay, omission or otherwise, be deemed to have expressly or impliedly waived any of its rights, powers and/or remedies unless such waiver shall be in writing and executed by an authorized officer of the Holder. Any such waiver shall be enforceable only to the extent specifically set forth therein. A waiver by the Holder of any right, power and/or remedy on any one occasion shall not be construed as a bar to or waiver of any such right, power and/or remedy which the Holder would otherwise have on any future occasion, whether similar in kind or otherwise.

IN WITNESS WHEREOF, Borrower has caused this Note to be signed in its name by its duly authorized officer as of the date first above written.

CHRISTINA LAKE CANNABIS CORP.

By: _____
Name: **Mark Aiken**
Title: **Chief Executive Officer**

**EXHIBIT A
NOTICE OF CONVERSION**

The undersigned hereby elects to convert \$ _____ principal amount of the Note (defined below) [together with \$ _____ of accrued and unpaid interest thereto, totaling \$ _____] into that number of shares of Common Shares to be issued pursuant to the conversion of the Note ("**Common Shares**") as set forth below, of Christina Lake Cannabis Corp., a corporation formed under the laws of British Columbia (the "**Company**"), according to the conditions of the convertible note of the Borrower dated as of February 9, 2024 (the "**Note**"), as of the date written below. No fee will be charged to the Holder by the Company for any conversion, except for transfer taxes, if any.

The undersigned hereby requests that Company issue a DRS for the number of shares of Common Shares set forth below (which numbers are based on the Holder's calculation attached hereto) in the name(s) specified immediately below or, if additional space is necessary, on an attachment hereto:

Name: **[Name Redacted]**
Address: **[Address Redacted]**

Date of Conversion:	_____
Applicable Conversion Price:	\$ _____
Number of Common Shares to be Issued Pursuant to Conversion of the Note:	_____
Amount of Principal Balance due remaining Under the Note after this conversion:	_____
Accrued and unpaid interest remaining:	_____

[NAME REDACTED]

By: _____
Name:
Title:
Date: