

**LOAN AGREEMENT**

**THIS AGREEMENT** is made as of the 23<sup>rd</sup> day of December, 2019,

**B E T W E E N:**

The Green Organic Dutchman Holdings Ltd., a corporation governed by the laws of Canada (“**TGOD Holdings**”);

- and -

The Green Organic Dutchman Ltd., a corporation governed by the laws of Canada (“**TGOD**”);

- and -

Médican Biologique Inc./Medican Organic Inc., a corporation governed by the laws of the Province of Quebec (“**Medican Organic**”);

- and -

9371-8633 Quebec Inc., a corporation governed by the laws of the Province of Quebec (“**9371 Qc**” and, collectively with TGOD Holdings, TGOD and Medican Organic, the “**Borrowers**”)

- and -

Maynbridge Capital Inc., a corporation governed by the laws of the Province of British Columbia (the “**Lender**”);

- and -

Each of the **Guarantors** (as defined below) party hereto;

**RECITALS:**

- A. The Borrowers have requested the Lender to make available the Loan for the purposes set out herein.
- B. The Lender has agreed to provide the Loan to the Borrowers on the terms and conditions set out herein.
- C. Each of the Guarantors has agreed to guarantee the obligations of the Borrowers hereunder.

**NOW THEREFORE THIS AGREEMENT WITNESSES** that, in consideration of the covenants and agreements herein contained, the parties hereto agree as follows:

# 1. INTERPRETATION

## 1.1 Definitions

For the purposes of this Agreement:

“**Affiliate**” means, in respect of any Person, any other Person which, directly or indirectly, Controls or is Controlled by or is under common Control with such Person.

“**Agreement**” means this agreement and all schedules attached to this agreement, in each case as they may be amended or supplemented from time to time;

“**AML Legislation**” means the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) and other applicable anti-money laundering, anti-terrorist financing, government sanction and “know your client” Applicable Laws, whether within Canada or, to the extent applicable to the Borrowers or any Guarantor, elsewhere, including any regulations, guidelines or orders thereunder;

“**Anti-Corruption Laws**” means the *Corruption of Foreign Public Officials Act* (Canada) and all other laws, rules, and regulations of any jurisdiction applicable to the Borrowers or any Obligor from time to time concerning or relating to bribery or corruption;

“**Applicable Law**” means, in respect of any Person, property, transaction or event, all applicable laws, statutes, rules, by-laws and regulations, and all applicable official directives, orders, judgments and decrees of Governmental Bodies;

“**Arrangement Fee**” has the meaning given to that term in Section 3.5;

“**Authorization**” means any authorization, approval, decree, consent, certificate, exemption, license, lease, grant, permit, franchise, right, privilege or no-action letter from any Governmental Body having jurisdiction with respect to any specified Person, property, transaction or event, or with respect to any of such Person’s property or business and affairs (including any zoning approval, development permit or building permit).

“**Blocked Account Agreement**” means a deposit account control agreement in form and content satisfactory to the Lender, between the Lender, the relevant Obligor, and the financial institution at which the relevant Deposit Accounts are held;

“**Borrower’s Account**” means the account of Holdings at Bank of Montreal, 100 King St. West, Toronto, ON, having account number 8763704;

“**Borrowers**” means, collectively, The Green Organic Dutchman Holdings Ltd., a Canadian corporation, The Green Organic Dutchman Ltd., a Canadian corporation, Medican Organic Inc., a Québec corporation, 9371-8633 Quebec Inc., a Québec corporation,, and their respective successors;

“**Business Day**” means any day other than Saturday, Sunday on which banks are generally open for business in the Province of Ontario and the Province of Quebec;

“**Cannabis**” means:

- (i) any plant or seed, whether live or dead, from any species or subspecies of genus Cannabis, including Cannabis sativa, Cannabis indica and Cannabis ruderalis, Marijuana and Industrial

Hemp and any part, whether live or dead, of the plant or seed thereof, including any stalk, branch, root, leaf, flower, or trichome;

(ii) any material obtained, extracted, isolated, or purified from the plant or seed or the parts contemplated by clause (i) of this definition, including any oil, cannabinoid, terpene, genetic material or any combination thereof;

(iii) any organism engineered to biosynthetically produce the material contemplated by clause (ii) of this definition, including any micro-organism engineered for such purpose;

(iv) any biologically or chemically synthesized version of the material contemplated by clause (ii) of this definition or any analog thereof, including any product made by any organism contemplated by clause (iii) of this definition; and

(v) any other meaning ascribed to the term “cannabis” under Applicable Law, including the Cannabis Act, the *Controlled Drugs and Substances Act (Canada)* SC 1996 c. 19 and the *Controlled Substances Act (United States)*;

“**Cannabis Act**” means the *Cannabis Act*, SC 2018 c. 16, as amended or replaced from time to time;

“**Cannabis Activities**” means any activities (including advertising or promotional activities) relating to or in connection with the possession, exportation, importation, cultivation, production, processing purchase, distribution or sale of Cannabis products, whether such activities are for medical, scientific, recreational or any other purpose. Notwithstanding the foregoing, the acquisition of services, assets, undertaking or property to facilitate such activities which are acquired or used in accordance with Applicable Laws shall not constitute “Cannabis Activities”;

“**Cannabis Authorizations**” means, at any time, and in respect of any Obligor, all Authorizations which are required by such Obligor for the conduct of it of Medical Cannabis-Related Activities, or Non-Medical Cannabis-Related Activities, as the case may be. For the avoidance of doubt, each of the Health Canada Licenses shall constitute a Cannabis Authorization;

“**Cannabis Laws**” means the *Cannabis Act (Canada)*, the *Criminal Code (Canada)*, and any other law, statute, rule or regulation in Canada or any other applicable jurisdiction (including any province, territory or other sub-jurisdiction) relating in any way to the production, cultivation, possession, storage, transportation, distribution, sale or use of cannabis and related substances and products, and including all regulations, official directives, orders, judgments and decrees promulgated under any of the foregoing;

“**Cannabis Regulations**” means the regulations made from time to time under the Cannabis Act, the *Controlled Drugs and Substances Act (Canada)* SC 1996 c. 19 and any other statute with respect to Medical Cannabis-Related Activities, or Non-Medical Cannabis-Related Activities,;

“**Capital Expenditures**”, with respect to any Person, means, for any period, any expenditure made by such Person to maintain, acquire or construct capital assets, including the acquisition of fixed assets, including renewals, improvements and replacements;

“**Change of Control**” means:

(i) any Person or Persons (other than an Obligor) acting jointly or in concert (within the meaning of the *Securities Act (Ontario)* acquires, together with all other voting shares held by

such Person or Persons, beneficial ownership of over 50% of the outstanding voting shares of any of the Obligors or otherwise acquires power to elect a majority of the board of directors of any of the Obligors (a “**Board**”); or

(ii) the occupation of a majority of the seats (other than vacant seats) on a Board by Persons who were neither (a) nominated by the Board nor (b) appointed, approved or endorsed by members of the Board; or

(iii) any Subsidiary of a Borrower which is a Guarantor ceases to be a wholly-owned Subsidiary of such Borrower, whether directly or indirectly, except as otherwise permitted hereunder; or

(iv) the sale, transfer or other disposition of all or substantially all of the assets of any Obligor, to a Person other than another Obligor;

or an Obligor or any of its Subsidiaries, as applicable, takes any actions to effect any of the foregoing;

“**Closing Date**” means the date on which all of the conditions precedent in Section 8.1 are satisfied or waived;

“**Collateral**” means all presently owned and after-acquired real and personal property, assets and undertaking of the Obligors, including for certainty the Health Canada Licenses, other than the customary exclusions set out in the Security Documents;

“**Commitment Fee**” means a fee in the amount of \$[Redacted], of which \$[Redacted] has been paid by TGOD Holdings, on behalf of the Borrowers, to the Lender prior to the date hereof; [Redactions – fees]

“**Compliance Certificate**” means a certificate signed by the president or chief financial officer of TGOD Holdings substantially in the form attached hereto as Exhibit “A”.

“**Contaminant**” means any solid, liquid, gas, odour, heat, sound, vibration, radiation or combination of any of them that may: (i) impair the quality of the environment for any use that can be made of it, (ii) injure or damage property or plant or animal life, (iii) harm or materially discomfort any person, (iv) adversely affect the health of any individual, (v) impair the safety of any individual, (vi) render any property or plant or animal life unfit for use by man, (vii) cause loss of enjoyment of normal use of property, or (viii) interfere with the normal course of business, and includes any “contaminant” within the meaning assigned to such term in any Environmental Laws, and includes any substance regulated by Environmental Laws;

“**Construction Payables**” means any amounts owing to any Person, in principal, interest and any fees, with respect to goods sold, or services rendered to any Borrower in connection with the building, construction, renovation or improvement of either the Hamilton Project or the Valleyfield Project, regardless of whether such amounts give rise to a legal hypothec, construction or builders’ lien, or similar Lien, provided that Construction Payables shall not include any amounts for which a subordination agreement reasonably satisfactory to the Lender has been received by the Lender;

“**Control**” means, in respect of a particular Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ability to exercise voting power, by contract or otherwise. “**Controlling**” and “**Controlled**” have meanings correlative thereto;

“**Default**” means any event or condition which, upon notice, lapse of time, or both, would constitute an Event of Default;

“**Delayed Draw Charge**” has the meaning given in Section 3.4;

“**Deposit Account**” means any financial account, securities account, bank, deposit, or similar account in which cash or cash equivalents are deposited or held;

“**Draw Request**” means a request for an advance under the Loan on the form set out as Exhibit “B” hereto, signed by the Borrowers

“**EBITDA**” means, for any period, an amount equal to “Net Income” (as such term is defined in TGOD Holdings’ consolidated financial statements prepared in accordance with GAAP) for such period minus, to the extent included in such Net Income (but without duplication): (a) any non-cash income and gains; and (b) any extraordinary or non-recurring income and gains; plus, to the extent deducted from such Net Income (but without duplication): (c) Interest Expense; (d) income tax expense; (e) amounts attributable to depreciation and amortization; (f) any share-based compensation; (g) non- recurring cash expenses relating to the Transaction, and (h) non-cash, extraordinary or non-recurring losses, all determined on a Consolidated basis.

“**Environmental Laws**” means any Applicable Law relating to the environment, land use, occupational health and safety, health protection or any past, present or future activity, event or circumstance in respect of a Contaminant, including, without limitation, its storage, use, holding, collection, purchase, accumulation, assessment, generation, manufacture, construction, processing, treatment, stabilization, disposition, handling or transportation or its Release into the natural environment including the movement through or in the air, soil, subsoil, surface water or groundwater;

**[Redacted – commercially sensitive information]**

“**Event of Default**” has the meaning attributed to such term in Section 9.1;

“**Excluded Taxes**” means with respect to the Lender (a) Taxes measured by net income and franchise taxes imposed in lieu of net income taxes, in each case imposed (i) as a result of such Lender being organized under the laws of, or having its principal office or having its applicable lending office located in the jurisdiction imposing such tax (or any political subdivision thereof), or (ii) as a result of a present or former connection between the Lender and the jurisdiction of the Governmental Authority imposing such tax or any political subdivision or taxing authority thereof or therein (other than such connection arising solely from the Lender having executed, delivered or performed its obligations or received a payment under, or enforced, any Loan Document); and (b) any withholding Tax that is withheld or required to be withheld on amounts payable to or for the account of a Lender as a result of the Lender (i) not dealing at arm's length (within the meaning of the *Income Tax Act* (Canada)) with the Borrowers, or (ii) being a “specified non-resident shareholder” of the Borrowers or a non-resident person not dealing at arm's length with a “specified shareholder” of a Borrower, in each case within the meaning of the *Income Tax Act* (Canada);

“**GAAP**” means generally accepted accounting principles in effect from time to time in Canada and applied on a consistent basis;

**“Governmental Body”** means any domestic or foreign federal, provincial, territorial, regional, state, municipal or other government, governmental department, agency, authority or body (whether administrative, legislative, executive or otherwise), court, tribunal, commission or commissioner, bureau, minister or ministry, board or agency, or other regulatory authority, including any securities regulatory authorities or stock exchange;

**“Guarantee”** has the meaning given to it in Section 14.1.

**“Guarantors”** means all Subsidiaries of the Obligors (other than a Non-Material Subsidiary) including, The Green Organic Hemp Ltd., HemPoland s.p. z.o.o, and any other Person that from time to time provides in favour of the Lender a guarantee of the Obligations in form and substance satisfactory to the Lender, including by way of becoming a party hereto as a guarantor;

**“Hamilton Project”** means as the context may require, either (i) the development, construction and operation of the Cannabis cultivation facility located near Ancaster, Ontario, known as 1915 Jerseyville Road West, Jerseyville, ON L0R 1R0, or (ii) the facility itself;

**“Health Canada Licenses”** means, in respect of any Obligor, all Material Authorizations of such Obligor which are both related to the Cannabis Activities of such Obligor and issued by Health Canada, including Material Authorizations to plant, grow, cultivate, extract, produce, process, store, destroy, sell, provide, ship, deliver, transport and/or distribute cannabis under Applicable Law, including without limitation License Nos. LIC-CJMMLU7IJN-2019, LIC-NIHQWUXTUS-2019, LIC-QBWAEEME64-2018, LIC-QBWAEEME64-2018-2, and LIC-NM7TA6CIJ3-2019;

**“Indemnified Parties”** refers collectively to the Lender, its affiliates as well as its directors, officers, employees, representatives and agents and **“Indemnified Party”** refers to any one thereof;

**“Indemnified Taxes”** means all Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Obligor under any Loan Document

**“Interest Payment Date”** has the meaning given to it in Section 3.1;

**“Interest Period”** means the period commencing on the date of this Agreement, to the next Monthly Date, and thereafter, each period from each Monthly Date, to the earlier of (x) the next Monthly Date and (y) the Maturity Date; provided, however, if an Interest Period would otherwise expire on a day that is not a Business Day, such Interest Period shall expire on the next succeeding Business Day;

**“Interest Rate”** means [Redacted – interest rate]% per annum;

**“Lender”** means Maynbridge Capital Inc. and its successors and assigns;

**“License Impairment”** means any (i) termination, suspension, revocation or non-renewal of any Health Canada License held by the Obligors, or (ii) the imposition by way of sanction or punishment of any geographical or quantitative limitation, material fine or other material impairment in respect of any Health Canada License held by the Obligors, provided that in respect of sub clause (i) above, where in the opinion of the Lender, acting reasonably, a suspension of a Health Canada License is administrative in nature, is capable of being rectified (and the Obligors are diligently working toward rectification) or otherwise not material, such suspension shall not constitute a License Impairment;

**“Lien”** means any lien, pledge, assignment, charge, security interest, hypothec, levy, execution, seizure, attachment, garnishment or other similar encumbrance;

“**Loan**” has the meaning given to it in Section 2.1;

“**Loan Documents**” means this Agreement, the Security Documents, and any other agreements executed and delivered from time to time (both before and after the date of this Agreement) to the Lender by the Obligors in connection with this Agreement, in each case as amended, restated or replaced from time to time;

“**Loan Increase**” has the meaning given to it in Section 2.9.1;

“**Loan Increase Date**” has the meaning given to it in Section 2.9.3;

“**Loan Increase Milestones**” means the satisfaction of each of (a), (b), and (c): (a) TGOD Holdings having a minimum cumulative EBITDA in any of the following periods: (i) \$[Redacted], for the 6 month period ended September 30<sup>th</sup>, 2020; (ii) \$[Redacted], for the 6 month period ended October 31<sup>st</sup> 2020; (iii) \$[Redacted], for the 6 month period ended November 30<sup>th</sup> 2020; or (iv) \$[Redacted], for the 6 month period ended December 31<sup>st</sup> 2020; (b) TGOD Holdings having a minimum cumulative Net Sales in any of the following periods of (i) \$[Redacted], for the 6 month period ended September 30<sup>th</sup>, 2020; (ii) \$[Redacted], for the 6 month period ended October 31<sup>st</sup> 2020; (iii) \$[Redacted], for the 6 month period ended November 30<sup>th</sup>, 2020; or (iv) \$[Redacted], for the 6 month period ended December 31<sup>st</sup>, 2020; and (c) TGOD Holdings having expended a maximum of \$[Redacted] in Capital Expenditures, between December 1, 2019 and September 30, 2020, in each case, calculated on a consolidated basis; [Redactions – EBITDA, net sales, and capex targets]

“**Loan Renewal**” has the meaning attributed thereto in Section 2.10.1;

“**Material Authorization**” means the Health Canada Licenses and any other authorization, approval, consent, exemption, license, grant, permit, franchise, right, privilege or no-action letter from any Governmental Body having jurisdiction with respect to any specified Person, property, transaction or event, or with respect to any of such Person’s property or business and affairs (including any zoning approval, development permit or building permit), the failure of which to be obtained or held would prohibit or reasonably be expected to materially and adversely affect the ability of the Borrowers and Guarantors to conduct their business as presently conducted and planned to be conducted. Without limiting the generality of the foregoing, any Cannabis Authorization is a Material Authorization

“**Material Contract**” means any contract or agreement of an Obligor (i) which involves potential revenue or expenditure in excess of \$500,000 in any fiscal year, or (ii) the loss, termination or non-renewal of which would reasonably be expected to result in a Material Adverse Effect, including without limitation any agreement between an Obligor and any other Person for the supply of Cannabis;

“**Material Adverse Effect**” means a material adverse effect upon (i) the financial condition, assets, business, future prospects or operations of the Obligors, taken as a whole, (ii) their ability to perform their obligations under this Agreement or any Security Document, (iii) the Collateral, or (iv) any Health Canada License held by any Obligor or an Obligor’s ability to retain, utilize, exploit or comply with its obligations under, any Health Canada License held by such Obligors;

“**Maturity Date**” means June 21, 2021, as may be extended pursuant to Section 2.10;

“**Medical Cannabis Qualified Jurisdiction**” means any country (i) approved in writing by the Lender in its discretion, and (ii) in which it is legal in all political subdivisions therein (including for

greater certainty on a federal, state and municipal basis) to undertake Medical Cannabis-Related Activities as confirmed by a legal opinion provided by the Borrowers' counsel in such jurisdiction in form and substance satisfactory to the Lender. The Lender may in its discretion from time to time (i) upon receipt of a written request by the Borrowers, designate any jurisdiction a Medical Cannabis Qualified Jurisdiction provided that all above criteria set have been satisfied; and (ii) revoke the designation of any jurisdiction as a Medical Cannabis Qualified Jurisdiction by written notice to the Borrowers designation of any jurisdiction as a Medical Cannabis Qualified Jurisdiction by written notice to the Borrower if the condition in clause (ii) above is no longer satisfied. Each of Canada, Denmark, Greece, Germany, Poland, Australia and the United Kingdom is a Medical Cannabis Qualified Jurisdiction as at the date of this Agreement. Notwithstanding the foregoing, the United States shall not be designated a Medical Cannabis Qualified Jurisdiction except with the written consent of the Lender in its sole discretion;

**"Medical Cannabis-Related Activities"** means Cannabis- Activities in connection with Cannabis used solely for medical purposes;

**"Monthly Date"** means the first (1<sup>st</sup>) day of each calendar month;

**"Net Sales"** with respect to any Person, means, for any period, all gross sale receipts, less an amount equal to the aggregate value of all customer returns, customer discounts or credits, for such period, in all cases net of applicable sales taxes, and excise duties;

**"Non-Material Subsidiary"** has the meaning given in Section 4.5;

**"Non-Medical Cannabis Qualified Jurisdiction"** means any country (i) approved in writing by the Lender in its discretion, and (ii) in which it is legal in all political subdivisions therein (including for greater certainty on a federal, state and municipal basis) to undertake Non-Medical Cannabis-Related Activities, as confirmed by a legal opinion provided by the Borrowers' counsel in such jurisdiction in form and substance satisfactory to the Lender. The Lender may in its discretion, from time to time, (i) upon receipt of a written request by the Borrowers, designate any jurisdiction a Non-Medical Cannabis Qualified Jurisdiction provided that all above criteria have been satisfied; and (ii) revoke the designation of any jurisdiction as a Non-Medical Cannabis Qualified Jurisdiction by written notice to the Borrower if the condition set out in clause (ii) above is no longer satisfied. Canada is a Non-Medical Cannabis Qualified Jurisdiction as at the date of this Agreement. Notwithstanding the foregoing, the United States of America shall not be designated a Non-Medical Cannabis Qualified Jurisdiction except with the written consent of the Lender in its discretion;

**"Non-Medical Cannabis-Related Activities"** means Cannabis- Activities other than Medical Cannabis-Related Activities;

**"Obligations"** means all indebtedness, liabilities and other obligations of the Borrowers to the Lender hereunder, or under any other Loan Documents, whether actual or contingent, direct or indirect, matured or not, now existing or arising hereafter;

**"Other Taxes"** means all present or future stamp, court, documentary, intangible, recording, filing, excise (that is not based on net income), property or similar taxes arising from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any of the Loan Documents;

**"Obligors"** means the Borrowers and the Guarantors;



**“Participants”** has the meaning given to it in Section 10.2;

**“PAD Agreement”** means a pre-authorized debit agreement with respect to the Borrower’s Account;

**“Payment Direction”** means an irrevocable direction from the Borrowers to the Lender instructing the Lender to fund the proceeds of the Loan (net of the deductions set out therein and below) in accordance with the instructions thereof, which such instructions shall specify, among other things, that (i) the remaining balance of the Commitment Fee, as well as the Delayed Draw Charge and the Arrangement Fee, shall be netted from the proceeds of the advance of the Loan, and (ii) amounts owing pursuant to Section 3.6.1 of this Agreement shall be paid directly to Lender’s counsel and netted from the proceeds of the advance of the Loan;

**“Permitted Encumbrances”** means:

- (a) Liens granted to the Lender;
- (b) pledges, deposits and Liens under any worker’s compensation laws, unemployment insurance laws or similar legislation; good faith deposits in connection with bids, tenders and contracts (other than for the payment of debt); deposits of cash or bonds or other direct obligations of Canada or any Canadian province to secure surety or appeal bonds or deposits as security for import duties or for the payment of rents;
- (c) Liens imposed by law, such as carriers’, warehousemen’s and mechanics’ liens or other liens arising out of Applicable Law or judgments or awards with respect to which an appeal or other proceeding for review is being prosecuted (and as to which any foreclosure or other enforcement proceeding shall have been effectively stayed);
- (d) Liens for taxes, assessments and government charges and levies not yet subject to penalties for non-payment or which are being contested in good faith and by appropriate proceedings (and as to which foreclosure or other enforcement proceedings shall have been effectively stayed);
- (e) With respect to any real property (i) easements, rights of way, servitudes, zoning, subdivision, land use or other similar rights or restrictions in respect of land that do not materially interfere with or impair the use or operation thereof, and (ii) all reservations in the original grant from the Crown of any lands and premises or any interests therein, and all statutory exceptions, qualifications and reservations in respect of title.
- (f) securities to public utilities or to any governmental authority when required by the utility or other authority in connection with the supply of services or utilities to the Borrowers or other Obligors;
- (g) undetermined or inchoate Liens, arising or potentially arising under statutory provisions which have not at the time been filed or registered in accordance with Applicable Law or of which written notice has not been duly given in accordance with Applicable Law or which, although filed or registered, relate to obligations not due or delinquent;
- (h) rights of set off or bankers’ liens upon deposits of funds in favour of banks or other depository institutions; or
- (i) construction liens (i) for which the amount claimed does not exceed, in aggregate \$250,000, or (ii) are subject of bona fide dispute and for which appropriate reserves in accordance with GAAP have been taken, or (iii) which are discharged within 10 Business Days of being filed;

- (j) Liens in favour of Fluence Bioengineering, Inc., provided such Liens are subordinated to the Lender's Liens pursuant to a subordination agreement in form and substance acceptable to the Lender;
- (k) Liens securing an operating or working capital facility in an amount up to \$28,000,000 which are secured on a first priority basis only on inventory and accounts receivable (and are subordinated in respect of all other assets), provided (i) the facility is subject to such terms and conditions as are reasonably acceptable to the Lender, and (ii) those Liens are subject to an intercreditor agreement between the provider of such facility and the Lender, in form and substance acceptable to the Lender acting reasonably;
- (l) The specific Liens set on Schedule 1.1(l)

**"Permitted Indebtedness"** has the meaning given in Section 6.3.3.

**"Permitted Fees and Expenses"** means, collectively, (i) the balance of the Commitment Fee, (ii) the Delayed Draw Charge, (iii) the Arrangement Fee, (iv) all title insurance premiums payable in connection with the Loan, (v) all recoverable fees, expenses and costs incurred by the Lender in connection with the Loan, including the legal fees and expenses of its counsel, and (vi) the fees and expenses of the Borrowers associated with the Loan, being the fees owed to its counsel and to its financial advisors, FTL.

**"Person"** means any individual, corporation, company, partnership, unincorporated association, trust, joint venture, estate or other judicial entity or any Governmental Body;

**"PPSA"** means the Personal Property Security Act (Ontario), and the regulations adopted thereunder;

**"Prepayment Premium"** means, as of a particular date, an amount equal to 2% of the outstanding principal amount of the Loan as of such date, or in the case of a partial prepayment, 2% of the principal amount of such partial prepayment;

**"Proceedings"** has the meaning attributed thereto in Section 5.1.9;

**"Projects"** means, collectively, the Hamilton Project and the Valleyfield Project;

**"Project Plans"** means the plans for the expansion, development, construction and operation of the Projects, as may be amended from time to time to the extent permitted hereunder;

**"Release"** means discharge, spray, inject, deposit, spill, leak, seep, pour, emit, empty, dispose, dump, escape, leach, disperse, migrate or exhaust into the environment, and when used as a noun (as applicable) has a similar meaning;

**"Responsible Person"** means with respect to any Obligor holding a Health Canada Licence, its person designated as such for the purpose of the Cannabis Act and the Cannabis Regulations;

**"Renewal Premium"** means, as of a particular date, an amount equal to 2% of the outstanding principal amount of the Loan as of such date;

**"Sanctioned Entity"** means (a) a country or a government of a country, (b) an agency of the government of a country, (c) an organization directly or indirectly controlled by a country or its government, or (d) a Person resident in or determined to be resident in a country, in each case, that

is subject to a country Sanctions program administered and enforced by any Canadian Governmental Body;

**“Sanctioned Person”** means, any Person listed in any sanctions-related list of designated Persons maintained by any Canadian Governmental Body;

**“Sanctions”** means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by any Canadian Governmental Body;

**“Security Documents”** means the agreements and instruments listed in Section 4.1 and any other agreements and instruments delivered from time to time (both before and after the date of this Agreement) by the Borrowers or any Guarantor to the Lender for the purpose of securing payment or performance of the Obligations, in each case as amended, restated or replaced from time to time;

**“Subsidiary”** means, at any time, as to any Person, any other Person, if at such time (a) the first mentioned Person owns, directly or indirectly, securities or other ownership interests in such other Person, having ordinary voting power to elect a majority of the board of directors or persons performing similar functions for such other Person, or (b) in the case of any general partnership or trust, the first mentioned Person owns directly or indirectly more than a 50% interest in the profits or capital of such other Person, or (c) in the case of a limited partnership, the first mentioned Person owns, directly or indirectly, securities or other ownership interests in the Person which is the general partner of such other Person, having ordinary voting power to elect a majority of the board of directors or persons performing similar functions for such general partner, and shall include any other Person in like relationship to a Subsidiary of such first mentioned Person;

**“Taxes”** means all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or any other fees, deductions or charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto;

**“Transaction”** means the financing of the Borrowers by means of (i) the Loan contemplated by this Agreement, and (ii) the bought deal sale by TGOD Holdings, by way of short form prospectus dated December 13, 2019, of common shares and common share purchase warrants of TGOD Holdings to Canaccord Genuity Corp. as underwriter;

**“Valleyfield Project”** means, as the context may require, either (i) the development, construction and operation of the Cannabis cultivation and processing facility located near Valleyfield, Québec, known as 1175 boulevard Gerard-Cadieux, Salaberry-de-Valleyfield, QC J6S 6M1, or (ii) the facility itself;

**“Warrants”** means common share purchase warrants of TGOD Holdings, each exercisable at any time and from time to time until the date that is three years after the date of issuance of each such warrant to purchase common shares of TGOD Holdings at a price per share of \$1.00 (subject to customary adjustment mechanisms to reflect any restructuring of the share capital of TGOD Holdings).

**“Warrants at Close”** means the 7,000,000 Warrants issued to the Lender on the Closing Date.

## **1.2 Invalidity, etc.**

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity, illegality or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof.

## **1.3 Currency**

All monetary amounts in this Agreement are stated in Canadian dollars.

## **1.4 Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

## **1.5 This Agreement to Govern**

If there is any inconsistency between the terms of this Agreement and the terms of any other Loan Document, the provisions hereof shall govern to the extent of the inconsistency except if the terms of that other Loan Document relate to the creation, attachment, perfection or enforceability of any Lien, in which case that other document shall govern.

## **1.6 Quebec Interpretation Clause**

For purposes of any assets, liabilities or entities located in the Province of Québec and for all other purposes pursuant to which the interpretation or construction of this Agreement or any other Loan Document may be subject to the laws of the Province of Québec or a court or tribunal exercising jurisdiction in the Province of Québec, (i) “personal property” shall be deemed to include “movable property”, (ii) “real property” shall be deemed to include “immovable property”, (iii) “tangible property” shall be deemed to include “corporeal property”, (iv) “intangible property” shall be deemed to include “incorporeal property”, (v) “security interest”, “mortgage” and “lien” shall be deemed to include a “hypothec”, “prior claim”, “reservation of ownership” and a “resolatory clause”, (vi) all references to filing, registering or recording under the PPSA shall be deemed to include publication under the Civil Code of Québec, (vii) all references to “perfection” of or “perfected” liens or security interest shall be deemed to include a reference to an “opposable” or “set up” hypothec as against third parties, (viii) any “right of offset”, “right of setoff” or similar expression shall be deemed to include a “right of compensation”, (ix) “goods” shall be deemed to include “corporeal movable property” other than chattel paper, documents of title, instruments, money and securities, (x) an “agent” shall be deemed to include a “mandatary”, (xi) “construction liens” shall be deemed to include “legal hypothecs in favour of persons having taken part in the construction or renovation of an immovable”; (xii) “joint and several” shall be deemed to include “solidary”; (xiii) “gross negligence or willful misconduct” shall be deemed to be “intentional or gross fault”; (xiv) “beneficial ownership” shall be deemed to include “ownership”; (xv) “legal title” shall be deemed to include “holding title on behalf of an owner as mandatary or prête-nom”; (xvi) “easement” shall be deemed to include “servitude”; (xvii) “priority” shall be deemed to include “rank” or “prior claim”, as applicable; (xviii) “survey” shall be deemed to include “certificate of location and plan”; (xix) “state” shall be deemed to include “province”; (xx) “fee simple title” shall be deemed to include “ownership” (including ownership under a right of superficies); (xi) “ground lease” shall be deemed to include “emphyteusis” or a “lease with a right of superficies”, as applicable; (xii) “leasehold interest” shall be deemed to include “a valid lease”; and (xiii) “lease” shall be deemed to include a “leasing contract”. The parties hereto confirm that it is their wish that this Agreement and any other document executed in connection with the transactions contemplated herein be drawn up in the English language only and that all other documents contemplated thereunder or relating

thereto, including notices, may also be drawn up in the English language only. Les parties aux présentes confirment que c'est leur volonté que cette convention et les autres documents de crédit soient rédigés en langue anglaise seulement et que tous les documents, y compris tous avis, envisagés par cette convention et les autres documents peuvent être rédigés, en la langue anglaise seulement.

### **1.7 Extended Meanings**

A reference to a Loan Document in any Loan Document shall be deemed a reference to such Loan Document as it may be amended, extended, restated or replaced, from time to time.

### **1.8 Joint and several**

The obligations of the Borrowers hereunder are joint and several (solidary).

## **2. THE LOAN**

### **2.1 The Loan**

Subject to the terms and conditions of this Agreement, the Lender hereby agrees to lend to the Borrowers \$27,700,000 (together with any applicable Loan Increase, the "**Loan**") being comprised of principal advances to the Borrowers up to an aggregate maximum amount of \$25,000,000 plus the financing of each of the \$[Redacted – **commitment fee**] balance of the Commitment Fee and the \$[Redacted – **arrangement fee**] Arrangement Fee, by way of (i) a first advance in the amount of \$21,042,215.84, to the Borrowers in accordance with the Payment Direction, which advance shall be made upon satisfaction of the conditions set forth in Section 8.1, and (ii) one or more subsequent advances in minimum principal amounts of \$500,000.00, upon satisfaction of the conditions set forth in Section 8.2. The proceeds of the Loan shall be used by the Borrowers as follows: (i) payment of Permitted Fees and Expenses and (ii) the balance to the payment of outstanding Construction Payables. For clarity, the proceeds of any advance other than the first advance, shall only be used for the payment of outstanding Construction Payables.

Any portion of the Loan which have not been advanced by February 14, 2020, shall be cancelled, and the Lender shall have no further obligation to make any additional advance.

### **2.2 Principal Repayments**

- 2.2.1 No principal repayments shall be required for the first twelve months following the Closing Date.
- 2.2.2 Commencing on January 1, 2021, and on each Monthly Date thereafter, the Borrowers shall make monthly repayments of the Loan in the amount of \$148,333.33, to be adjusted as required to account for any Loan Increase to maintain a 15 year amortization profile.
- 2.2.3 The outstanding principal amount of the Loan, together with all accrued and unpaid interest and other amounts payable under this Agreement, shall be due and payable in full on the Maturity Date.

### **2.3 Not Revolving**

The Loan shall not revolve and all prepayments of the Loan shall constitute permanent reductions of the principal amount of the Loan and may not be reborrowed.

### **2.4 Evidence of Obligations**

The Lender shall maintain an account evidencing the indebtedness and liabilities of the Borrowers hereunder and the amounts of principal, interest and other amounts owing and paid from time to time hereunder. In any legal action or proceeding in respect of this Agreement, the entries made in such account shall be conclusive evidence of the existence and amounts of the obligations of the Borrowers therein recorded, absent manifest error.

### **2.5 Manner of Payment**

All payments of principal, interest or other amounts payable hereunder by the Borrowers shall be made on the dates specified herein (which if not a Business Day, shall be the next following Business Day) unless otherwise stipulated by means of electronic funds transfer into an account of the Lender specified by the Lender or in such other manner as the Lender may from time to time specify to the Borrowers.

### **2.6 Voluntary Prepayment of the Loan**

When not in default of any of the terms, covenants, conditions, or provisions of this Loan Agreement, the Borrowers shall have the privilege, upon 30 days' prior written notice, to voluntarily prepay the Loan in whole or in part on any Monthly Date, together with the Prepayment Premium, provided that the Borrowers shall concurrently pay to the Lender all accrued and unpaid interest.

### **2.7 Mandatory Prepayments**

Whenever there is any damage, destruction or expropriation of any Collateral of an Obligor, the affected Obligor shall make a mandatory prepayment of the Loan in an amount equal to 100% of the amount of any cash insurance or expropriation proceeds received by such Obligor, net of all collection expenses incurred and taxes paid in connection therewith.

### **2.8 Application of Prepayments**

Any amounts prepaid may not be reborrowed. The Lender may apply any amount prepaid as follows: (i) on account of any fees, expenses or indemnities then owing to the Lender, (ii) any accrued and unpaid interest then outstanding, and (iii) thereafter in reduction of the principal amount of the Loan then outstanding.

### **2.9 Increase in the Loan**

- 2.9.1 The Borrowers may, at any time after September 30, 2020 but prior to the Maturity Date, deliver to the Lender a notice requesting (the "**Increase Request**") an increase in the Loan (a "**Loan Increase**"), by an additional principal amount not to exceed \$15,000,000, provided that: (i) no Default or Event of Default has occurred, exists or would occur after giving effect thereto; (ii) all representations and warranties shall be true and correct immediately prior to, and after giving effect to, such Loan Increase; and (iii) the Loan Increase Milestones have been met on or

before September 30, 2020, and (iv) approval of credit committee of the Lender to such Increase is obtained.

- 2.9.2 If more than the 30 days have elapsed since the Increase Request was sent by the Borrowers without confirmation of acceptance, the Lender will be deemed to have refused such increase.
- 2.9.3 The Loan Increase shall become effective on a date agreed by the Borrowers and the Lender (a "**Loan Increase Date**").

## **2.10 Renewal**

- 2.10.1 The Borrowers may, at any time after September 30, 2020 but prior to the Maturity Date, deliver to the Lender a notice (the "**Renewal Request**") requesting the renewal of the Loan to extend the Maturity Date an additional twelve months (the "**Loan Renewal**"), provided that: (i) the Borrower has paid to the Lender the Renewal Premium; (ii) no Default or Event of Default has occurred, exists or would occur after giving effect thereto; and (iii) all representations and warranties shall be true and correct immediately prior to, and after giving effect to, such Loan Renewal.
- 2.10.2 Nothing in this Agreement shall be construed to obligate the Lender to provide or consent to the Loan Renewal. The Lender, may, in its sole discretion, commit to the Loan Renewal by notifying the Borrowers in writing. If more than 30 days have elapsed since the Renewal Request was sent by the Borrowers without confirmation of acceptance, the Lender will be deemed to have refused such renewal.

## **3. INTEREST, FEES AND EXPENSES**

### **3.1 Interest Rate**

The outstanding principal amount of the Loan shall bear interest at the Interest Rate from the date of each advance to the date of repayment in full. Interest shall accrue from day to day in respect of each Interest Period from and including the first day of each Interest Period, to but excluding the last day of such Interest Period, and shall be calculated on the basis of the number of days elapsed and on the basis of a year of 365 days, as the case may be, and shall be paid to the Lender in arrears on the last day of each Interest Period (the "Interest Payment Date"), provided that if such day is not a Business Day, such payment will be made on the next following Business Day.

### **3.2 Effective Rate of Interest**

For the purposes of the *Interest Act* (Canada) and disclosure thereunder, whenever any interest or any fee to be paid hereunder or in connection herewith is to be calculated on the basis of a 365-day year, the yearly rate of interest to which the rate used in such calculation is equivalent is the rate so used multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by 365, as applicable. The rates of interest under this Agreement are nominal rates, and not effective rates or yields.

### **3.3 The Commitment Fee**

A Commitment Fee in the amount of \$[Redacted – commitment fee] is payable by the Borrowers to the Lender as compensation for the time, effort and expense incurred by the Lender in approving the Loan. The Lender recognizes having received \$[Redacted – commitment fee] on account of this fee (the “Deposit”). The balance shall be paid as a condition precedent to the Loan, and financed by the Lender as part of the Loan. The Commitment Fee is non-refundable and fully earned upon disbursement of the Loan.

### 3.4 The Delayed Draw Charge

A Delayed Draw Charge in the amount of \$[Redacted – delay draw charge] is payable by the Borrowers to the Lender as compensation for the time, effort and expense incurred by the Lender in disbursing the Loan in multiple advances (the “Delayed Draw Charge”). The Delayed Draw Charge is non-refundable and fully earned upon disbursement of the Loan, and shall be paid from the proceeds of the first advance under the Loan.

### 3.5 The Arrangement Fee

An Arrangement Fee in the amount of \$[Redacted – arrangement fee] is payable by the Borrowers to the Lender as compensation for the time, effort and expense incurred by the Lender in arranging the Loan (the “Arrangement Fee”). The Arrangement Fee is non-refundable and fully earned upon disbursement of the Loan, and shall be paid from the proceeds of the first advance under the Loan.

### 3.6 Payment of Costs and Expenses

Whether or not the Loan is advanced, the Borrowers shall pay to the Lender:

- 3.6.1 on the date of the first advance of the Loan, or if not advanced, as a result of the transactions contemplated herein not being consummated or failure to satisfy the conditions precedent to advance, on demand, all of the reasonable and documented fees, expenses and disbursements of the Lender and counsel to the Lender incurred in connection with the preparation, negotiation, delivery and registration of the Loan Documents, provided however, that the legal fees of the Lender to the Closing Date (provided same is no later than December 23, 2019), net of expenses and taxes, shall be limited to \$[Redacted – legal fee] (the “Cap”); and
- 3.6.2 following the date of the advance of the Loan, upon demand by giving at least five Business Days’ notice, all other reasonable and documented and costs and expenses of the Lender and its agents incurred from time to time after the Closing Date in connection with the Loan, including:
  - 3.6.2.1 any actual or proposed amendment of or supplement to any of the Loan Documents or any waiver thereunder;
  - 3.6.2.2 the defence, establishment, protection or enforcement of any of the rights or remedies of the Lender under any of the Loan Documents; and



3.6.2.3 the termination of the Loan Documents and any registrations relating to Security Documents upon repayment of the Loan;

including, without limitation, all of the reasonable and documented fees and disbursements of counsel to the Lender incurred in connection therewith.

### **3.7 Indemnity**

The Borrowers shall indemnify the Lender for all losses, costs, expenses, damages and liabilities which the Lender may sustain or incur as a consequence of any default by the Borrowers or any Guarantor (i) hereunder, or (ii) under any other Loan Document. A certificate of the Lender setting forth the amounts necessary to indemnify the Lender in respect of such losses, costs, expenses, damages or liabilities shall be conclusive evidence of the amounts owing under this Section 3.6, absent manifest error acting reasonably. The Borrower shall not be liable under the foregoing indemnity to the extent that any such loss, cost, expense, damage or liability is found in a final non-appealable judgment to have resulted from the lender's bad faith, gross negligence, illegal or wilful misconduct or fraud.

### **3.8 Unpaid Amounts**

Any unpaid amounts owing to the Lender by the Borrowers pursuant to paragraphs 3.5 or 3.6 shall, at the option of the Lender, bear interest at the Interest Rate from the date on which payment is required to be made until paid in full.

### **3.9 Maximum Interest Rate**

If any provision of this Agreement would oblige a Borrower to make any payment of interest or other amount payable to the Lender in an amount or calculated at a rate which would be prohibited by Applicable Law or would result in a receipt by the Lender of "interest" at a "criminal rate" (as such terms are construed under the *Criminal Code* (Canada)), then, notwithstanding such provision, such amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by Law or so result in a receipt by the Lender of "interest" at a "criminal rate", such adjustment to be effected, to the extent necessary (but only to the extent necessary), by reducing any fees, commissions, costs, expenses, premiums and other amounts required to be paid to the Lender which would constitute interest for purposes of section 347 of the *Criminal Code* (Canada).

## **4. SECURITY**

### **4.1 Obligation to Grant Security**

To secure the due payment and performance of the Obligations, the Borrowers shall and shall cause each of its present and future wholly-owned Subsidiaries to grant the Lender first ranking Liens, subject only to Permitted Encumbrances, on all of its property and assets, present and future, real and personal, movable and immovable, tangible and intangible, corporeal and incorporeal.

## **4.2 Security Documents**

As security in favour of the Lender for the Obligations, the Borrowers and each Guarantor shall deliver to the Lender:

- (a) a general security agreement, by the Borrowers and each Guarantor granting a security interest in all of their presently held and future acquired Collateral;
- (b) a deed of movable hypothec made by each Obligor located in, or having movable property in, the Province of Quebec;
- (c) a pledge by the Borrowers and each Guarantor of all shares held by each of them in each other Borrower or Guarantor;
- (d) a postponement and subordination agreement from the Borrowers and each Guarantor of any intercompany debt owed by an Obligor to any Affiliate that is not an Obligor in form and substance satisfactory to the Lender;
- (e) an assignment of material contracts and licenses granted by the Borrowers and each Guarantor;
- (f) an assignment of insurance agreement granted by the Borrowers and each Guarantor;
- (g) a Blocked Account Agreement (“Springing Dominion”) with respect to all Deposit Accounts held by the Obligors with financial institutions located in Canada;
- (h) a mortgage or deed of immovable hypothec, as applicable, in respect of all owned real property;
- (i) a general assignment of rents and leases with respect to the Hamilton Project; and
- (j) such other security documents as the Lender may at any time reasonably request for the purposes of granting, protecting or ensuring a first- ranking (subject only to Permitted Encumbrances) perfected Lien in favour of the Lender in all assets and property of the Borrowers and Guarantors;

each of which shall be executed and delivered in form and substance satisfactory to the Lender, acting reasonably, and the Liens created thereby perfected as first ranking Liens subject to Permitted Encumbrances in all jurisdictions reasonably required by the Lender.

## **4.3 Security Effective Notwithstanding Date of Advance**

The Liens created under any of the Security Documents shall be effective and the undertakings in the Loan Documents in respect thereto shall be continuing, whether the Loan or any part thereof shall be advanced before or after or at the same time as the creation of any such Liens or before or after or upon the date of execution of this Agreement. The Security Documents listed in Section 4.1 shall constitute continuing security to the Lender for the Obligations from time to time.

## **4.4 Further Assurances - Security**

The Obligors shall execute and deliver to the Lender such other, additional or supplemental security agreements, instruments and financing statements as the Lender may at any time or from time to

time hereafter reasonably request in connection with the perfection, the validity, legality or enforceability or its Lien over the Collateral, in each case in form and substance satisfactory to the Lender.

#### **4.5 Non-Material Subsidiaries**

Notwithstanding the provisions of Sections 4.1 and 4.2 of this Agreement, the parties hereto covenant and agree that the Borrowers shall not have to cause The Green Organic Columbia SAS, The Green Organic Beverage Corp., Jamaica Capex Financing Limited, TGOD Europe B.V., The Green Organic Dutchman Denmark ApS, The Green Organic Hellas SA, The Green Organic Dutchman Germany GmbH, The Green Organic Portugal, Unipessoal Lda., Green Absolutes sp. z.o.o., PHK sp. z.o.o., The Green Organic Dutchman US Corp, TGOD Genetics A/S, TGOD Denmark Productions A/S, The Green Organic Dutchman S. de R.L. de C.V. or other future wholly-owned Subsidiaries (the "**Non-Material Subsidiaries**") to execute and deliver the guarantee agreement and the other Security Documents contemplated in Sections 4.1 and 4.2 of this Agreement, provided, that if at any time the combined EBITDA or total assets, as the case may be, of the Non-Material Subsidiaries represent more than 10% of the EBITDA or total assets of TGOD Holdings on a consolidated basis, then, at the request of the Lender, the Borrowers shall cause one or more of the Non-Material Subsidiaries to join this Agreement as a guarantor and deliver appropriate Security Documents in order to comply with such covenant.

#### **4.6 Cadastral Renovation**

In connection with the exercise of any security rights or otherwise, the Lender shall not be authorized to take any steps or do any acts to cause a cadastral renovation of any immovable property comprising any part of the Valleyfield Project for the purposes of creating a separate lot number for any buildings or other improvements built on such immovable, unless each of the following has occurred: (i) an Event of Default has occurred and is continuing; and (ii) the Commission de Protection du Territoire Agricole of Quebec has granted all required authorizations for such immovable to be acquired by TGOD Holdings pursuant to Quebec's *Act respecting the acquisition of farm land by non-residents.*"

### **5. REPRESENTATIONS AND WARRANTIES**

#### **5.1 Representations and Warranties**

The Borrowers and each Guarantor represents and warrants to the Lender as follows:

- 5.1.1 **Status.** It is duly incorporated and existing under the laws of its jurisdiction of incorporation;
- 5.1.2 **Power and Capacity.** It has the power and capacity to carry on its business, to own its property and assets, and to enter into and perform its obligations under the Loan Documents to which it is a party;
- 5.1.3 **Due Authorization and Execution.** It has taken all necessary action to authorize the execution, delivery and performance of the Loan Documents to which it is a party and each Loan Document has been, or upon execution and delivery will be, duly executed and delivered by it;
- 5.1.4 **Compliance.** The Borrowers and Guarantors, and the operation of their business, are in compliance in all material respects with all Applicable Laws, including for certainty all Environmental Laws and Cannabis Laws. Without limiting the generality of the foregoing, the Borrowers and Guarantors and, to the Borrowers'

knowledge, their respective directors, officers and employees, are in compliance with and have not been charged under, Anti-Corruption Laws and applicable Sanctions and are not knowingly engaged in any activity that would reasonably be expected to result in any of them being designated as a Sanctioned Person or Sanctioned Entity. None of the Borrowers or Guarantors, or, to the Borrowers' knowledge, any of their respective directors, officers or employees, (i) has, in violation of Applicable Law, used, or authorized the use of, any funds of any Obligor for any contribution, gift, entertainment or other expenses relating to political activity, (ii) has, in violation of Applicable Law, made or authorized the making of any direct or indirect bribe, rebate, payoff, influence payment, kickback or other payment to any domestic or foreign government official or employee, or (iii) is a Sanctioned Person or a Sanctioned Entity. No advance of the Loan, use of proceeds or other transaction contemplated by this Agreement will violate Anti-Corruption Laws or applicable Sanctions. The Borrowers and Guarantors are in compliance with, and have not been charged under, AML Legislation; The Borrowers and Guarantors, and the operation of their business, including the development, construction and operation of the Projects, have been and are being conducted in material compliance in all respects with Cannabis Laws and the Health Canada Licenses, and none of the Borrowers, any Guarantor or, to the Borrowers' knowledge, any of their respective directors, officers and employees have taken any action or failed to take any action, and no state of affairs exist, in each case which would reasonably be expected to result in any charge or sanction under any Cannabis Law or result in any License Impairment. The Borrowers and Guarantors have complied in all respects with all record-keeping requirements under Applicable Law, and as instructed or established by Health Canada or other applicable Government Bodies, with respect to the operation of its business. The Borrowers and Guarantors have submitted to Health Canada or other applicable Governmental Bodies in a timely manner all required notices and reports with respect to its products (including adverse reaction reports and summary reports) in compliance in all material respects with Applicable Law and guidelines of Health Canada or the applicable Governmental Body. All material written correspondence or written notices received from or provided to Health Canada or any other applicable Governmental Body, in each case since November 25, 2019, in relation to the Health Canada Licenses or the operation of the Obligor's business, have been provided to or made available to the Lender.

- 5.1.5 **Compliance with Cannabis Laws.** Each of the Borrowers and the Guarantors are in compliance in all respects with all Cannabis Laws applicable to it, its property or its business. Specifically, but without limitation, (i) neither the Borrowers or Guarantors at any time has conducted any Medical Cannabis-Related Activities, or Non-Medical Cannabis-Related Activities, as the case may be, or (ii) has made or held an investment in any Person who conducts or at any time has conducted Medical Cannabis-Related Activities, or Non-Medical Cannabis-Related Activities, as the case may be, in either case other than in a jurisdiction which, at the relevant time, was either, as applicable, a Medical Cannabis Qualified Jurisdiction or a Non-Medical Cannabis Qualified Jurisdiction;
- 5.1.6 **No Contravention.** The execution and delivery of the Loan Documents to which it is a party and the performance by it of its obligations thereunder does not and will not contravene, breach or result in any default under its articles, bylaws, or any of its other constating documents, any Material Contract or Material Authorization

to which it is a party or by which it is bound, or any Applicable Law, including any Cannabis Law;

- 5.1.7 **No Consents Required.** Other than as set forth in Schedule 5.1.7 or such filings as are necessary to perfect the security interests granted to the Lender hereunder, no authorization, consent or approval of, or filing with or notice to, any person (including any governmental body, under any Cannabis Law, any Material Contract, or any Material Authorization) is required in connection with the making of the Loan or the execution, delivery or performance by it of any of the Loan Documents to which it is party;
- 5.1.8 **Enforceability.** Each of the Loan Documents to which it is a party constitutes, or upon execution and delivery will constitute, a valid and binding obligation of it enforceable against it in accordance with its terms, subject to Applicable Law relating to the bankruptcy, insolvency or similar laws affecting creditors' rights generally and to the discretion of a court of competent jurisdiction regarding the availability of equitable remedies;
- 5.1.9 **No Litigation.** Other than as set forth in Schedule 5.1.9, there is presently in progress no court, administrative, regulatory or similar investigation or proceeding (collectively "**Proceedings**"), against or involving it, nor, to the knowledge of the Borrowers, has any such Proceeding been threatened against the Borrowers or any Guarantor, and, to the knowledge of the Borrowers, no event has occurred which might give rise to any such Proceedings and there is no judgment or order of any court or governmental body outstanding against it;
- 5.1.10 **Real Property.** Schedule 5.1.10 lists all real property owned or leased by the Borrowers and the Guarantors. The survey of the Ancaster Project delivered to the Lender reflects the Ancaster project in its current state. The certificate of location with respect to the Valleyfield Project delivered to the Lender represents the Valleyfield Project in its current state;
- 5.1.11 **Location.** The jurisdiction of the chief executive office, or in the case of Medican and 9371 Qc, their registered office and domicile, and location of material tangible assets of each the Borrowers and each Guarantor, broken out by each Obligor is set forth in Schedule 5.1.11 as of the date hereof, or as may be updated from time to time pursuant to Section 6.1.2. No Obligor has any tangible personal property, or corporeal moveable property at any location other than listed next to that Obligor's name on Schedule 5.1.11 except for property whose book value does not exceed \$100,000 in the aggregate, per Obligor.
- 5.1.12 **Accounts.** All deposit accounts, bank accounts or security accounts held by an Obligor, and the details of the financial institution where they are held, are listed in Schedule 5.1.12. No such accounts are held with a financial institution located in the United States of America.
- 5.1.13 **Ownership of Assets.** The Obligors have good and marketable title (in the case of fee or freehold real property or owned personal property) or valid leasehold or licensed interests (in the case of leased or licences real or personal property) to their respective assets, free and clear of all Liens except Permitted Encumbrances and the Liens set out in Schedule 5.1.13;

- 5.1.14 **Material Contracts.** Schedule 5.1.14 sets forth all Material Contracts of the Borrowers and Guarantors, true, complete and correct copies of which have been provided to the Lender. All such Material Contracts are in force and effect, unamended, and the Borrowers and Guarantors and, to the knowledge of the Borrowers and Guarantors, each counterparty thereto, are in compliance in all material respects with all of their respective obligations under such Material Contracts and no breach or default has occurred, and no state of affairs exists, which would give any counterparty to any Material Contract the right to terminate any such Material Contract;
- 5.1.15 **Material Authorizations.** Schedule 5.1.15 sets forth all Material Authorizations of the Borrowers and Guarantors, true, complete and correct copies of which have been provided to the Lender. The Borrowers and Guarantors have obtained or been issued all Material Authorizations required for the operation of their business as currently conducted, and neither the Borrowers nor any Guarantor is in any material respect in breach or default of the terms and conditions thereof; all of such Material Authorizations are in good standing in all material respects, and no proceeding is pending or, to the Borrowers' knowledge, threatened in writing to revoke or limit in any material respect any such Material Authorization; and to the Borrowers' knowledge, there are no facts or circumstances that would reasonably be expected to prevent the issuance, renewal or obtaining of any Material Authorizations (whether obtained or issued or to be obtained or issued);
- 5.1.16 **Cannabis Authorizations.** The Obligors have not violated in any respects or failed to obtain any Cannabis Authorization necessary to (i) the ownership of any of its property or assets or the conduct of business, or (ii) to make or hold any investment in any Person who conducts Medical Cannabis-Related Activities, or Non-Medical Cannabis-Related Activities, as the case may be. All Cannabis Authorizations:
- (a) have been duly obtained, taken, given or made;
  - (b) are valid and in full force and effect; and
  - (c) are free from conditions or requirements that have not been met or complied with where the failure to satisfy may allow for a material modification or revocation thereof.

Each of the Obligors is in compliance in all respects with all Cannabis Authorizations held by, or in favour of such Obligor. Specifically, but without limitation, no Obligor conducts or has conducted any Medical Cannabis-Related Activities, or Non-Medical Cannabis-Related Activities, as the case may be, in a building or facility for which an applicable Cannabis Authorization was not in full force and effect at the time in question. No Obligor has received any notice from any Governmental Body regarding any actual or alleged violation of, or any failure on the part of the Obligor to comply with, any term or requirement of any Cannabis Authorization that has not been remedied. No Obligor has received any written notice from any Governmental Body of any revocation or intention to revoke any interest of any Obligor in any of the Cannabis Authorization that has not been remedied. No Obligor knows of any reason why any Cannabis Authorization would be suspended, cancelled or revoked or of any factor that would in any way prejudice the continuance or renewal of any Cannabis Authorization. All taxes, assessments,

maintenance fees and other amounts required to maintain the Cannabis Authorizations have been paid in full.

- 5.1.17 **Insurance.** The Collateral and the businesses and operations of the Borrowers and Guarantors are insured with reputable insurance companies (not Affiliates of the Borrowers) in such amounts, with such deductibles and covering such risks as is consistent with insurance carried by reasonably prudent participants in similar businesses in similar locations and in accordance with insurance required to be maintained under Applicable Law, and such coverage is in full force and effect, and Borrowers and Guarantors have not breached the terms and conditions of any policies in respect thereof nor failed to promptly give any notice or present any material claim thereunder. There are no material claims by any of them under any such policy as to which any insurer is denying liability or defending under a reservation of rights clause;
- 5.1.18 **Intellectual Property.** The Borrowers and Guarantors own or license all intellectual property required to carry-on business and all such licenses are in full force and effect, and all material IP is listed in Schedule 5.1.18;
- 5.1.19 **Labour Matters.** The Borrowers and Guarantors are in material compliance with all Applicable Laws respecting employment and employment practices, terms and conditions of employment, pay equity and wages; there is not currently any labour disruption or conflict involving Borrowers or any Guarantor or directly affecting their business. None of the Borrowers or Guarantors are a party to a collective bargaining agreement;
- 5.1.20 **Employee Benefit Plans.** Neither Borrowers nor any Guarantor is party to or liable for a defined benefit plan. No Employee Benefit Plan has any unfunded liabilities that have not been fully accrued on its financial statements or that will not be fully offset by insurance. All Employee Benefit Plans are registered where required by, and are in good standing in all material respects under, all Applicable Laws. For purposes of this Section 5.1.20, “**Employee Benefit Plan**” means any employee benefit plan, program, policy or arrangement sponsored, maintained or contributed to by Borrowers or any Guarantor or any of their Affiliates or with respect to which any of them or any of their Affiliates has any liability or obligation;
- 5.1.21 **Security.** The Borrowers and its Subsidiaries have implemented security practices and procedures with respect to all locations owned or operated by them consistent with good industry practice and in accordance in all respects with Applicable Laws (including for certainty Cannabis Laws) and the requirements of the Health Canada License;
- 5.1.22 **All Material Information Supplied.** The Borrowers have made available to the Lender all material information in its possession relating to its assets and financial condition. All documents and instruments made available to the Lender for the purposes of this Loan Agreement are, or will be, in all cases true and correct copies and all such documents and instruments are, or will be, in full force and effect;
- 5.1.23 **Issued Capital.** Schedule 5.1.23 accurately reflects, as of the date hereof, the beneficial and registered ownership of each of the Borrowers (other than TGOB Holdings) and the Guarantors. Except as set out in such Schedule, neither the

Borrowers nor any Guarantor, as of the date hereof, has any other subsidiaries or joint ventures or material investments;

- 5.1.24 **Taxes.** Other than as disclosed to the Lender, it has paid all taxes, exigible from it or for the collection of which it is responsible under the laws of Canada or any other jurisdiction, except where the exigibility of such taxes is contested in good faith and for which appropriate reserves have been made in accordance with GAAP, and in the case of taxes on income, in respect of all fiscal years ended on or prior to the date of this Agreement, and in the case of all other taxes, in respect of all periods ended prior to the date of this Agreement, in each case for which such taxes were due and payable prior to the date of this Agreement;
- 5.1.25 **Financial Statements and No Material Change.** The financial statements of the Borrowers and Guarantors that have been made available to the Lender have been prepared in accordance with GAAP, and fairly present the financial position and results of operations of the Borrowers and Guarantors for the dates or periods reported on thereby subject, in relation to any unaudited financial statements, any year-end adjustments. From the date of the last audited financial statements made available to the Lender, there has been no change which would reasonably be expected to have a Material Adverse Effect;
- 5.1.26 **Indebtedness.** It shall (after giving effect to the Loan) have no indebtedness for borrowed money, or be a party to any guarantee or other agreement of support or indemnification in respect of any indebtedness of any other person, in each case, other than as permitted pursuant to Section 6.3.3 or 6.3.15 and shall have no other material liabilities, other than Construction Payables in a maximum amount of (x) \$39,000,000 from the Closing Date to February 29, 2020, and (y) \$15,200,000 from March 1, 2020 onwards, those incurred in ordinary course of business, or have or make any guarantee or agreement of support or indemnification of any indebtedness of any person except guarantees of indebtedness of another Obligor that is permitted by Section 6.3.3 or 6.3.15;
- 5.1.27 **Related Party Transactions.** Except as (A) disclosed in the financial statements or other public disclosure of the Borrowers or (B) as permitted by this Agreement, in each case, as also listed on Schedule 5.1.27, no Borrower nor any Guarantor: (i) is a creditor under a loan or otherwise committed to make any payment or loan to, or borrowed any moneys from or otherwise been indebted to, any related party thereof (other than another Borrower or another Guarantor); or (ii) been a party to any contract with any related party thereof, other than independent contractor or indemnification agreements entered into with officers or directors. Any transactions between Borrowers or Guarantor and a related party (other than Borrowers or another Guarantor) have been completed on reasonable commercial terms that, considered as a whole, are not in any material respect less advantageous to such Borrowers or Guarantor, as the case may be, than if the transaction was with a Person dealing at arm's length with such Borrowers or Guarantor, as the case may be;
- 5.1.28 **No Default.** No Default or Event of Default has occurred and is continuing or would result from the advance of the Loan;



- 5.1.29 **Reporting Issuer Status.** Other than TGOD Holdings, none of the Borrowers is a reporting issuer in any jurisdiction and their respective shares are not listed and posted for trading on any securities exchange. TGOD Holdings is a reporting issuer in all of the provinces of Canada. TGOD Holdings' common shares are listed for trading on the Toronto Stock Exchange under the trading symbol "TGOD";
- 5.1.30 **U.S. Cannabis.** None of the Borrowers has any direct, indirect or ancillary interest in any "marijuana-related activity" in the United States as defined in Staff Notice 51-352 (Revised) – *Issuers with U.S. Marijuana Activities* of the Canadian Securities Administrators;
- 5.1.31 **No Orders.** No order, ruling or determination having the effect of suspending the sale of, or ceasing the trading of, the common shares of the Borrowers or any other securities of the Borrowers have been issued and is continuing in effect and no proceedings for that purpose have been instituted, are pending or, to the knowledge of the Borrowers, are contemplated or threatened (in writing) under any Applicable Law or by any Governmental Body;
- 5.1.32 **Filings.** The Borrowers have filed all material documents required to be filed by it with all applicable Governmental Bodies and all such documents were, as of their respective dates, in compliance in all material respects with all Applicable Law and at the time did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;
- 5.1.33 **Internal Controls.** The Borrowers have established and maintain a system of internal controls over financial reporting that is designed to provide reasonable assurance regarding the preparation of financial statements for external purposes in accordance with GAAP, and includes policies and procedures that: (i) pertain to the maintenance of records that accurately and fairly reflect the material transactions, acquisitions and dispositions of the property and assets of the Borrowers and each of their respective Subsidiaries; (ii) are designed to provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that material receipts and expenditures of the Borrowers and each of their respective Subsidiaries are made only in accordance with authorizations of management and directors of the Borrowers and each of their respective Subsidiaries; and (iii) are designed to provide reasonable assurance regarding prevention or timely detection of any unauthorized acquisition, use or disposition of the property or assets of the Borrowers or any of their respective Subsidiaries that could have a material adverse effect on the Borrowers' financial statements.

## 5.2 Representations of the Lender

The Lender represents and warrants to the Borrowers and each Guarantor as follows:

- 5.2.1 **Investment Status.** The Lender is acquiring the Warrants to be issued to it for investment purposes only and not with a view to the resale or distribution of any of the Warrants to be issued to it or the shares of the Borrower issuable on the exercise of such Warrants (together, the "**Acquired Securities**");

- 5.2.2 **Residency.** The Lender is resident in the Province of British Columbia;
- 5.2.3 **Resale Restrictions.** The Lender (i) has been advised to consult its own legal advisors with respect to trading in the Acquired Securities and with respect to resale restrictions imposed by applicable securities laws in the jurisdiction in which it resides, (ii) acknowledges that no representation has been made respecting the applicable hold periods or other resale restrictions applicable to such securities, (iii) is solely responsible for compliance with applicable resale restrictions, and (iv) is aware that it may not be able to resell such securities except in accordance with limited exemptions under applicable securities laws;
- 5.2.4 **Information.** The Lender will provide the Borrower with such information and execute such documents, including certificates and statutory declarations, as the Borrower may reasonably require from time to time in order to comply with applicable securities laws;
- 5.2.5 **Accredited Investor Status.** The Lender (i) is acquiring the Acquired Securities as principal for its own account, and not on behalf of or for the benefit of any other Person, and (ii) is an accredited investor as defined in National Instrument 45-106 – *Prospectus Exemptions* of the Canadian Securities Administrators and will, if requested, deliver to the Borrower an accredited investor certificate, in a form acceptable to the Borrower, acting reasonably, confirming its status;
- 5.2.6 **Risk of Loss.** The Lender (i) is knowledgeable, sophisticated and experienced in business and financial matters, (ii) has had access to management of the Borrower and its records for the purpose of conducting its due diligence, (iii) is capable of evaluating the merits and risks of an investment in the Acquired Securities, and (iv) is able to bear the economic risk of an investment in the Acquired Securities, including a complete loss of its investment; and
- 5.2.7 **No Representation.** No Person has made any written or oral representation to it that (i) that the Person will resell or repurchase the Acquired Securities, or (ii) that the Warrants will be listed on any stock exchange or that application has been or will be made to list any such securities upon any stock exchange.

### 5.3 Survival of Representations and Warranties

The Borrowers and each Guarantor covenants that the representations and warranties made by it in this Article 5 shall be true and correct on the day of this Agreement, on the date of each advance of the Loan, and on the date of delivery of each statement, report or certificate required to be delivered pursuant to Section 6.1.15, with the same effect as if such representations and warranties had been made and given on and as of each such day, notwithstanding any investigation made at any time by or on behalf of the Lender, but subject to any amendment, supplement or other modification to the Schedules that up to that date have both been made by the Borrower and consented to by the Lender, and except where any representation or warranty relates to a specified date in which case that representation or warranty shall be made as of the date to which it relates.

## 6. COVENANTS

### 6.1 Affirmative Covenants

So long as any Obligations remain outstanding, the Borrowers and each Guarantor covenants and agrees that:

- 6.1.1 **Punctual Payment.** It shall pay or cause to be paid all Obligations falling due hereunder on the dates and in the manner specified herein including repayment of the Loan on the Maturity Date;
- 6.1.2 **Changes.** Provide the Lender with no less than 10 days' advance notice of any change of name or jurisdiction of incorporation/formation or any change in the location of its chief executive office or any material tangible assets after having taken all required steps to ensure the Lender's Lien remains in first priority over all Collateral, following such change.
- 6.1.3 **Existence.** Maintain its corporate existence; keep proper books of account and records; maintain its corporate status in all jurisdictions where it carries on business; and operate its business and the Projects (including the construction thereof) in accordance with good construction and engineering practices and in compliance, in all material respects, with Applicable Law and all Material Contracts and Material Authorizations;
- 6.1.4 **Insurance.** Keep insured with financially sound and reputable insurance companies, with a rating of at least 'A' by A.M. Best or S&P, all of the tangible Collateral, in amounts and against losses or damages, including property damage and public liability, on a basis consistent with insurance obtained by reasonably prudent participants in similar businesses in similar locations and cause the policies of insurance referred to above to contain customary endorsements for the benefit of the Lender, including without limitation a standard mortgage clause from the insurance bureau of Canada, all in a form and for amounts acceptable to the Lender, acting reasonably, and include a provision that such policies will not be amended in any manner which is prejudicial to the Lender or be cancelled without 30 days' prior written notice being given to the Lender by the issuers thereof, and cause the Lender to be named as first loss payee and an additional insured with respect to property, casualty and liability insurance; provide the Lender promptly with such evidence of insurance as the Lender may from time to time reasonably require.

Without in any way limiting the generality of the foregoing, the Obligor shall hold:

- 6.1.4.1 During the period commencing on the Closing Date to February 28, 2020, the Obligor shall maintain the following insurance coverage;
  - 6.1.4.1.1 A construction insurance policy in respect of the Hamilton Project that provides all risks and perils insurance coverage against any loss, theft, destruction

or damage from any cause whatsoever (including the perils of flood, sewer, back-up, earthquake, and any collapse) and replacement costs on the real property, machinery, equipment, other movables and personal property in a minimum amount of CDN\$[Redacted], with commercially appropriate deductibles;

6.1.4.1.2 A construction insurance policy in respect of the Valleyfield Project that provides all risks and perils insurance coverage against any loss, theft, destruction or damage from any cause whatsoever (including the perils of flood, sewer, back-up, earthquake, and any collapse) and replacement costs on the real property, machinery, equipment other movables and personal property in a minimum amount of CDN\$[Redacted], with commercially appropriate deductibles;

6.1.4.2 During the period commencing on March 1, 2020 to the Maturity Date, the Obligors shall maintain the following insurance coverage;

6.1.4.2.1 In respect of the Hamilton Project: (i) all risks and perils insurance coverage against any loss, theft, destruction or damage from any cause whatsoever (including the perils of flood, sewer, back-up, earthquake, and any collapse) and replacement costs on the real property, in a minimum amount of CDN\$[Redacted], with commercially appropriate deductibles, and (ii) all risks and perils insurance coverage against any loss, theft, destruction or damage from any cause whatsoever (including the perils of flood, sewer, back-up, earthquake, and any collapse) and replacement costs on machinery, equipment, other movables and personal property, in a minimum amount of CDN\$ [Redacted], with commercially appropriate deductibles;

6.1.4.2.2 In respect of the Valleyfield Project: (i) all risks and perils insurance coverage against any loss, theft, destruction or damage from any cause whatsoever (including the perils of flood, sewer, back-up, earthquake, and any collapse) and replacement costs on the real property, in a minimum amount of CDN\$[Redacted], with commercially appropriate deductibles, and (ii) all risks and perils insurance coverage against any loss, theft, destruction or damage from any cause whatsoever (including the perils of flood, sewer, back-up, earthquake, and any collapse) and replacement costs on machinery, equipment, other movables and personal property, in a minimum amount of CDN\$[Redacted], with commercially appropriate deductibles;

- 6.1.4.2.3 Broad Form Boiler and Machinery Insurance (without exclusion for explosion) written on a comprehensive repair and/or replacement cost basis covering all boilers, pipe turbines, engines and all other pressure vessels, machinery and equipment located in, on or about the Collateral with the same limits and endorsements as the "All Risks" Property Insurance described above;
- 6.1.4.2.4 Business Interruption Insurance (written on gross rents or gross profits basis) to cover any abatement or loss of income resulting from an insured peril with a minimum period of indemnity of 12 months or such longer period as the Lender may require, in a minimum amount of \$[Redacted] prior to February 28, 2020 and thereafter in a minimum amount of \$ [Redacted];
- 6.1.4.2.5 Commercial General Liability Insurance with a global limit of not less than CDN\$[Redacted] and a per incident coverage amount of not less than CDN\$[Redacted] on a per occurrence basis, or such higher limit as the Lender may require.

**[Redactions – coverage amounts]**

Commencing February 28, 2020, all policies relating to Collateral shall provide that the Lender is not obliged to repair, reconstruct or replace the Collateral.

- 6.1.5 **Compliance with Applicable Law and Contracts.** It shall comply in all respects with the requirements of all Applicable Law (including for certainty Cannabis Laws and Environmental Law), all Material Contracts to which it is a party or by which it is bound and all Material Authorizations (including for certainty the Health Canada Licenses);
- 6.1.6 **Material Authorizations.** Obtain, as and when required, and preserve and maintain, all Material Authorizations and Material Contracts which are required to permit the Borrowers and Guarantors to (i) own, operate and maintain the Projects in the manner currently carried on or planned to be carried on, (ii) develop, construct and operate the Projects substantially as contemplated by the Projects Plans, (iii) commence and carry out the operation of commercial production, and (iv) perform their obligations under the Loan Documents to which they are a party;
- 6.1.7 **Health Canada Licenses.** Maintain, preserve and comply in all respects with all provisions of, the Health Canada Licenses, and take all steps necessary to ensure the continued validity and renewal thereof;
- 6.1.8 **Cannabis Authorizations.** The Obligors shall:
  - 6.1.8.1 Promptly deliver to the Lender a copy of each Cannabis Authorization upon the request of the Lender;
  - 6.1.8.2 Be and remain the sole legal and beneficial owner of all Cannabis Authorizations;

- 6.1.8.3 Maintain as valid and in full force and effect each Cannabis Authorization and, where applicable, procure the renewal therefor prior to its expiration;
  - 6.1.8.4 With due diligence and in a reasonable manner, enforce the material rights granted to it under and in connection with each Cannabis Authorization;
  - 6.1.8.5 not dispose of or abandon any right, title or interest in any Cannabis Authorization;
  - 6.1.8.6 apply for and obtain each future Cannabis Authorization on or before such time as it shall be required by Applicable Law;
  - 6.1.8.7 timely pay all taxes, assessments, maintenance fees and other amounts required to be paid to maintain the Cannabis Authorizations.
- 6.1.9 **Health Canada.** The Obligors shall promptly after receipt or knowledge thereof, provide a copy to the Lender of (i) any material document, letter or notice from Health Canada to a Obligor (it being understand that any warning shall be material) or other Governmental Body, (ii) any material amendment to, or notice of material breach of, or expiration or termination of, a Material Contract, (iii) any written notice, investigation, correspondence or other proceedings or actions which could reasonably be expected to adversely affect any Cannabis Authorization, including any such notice, investigation, correspondence or proceedings involving Health Canada, (iv) any changes in the identity of a Responsible Person, together with satisfactory evidence of security clearances for such Responsible Person under the Cannabis Act or the Cannabis Regulations, and any rejection notice for new or renewal security clearance applications for each Responsible Person, and (v) any Material Contract entered into after the Closing Date;
- 6.1.10 **Preservation.** Maintain, preserve, protect and keep:
- (i) all of its material ownership, lease, use, licence and other interests in the Collateral as are necessary or advisable in order for it to be able to develop, construct and operate the Projects substantially in accordance with the Projects Plans and sound business practice; and
  - (ii) all material tangible Collateral owned by it in good repair, working order, and condition (ordinary wear and tear excepted), and make necessary and proper repairs, renewals, and replacements so that those aspects of the Projects carried on in connection therewith may be properly conducted at all times, unless the continued maintenance of any of such Collateral ceases to be necessary or economically desirable for the development, construction or continued operation of the Projects substantially in accordance with the Projects Plans and sound business practice;

6.1.11 **Notice of Litigation and Other Matters.** It shall, as soon as practicable after it shall become aware of the same, and in any event, within 5 days thereof, give notice to the Lender of the following events:

- 6.1.11.1 the commencement of any Proceeding against or affecting it;
- 6.1.11.2 any material change in its business or any other development which would reasonably be expected to have a Material Adverse Effect;
- 6.1.11.3 any material default by any party under or termination or threatened termination of any Material Contract of which it becomes aware;
- 6.1.11.4 any violation of any Applicable Law by any Obligor in any material respect;
- 6.1.11.5 any casualty, damage or loss, whether or not insured, through fire, theft, other hazard or casualty, or through any act or omission of an Obligor, or their respective officers, directors, employees, agents, contractors, consultants or representatives, or through any other Person having a value in excess of \$100,000 for any one event;
- 6.1.11.6 any material disputes involving local communities, municipalities or cities;
- 6.1.11.7 the loss of or non-compliance with the terms of, or any threat (in writing) by a Governmental Body to revoke or suspend any Material Authorization (including without limitation the Health Canada Licenses);
- 6.1.11.8 any material dispute with a Governmental Body or a material violation of any Environmental Law or Cannabis Law applicable to the Projects or an Obligor;
- 6.1.11.9 all material actions, suits and proceedings before any Governmental Body or arbitrator pending, or to the Borrowers' knowledge, threatened in writing against or directly affecting any Obligor or the Projects, including all material actions, suits, claims, notices of violation, hearings, investigations or proceedings pending or to the Borrowers' knowledge threatened in writing with respect to the ownership, use, maintenance and operation of the Projects;
- 6.1.11.10 any Default or Event of Default, or any default or event of default or demand for repayment under any other Material Contract or Material Authorization, or under any other agreements if the consequence of such default or the loss or termination of such other agreement would reasonably be expected to have a Material Adverse Effect;
- 6.1.11.11 engagement by an Obligor in any Cannabis Activity in any jurisdiction other than Canada without the necessary Cannabis Authorizations required to do so under Applicable Law;

6.1.11.12 any Material Authorizations of the Borrower or the Guarantors obtained following the Closing Date;

giving in each case the details thereof and specifying the action proposed to be taken with respect thereto;

6.1.12 **Intellectual Property.** Maintain its owned and licensed intellectual property necessary for it to conduct its business;

6.1.13 **Payment of Taxes.** It shall, duly and timely file all tax returns required to be filed by it, pay all taxes shown to be due and payable on such returns, and pay all assessments and re-assessments, and all other taxes, government charges, penalties, interests and fines due and payable by it and which are claimed by any governmental authority to be due and owing (unless being contested in good faith) and make adequate provision on its books for taxes payable for the current period for which tax returns are not yet required to be filed;

6.1.14 **Inspection.** At any time during regular business hours and upon reasonable prior written notice from the Lender, permit representatives of the Lender, at the cost and expense of the Borrowers, to enter into or onto its property, to inspect any of the Collateral and to examine its financial books, accounts and records and to discuss its financial condition with its senior officers and its auditors, provided that the Lender shall exercise its inspection rights not more than (x) once in any calendar year at the expense of the Borrowers and (y) once in any calendar quarter at the expense of the Lender. Notwithstanding the foregoing, if an Event of Default has occurred and is continuing, or if access is necessary to preserve or protect the Collateral, as determined by the Lender, acting reasonably, the Borrowers and Guarantors shall provide such access to the Lender at all times and without advance notice and at the expense of the Borrowers;

6.1.15 **Reporting Requirements.** It shall deliver or cause to be delivered to the Lender:

6.1.15.1 within 120 days of the Borrowers' fiscal year end, audited financial statements (including a management's discussion and analysis) of the Borrowers on a consolidated basis, together with a certificate of a senior officer of the Borrowers certifying that no Default or Event of Default has occurred hereunder;

6.1.15.2 within 60 days of the end of each fiscal quarter of the Borrowers, unaudited financial statements (including a management's discussion and analysis) of the Borrowers on a consolidated basis, together with a certificate of a senior officer of the Borrowers certifying that no Default or Event of Default has occurred hereunder;

6.1.15.3 within 20 days of the end of each month, (i) management-prepared monthly financial statements (including profits and loss, balance sheet, schedule of accounts receivable and accounts payable) of the Borrowers on an unconsolidated basis, (ii) monthly statement of accounts from the Receiver General for Canada and any other



Governmental Body confirming that all priority payables are in good standing and up to date, and (iii) a Compliance Certificate;

- 6.1.15.4 as soon as practicable following a request therefor from the Lender, the Borrowers shall provide any financial information, financial statements, budgets, forecasts, projections, analysis, lists of property and accounts and other statements as the Lender may reasonably request from time to time, including copies of any tax returns and any other elections, remittance forms or other documents filed by an Obligor pursuant to any Applicable Law;
- 6.1.15.5 Within 3 Business Days of the making of an advance, the Borrowers shall deliver evidence acceptable to the Lender of the payment of the Construction Payables required to be paid from the proceeds of such advance; and
- 6.1.15.6 such other financial or other information and the Lender may request from time to time;
- 6.1.16 **Use of Proceeds.** The Borrowers shall use the proceeds of the Loan solely as stipulated in Section 2.1;
- 6.1.17 **Construction.** Diligently complete, or cause to be completed, the expansion, development and construction of the Projects in a good and workmanlike manner; and
- 6.1.18 **Holdbacks.** To the extent applicable, Borrowers shall administer a 10% statutory holdback provision in the ordinary course of construction and in accordance with the *Construction Lien Act* (Ontario) or otherwise under Applicable Law.

## 6.2 Lender Entitled to Perform Covenants

If any Borrower or any Guarantor fails to perform any covenant contained in Section 6.1 the Lender may, in its discretion, perform any such covenant capable of being performed by it and if any such covenant requires the payment of money (including the payment of legal and other professional expenses) the Lender may make such payments. All sums so expended by the Lender shall be deemed to form part of the Obligations, shall bear interest at the same rate as the Loan from time to time and shall be payable by the Borrowers on demand.

## 6.3 Negative Covenants

So long as any Obligations remain outstanding, the Borrowers and each Guarantor covenants and agrees that it shall not:

- 6.3.1 **Sell Property.** Sell, transfer or otherwise dispose of any asset other than (i) any assets the book value of which does not exceed, in aggregate, \$250,000 in any fiscal year of the Borrowers, (ii) inventory in the ordinary course of business, or (iii) to the Borrowers or any other Guarantor;

- 6.3.2 **Encumber Property.** Create, grant, assume or suffer to exist any Lien upon, the Collateral or any part thereof, except pursuant to the Security Documents or Permitted Encumbrances;
- 6.3.3 **Indebtedness.** Incur or guarantee any indebtedness other than (i) the Obligations, (ii) intercompany debt which has been subordinated and postponed to the satisfaction of the Lender, acting reasonably between Obligor (and between Obligor and Non-Material Subsidiaries not exceeding \$200,000 in aggregate), (iii) indebtedness secured by Permitted Encumbrances; and (iv) Construction Payables not to exceed, in the aggregate, (x) \$39,000,000, from the Closing Date to February 29, 2020, and (y) \$15,200,000 from March 1, 2020 onwards (together, the “**Permitted Indebtedness**”);
- 6.3.4 **Material Contracts.** Without the prior written consent of the Lender, such consent not to be unreasonably withheld or delayed, enter into a new Material Contract, or amend or waive compliance by the applicable counterparty with any material provision of or terminate any Material Contract, nor shall any Obligor suffer or permit any termination of or consent or agree to any assignment (other than by way of security to the Lender) or transfer of any Material Contract except (A) transfers to another Obligor, or (B) terminations at the end of the stated term thereof or at the stated maturity thereof;
- 6.3.5 **Locations.** Except for inventory in transit, not permit any tangible Collateral to be located in any location except for the locations listed in Schedule 5.1.10 or as otherwise consented to by the Lender in writing;
- 6.3.6 **Deposit Accounts.** From and after the date that Blocked Account Agreements are delivered, not to deposit any Collateral, or proceeds from any Collateral in a Deposit Account other than ones that are: (i) with financial institution located in Canada and (ii) which are subject to a Blocked Account Agreement, provided however that a maximum amount of \$100,000 in the aggregate may be held in one or more Deposit Accounts which are at a financial institution that is not located in Canada (such accounts being a “**Foreign Account**”). Foreign Accounts are not required to be subject to a Blocked Account Agreement. No Obligor shall hold a Deposit Account with a financial institution in the United States of America. Notwithstanding the foregoing and for the avoidance of doubt, HemPoland s.o. z.o.o., may continue to deposit its accounts in Deposit Accounts in Poland;
- 6.3.7 **Business.** Change in any material respect the nature of its business or operations, nor engage directly or indirectly in any material business activity, or purchase or otherwise acquire any material property, in either case, not related to or in furtherance of the conduct of the business currently conducted by it, or initiate any construction project other than the Projects;
- 6.3.8 **Cannabis Activities.** The Obligor shall not, and shall not permit any Subsidiary to, without the prior written consent of the Lender (which consent may be withheld in its sole discretion) directly or indirectly engage or participate in any Medical Cannabis-Related Activities in any jurisdiction other a Medical Cannabis Qualified Jurisdiction, or directly or indirectly engage or participate in any Non-Medical Cannabis-Related Activities in any jurisdiction other a Non-Medical Cannabis Qualified Jurisdiction;

- 6.3.9 **Hedging.** Enter into any hedge instrument or incur any hedge obligations without the prior written consent of the Lender;
- 6.3.10 **Acquisitions.** Make any acquisitions of any other Person, or all of the assets of, or all of the assets or any line of business or division of, any other Person;
- 6.3.11 **Real Property.** Acquire or lease any new real property;
- 6.3.12 **Corporate Structure.** Enter into any transaction to change or reorganize its capital structure or materially amend its articles, by-laws or any other constating documents in a manner that prejudices the Lender;
- 6.3.13 **Investments.** Make any investments in equity interests in any other Person or make any loans to any other Person, other than (i) in or to an Obligor, or (ii) in or to a Non-material Subsidiary, provided the aggregate amount of such investments or loans shall not exceed \$100,000, or (iii) as otherwise permitted pursuant to Section 6.3.3 or 6.3.15;
- 6.3.14 **Material Authorizations.** Not amend, supplement (in a way that is detrimental to the Lender), terminate, abandon, allow to expire or fail to renew any Material Authorization, or permit any other Person to use, become party to or otherwise have an interest in, any Material Authorization, or take any action in furtherance of, or fail to take any action, which failure could be reasonably expected to result in, any of the foregoing;
- 6.3.15 **Financial Assistance.** Not provide financial assistance, by means of loan, guarantees, the provision of security or otherwise, to any Person, other than the Borrowers or any other Guarantor or as otherwise permitted pursuant to Section 6.3.3 or 6.3.13;
- 6.3.16 **Fiscal Year.** Change its fiscal year;
- 6.3.17 **Amalgamations, etc.** Enter into any transaction (including by way of reorganization, consolidation, amalgamation, liquidation or otherwise) whereby all or any portion of its property and assets would become the property of any other person other than Borrowers or, in the case of a Guarantor, another Guarantor;
- 6.3.18 **Affiliate Transactions.** Not enter into any transaction with any Affiliate, other than the Borrowers or another Guarantor (or to the extent permitted hereunder, Non-Material Subsidiaries), except on terms no less favourable than could be obtained in an arm's-length transaction;
- 6.3.19 **Distribution to Shareholders.** TGOD Holdings shall not, nor shall any other Obligor, pay any dividends or make any other distributions on its shares or other equity securities, except to the Borrowers or a Guarantor or as consented to in writing by the Lender in its sole discretion;
- 6.3.20 **Business.** Change in any material respect the nature of its business or operations, nor engage directly or indirectly in any material business activity, or purchase or otherwise acquire any material property, in either case, not related to or in furtherance of the conduct of the business as presently conducted by it;

- 6.3.21 **Anti-Corruption, etc.** (i) Use, or authorize the use of, any of its corporate funds for any contribution, gift, entertainment or other expenses relating to political activity in any manner in violation of Applicable Law; (ii) make, or authorize the making of, any direct or indirect bribe, rebate, payoff, influence payment, kickback or other payment to any domestic or foreign government official or employee from corporate funds in any manner in violation of Applicable Law; or (iii) violate any provision of AML Legislation, Anti-Corruption Laws or any applicable Sanctions;
- 6.3.22 **No Royalties, etc.** Make any payment or issuance of royalties in respect of the Projects, or enter into any royalty, stream financing, or agreement having a similar economic effect, with any other Person in relation to the Projects;
- 6.3.23 **Sale Leaseback.** Enter into any sale and leaseback transaction, provided that for the avoidance of doubt the Obligors shall be entitled to lease any assets acquired by any Person for the purpose of leasing such assets to the Borrowers or any Guarantor, provided that such assets were not acquired by such Person from the Borrowers or a Guarantor; and
- 6.3.24 **Issuance of Equity Interests.** Authorize or issue any equity interests of any Obligor (other than TGOD Holdings) to any Person other than to another Obligor and in the event thereof, the certificates for all such equity interests shall be delivered forthwith to the Lender together with such powers of attorney as may be required by the Lender pursuant to the Security Documents.

## 7. ENVIRONMENTAL MATTERS

### 7.1 **Environmental Representations and Warranties.**

Each of the Borrower and Guarantors declares, represents and warrants to the Lender that, to the best of its knowledge and after due inquiry, as of the date hereof:

- 7.1.1 the Projects, as well as the use thereof, are in compliance with the Environmental Laws;
- 7.1.2 no notice, demand, ordinance, lawsuit or, to the best of its knowledge, complaint has been brought against it concerning Environmental Law;
- 7.1.3 to its knowledge, there is no circumstance which may give rise to the revocation of the aforesaid certificates, approvals, permits, authorizations and orders or to the issue of a notice, demand, ordinance, lawsuit or complaint as aforesaid;
- 7.1.4 to the best of its knowledge there is at present no evidence in any part of the Projects of any contaminant, pollutant, waste or other hazardous substance which is in violation of Environmental Law in any material respect; and
- 7.1.5 the contaminated soils have, to the extent required by Environmental Law, been removed and disposed of in accordance with the Environmental Laws.

### 7.2 **Compliance with Environmental Laws.**

Each of the Borrower and the Guarantors hereby agrees as follows:

- 7.2.1 it shall comply in all material respects with the requirements of Environmental Laws applicable to the Projects and the activities carried out therefrom and shall notify the Lender immediately upon becoming aware of any release or discovery of the presence of any contaminant at, upon, under, over or within the Projects or any contiguous real property or any real property on or near which a contaminant could reasonably be anticipated to be released that would materially affect the Projects;
- 7.2.2 it shall promptly forward to the Lender copies of all notices, permits, orders, demands or other documents and reports received from any authority having jurisdiction in connection with any release or the presence of any contaminant or any alleged material non-compliance with any Environmental Laws affecting the Projects or the activities carried out therefrom;
- 7.2.3 it shall not bring onto or use on the Projects or any other real property (whether owned, leased or otherwise occupied by it) any hazardous material or waste other than in strict compliance with Environmental Laws and prudent industrial standards;
- 7.2.4 it shall not use the Projects, or permit the Projects to be used, to generate, manufacture, refine, treat, transport, store, handle, dispose, transfer, produce or process any hazardous substance except in compliance with all Environmental Laws; and
- 7.2.5 upon request by the Lender, the Borrower shall promptly forward to the Lender all environmental reports and assessments in the possession or under the control of the Borrower.

### **7.3 Environmental Indemnity.**

Each of the Borrower and the Guarantors hereby, at all times, indemnifies and holds the Lender, its officers, directors, employees, agents and shareholders harmless against and from any and all claims, suits, actions, debts, damages, costs, losses, obligations, penalties, judgments, charges, and expenses, of any nature whatsoever (including, without limitation, all legal fees and disbursements on a solicitor and client full indemnity basis) suffered or incurred by the Lender (other than as a result of its own gross negligence or wilful misconduct), whether upon realization of the Security Documents, or as lender to the Borrowers, or as successor to or assignee of any right or interest of the Borrowers, or as a result of any order, investigation or action by any governmental authority relating to the Borrowers, the Guarantors, or their business or property or as privileged or hypothecary creditor or mortgagee in possession of property or as successor or successor-in-interest to the Borrowers as a result of any taking of possession of all or any of the Projects or by foreclosure deed or deed in lieu of foreclosure or by any other means relating to the Borrowers or the Guarantors, directly or indirectly, under or on account of any breach of any Environmental Law which occurred prior to or during the time that the Borrowers or the Guarantors had control or possession of the Projects, with respect to:

- 7.3.1 the Release of a Contaminant, the threat of the Release of any Contaminant, or the presence of any Contaminant affecting the Projects, whether or not the same originates or emanates from the Projects or any contiguous real or immovable

property located thereon, including any loss of value of the Real Property as a result of any of the foregoing;

- 7.3.2 the Release of a Contaminant owned by, or under the charge, management or control of the Borrowers or the Guarantors, or any predecessor or assignor of the Borrowers or the Guarantors;
- 7.3.3 any costs incurred by any governmental authority or any other person or damages from injury to, destruction of, or loss of natural resources in relation to, the Projects or elsewhere, including reasonable costs of assessing such injury, destruction or loss incurred under any Environmental Laws;
- 7.3.4 liability for personal injury or property damage arising by reason of any civil law offenses or quasi-offenses or under any statutory or common law tort or similar theory, including, without limitation, damages assessed for the maintenance of a public or private nuisance or for the carrying on of a dangerous activity at, near, or with respect to the Projects or elsewhere; and/or
- 7.3.5 the use, production, storage, treatment or presence in or on the Projects of any Contaminant or any environmental matter affecting the Projects or the operations and activities of the Borrowers or the Guarantors within the jurisdiction of any federal, provincial, municipal, state or local environmental agency.

The obligations of the Borrowers and the Guarantors, as applicable, under this Section 7.3 shall arise upon the discovery of the presence or Release of any Contaminant at, upon, under, over, within or with respect to the Real Property resulting in a breach of Environmental Laws, whether or not any governmental authority has taken or threatened any action in connection with the presence of any Contaminant.

## **8. CONDITIONS PRECEDENT**

### **8.1 Conditions Precedent to the effectiveness of this Agreement and the first advance of the Loan**

The Lender shall be satisfied that each of the following conditions precedent has been satisfied prior to the effectiveness of this Agreement and the making of the advance of the Loan, which conditions precedent are for the sole and exclusive benefit of the Lender and may be waived in writing by the Lender in its sole discretion:

- 8.1.1 the representations and warranties set out in Article 5 shall be true and correct;
- 8.1.2 no Default or Event of Default shall have occurred and be continuing;
- 8.1.3 no Material Adverse Effect shall have occurred;
- 8.1.4 no Proceedings, against or involving it, nor, to the knowledge of the Borrowers, has any such Proceeding been threatened (in writing) against the Borrowers or any Guarantor, and, to the knowledge of the Borrowers, no event has occurred which might give rise to any such Proceedings and there is no judgment or order of any court or governmental body outstanding against it;

- 8.1.5 the Lender shall have received the following in form and substance satisfactory to the Lender:
- 8.1.5.1 evidence of the closing of the Canaccord Financing, with minimum net proceeds of \$24,500,000 having been received by the Borrowers, and being freely available to them, and not subject to any escrow conditions, as confirmed by a certificate of the president or chief financial officer of TGOD Holdings;
  - 8.1.5.2 the Security Documents referred to in Section 4.2, except for the Blocked Account Agreements, and a guarantee by HemPoland p.o. z.o.o.;
  - 8.1.5.3 certificates of status, good standing, or the equivalent for the Borrowers and each Guarantor;
  - 8.1.5.4 an officer's certificate of Borrowers and each Guarantor attaching certified copies of articles, bylaws and authorizing resolutions for each of Borrowers and each Guarantor and certifying such other factual matters as the Lender may require;
  - 8.1.5.5 a certified, true copy of the following documents, in each case in form and substance satisfactory to the Lender:
    - 8.1.5.5.1 all Material Contracts;
    - 8.1.5.5.2 all Material Authorizations, including for certainty the Health Canada Licenses;
  - 8.1.5.6 share certificates, duly endorsed in blank or with duly executed transfer powers of attorney of each of the Borrowers' (other than TGOD Holdings, and 9371 Qc) or Guarantors', as applicable, issued and outstanding shares;
  - 8.1.5.7 environmental site assessment reports on each of the properties comprising the Projects, in form and substance satisfactory to the Lender in its sole discretion;
  - 8.1.5.8 a current certificate of location with respect to the Valleyfield Project, and the most recent survey for the Ancaster Project;
  - 8.1.5.9 certificates of insurance in respect to of the Obligors' property, casualty and liability insurance, naming the Lender as first loss payee and additional insured;
  - 8.1.5.10 title insurance over the owned real property comprising the Projects to be issued to the Lender in form and substance reasonably satisfactory to the Lender;
  - 8.1.5.11 a Compliance Certificate;

- 8.1.5.12 opinion(s) of counsel to the Borrowers acceptable to the Lender and Lender's counsel, acting reasonably, as to matters relating to the Borrowers, the Guarantors and the Loan Documents; and
- 8.1.5.13 an officer's certificate of the Borrowers certifying that no Default or Event of Default has occurred and is continuing, that no Material Adverse Effect shall have occurred since the date of the last financial statements of TGOD Holdings remitted to the Lender, and that the representations and warranties set out in Article 5 shall be true and correct on the date of the advance of the Loan as if made on and as of such date, except where any representation or warranty relates to a specified date in which case that representation and warranty shall be made as of the date to which it relates;
- 8.1.6 all approvals, consents, orders and authorizations necessary for the completion of the transactions contemplated by the Loan Documents shall have been obtained;
- 8.1.7 the Liens created by the Security Documents shall have been perfected in all applicable jurisdictions;
- 8.1.8 personal property registry and such other searches as the Lender considers appropriate, acting reasonably, including in respect of any personal property of the Obligors charged pursuant to the Security Documents and the Obligors as of a time and date satisfactory to the Lender;
- 8.1.9 the Lender shall have received a Draw Request in the form attached hereto as Exhibit "B" along with the Payment Direction and the Lender and its agents shall have received payment in full of all fees and expenses payable in connection with the Loan which the Borrowers have agreed to pay to the Lender or its agents;
- 8.1.10 the Warrants at Close shall have been issued to the Lender and all required approvals in respect thereof and in respect of the common shares issuable upon due exercise thereof shall have been obtained;
- 8.1.11 a physical inspection of the Projects completed by Colliers International, or any other Person determined by the Lender in its sole discretion, supporting a fair market value of the Borrowers' real estate assets of at least \$125,000,000;
- 8.1.12 the Lender shall have completed to its satisfaction all due diligence, including economic, commercial, financial, legal, environmental, background checks, regulatory (including all licenses and permits), accounting and tax due diligence, of the, Borrowers, and the Guarantors;
- 8.1.13 a PAD Agreement;
- 8.1.14 a postponement and subordination agreement by Fluence Bioengineering, Inc, in form and content satisfactory to the Lender;
- 8.1.15 Receipt and satisfactory review by the Lender of its "anti-money laundering" and "know your client" documentation with respect to the Borrower and Guarantors;



- 8.1.16 Receipt and satisfactory review by the Lender of evidence that all federal and provincial corporate taxes owing by the Obligors are up to date; and
- 8.1.17 Receipt and satisfactory review by the Lender of evidence that all real estate taxes affecting the Projects have been paid in full.

## **8.2 Conditions Precedent to the each subsequent advance of the Loan**

Subject to the satisfaction of the following conditions, which are for the sole and exclusive benefit of the Lender and may be waived in writing by the Lender in its sole discretion, the Borrower may at any time prior to the March 20, 2020 Date request an additional advance under the Loan:

- 8.2.1 The Lender shall have received, at least 3 Business Days prior to the date on which the Borrowers wish to obtain the requested advance, a Draw Request in the form attached hereto as Exhibit “B”, specifying the amount of the advance and the date on which the advance is to be made;
- 8.2.2 the representations and warranties made by the Obligors under the Loan Documents shall be true and correct in all material respects as of the date of such requested advance and shall remain true and correct immediately following the making of such advance, except to the extent that such representation and warranty expressly relates to an earlier date (in which event such representation and warranty shall be true and correct as of such earlier date);
- 8.2.3 No Event of Default shall have occurred or be continuing at the time of the advance, or would result from the making of such advance;

## **8.3 Post-Closing Covenants**

Within 60 days from the Closing Date, the Borrowers shall:

- 8.3.1 Deliver (i) a guarantee agreement complying with Section 4.2., and (ii) a postponement and subordination agreement in form and content satisfactory to the Lender with the respect to the the loan agreement dated June 27, 2019 among HemPoland sp. z o.o., TGOD Europe B.V. and Holdings, each executed by HemPoland sp. z o.o, along with such certificates and legal opinions as the Lender may reasonably request;
- 8.3.2 A Blocked Account Agreement with respect to each Deposit Account held by the Obligors at financial institutions located in Canada;
- 8.3.3 Obtain a lien abstention agreement from each of Kubo Greenhouse Projects B.V., P.B.Technik B.V., Codema Systems Group B.V.,and Verkade Installatie Group B.V;
- 8.3.4 Use commercially reasonable efforts to obtain estoppel letters with respect to each Lien listed in Schedule 1.1, other than Liens in favour of Fluence Bioengineering, Inc;
- 8.3.5 Deliver an IP Security Agreement, in form and substance acceptable to the Lender, acting reasonably, with respect to the Obligors’ intellectual property;

## 9. EVENTS OF DEFAULT AND REMEDIES

### 9.1 Events of Default

The occurrence of any of the following events shall constitute an Event of Default:

- 9.1.1 default by the Borrowers in payment when due of any payment of the principal or interest on the Loan;
- 9.1.2 default by the Borrowers in payment, within three Business Days after the due date therefor, of any payment of any other amounts owing under this Agreement;
- 9.1.3 breach by the Borrowers or any other Guarantor under any of the covenants in Sections 6.1.2, 6.1.16, 6.1.17, and 6.3 (other than Section 6.3.5);
- 9.1.4 default by the Borrowers or any Guarantor in the performance or observance of any other covenant, condition or obligation contained in any Loan Document unless such default, if capable of being remedied, is remedied within 10 days of the occurrence thereof;
- 9.1.5 any representation or warranty made by the Borrowers or any Guarantor in any Loan Document is found to be false or incorrect in any way so as to make it materially misleading when made or deemed to have been made unless such falseness or incorrectness, if capable of being remedied, is remedied within five days of the occurrence thereof;
- 9.1.6 the Borrowers have at any time any “U.S. marijuana-related activity” as defined in Staff Notice 51-352 (Revised) – *Issuers with U.S. Marijuana Activities* of the Canadian Securities Administrators;
- 9.1.7 default by the Borrowers or Guarantor under any Material Contract, Material Authorization or under any indebtedness of the Borrowers or Guarantor in excess of \$150,000 (unless cured, remedied or waived), or any Material Contract or Material Authorization is terminated, cancelled or expires and, to the extent such Material Contract, or Material Authorization, continues to be required in order for the Borrowers or Guarantor to conduct their business as presently conducted and planned to be conducted, is not renewed or replaced on terms equally or better to the Borrowers or the Guarantor, as applicable, **[Redacted – commercially sensitive information]**;
- 9.1.8 the Borrowers or any other Guarantor admits its inability to pay its debts generally as they become due or otherwise acknowledges its insolvency;
- 9.1.9 the Borrowers or any other Guarantor institutes any proceeding, or any proceeding is commenced against or involving the Borrowers:
  - 9.1.9.1 seeking to adjudicate it as bankrupt or insolvent;
  - 9.1.9.2 seeking liquidation, dissolution, winding up, reorganization, arrangement, protection or relief of it or any of its properties or assets or debts or making a proposal, compromise, arrangement or

plan of arrangement with respect to it under any law relating to bankruptcy, insolvency, compromise of debts or other similar laws including without limitation, the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), or the arrangement provisions of the *Canada Business Corporations Act*; or

- 9.1.9.3 seeking appointment of a receiver, trustee in bankruptcy, agent, custodian or other similar official for it or for any material part of its properties and assets;

and, in the case of any proceeding not instituted by the Borrowers, such proceeding is not being contested in good faith by appropriate proceedings or, if so contested, remains outstanding, undismissed and unstayed more than 45 days from the institution of such first mentioned proceeding;

- 9.1.10 any execution, distress or other enforcement process, whether by court order or otherwise, becomes enforceable against any Collateral and such execution, distress or other enforcement process is not stayed within 60 days of notice;
- 9.1.11 this Agreement or any Security Document is repudiated or contested by any Obligor in whole or in part, ceases to be in full force and effect, or is invalidated or rendered unenforceable by any act, regulation or governmental action or is determined to be invalid by a court or other judicial entity or, in the case of the Liens under the Security Documents, to not constitute a first ranking priority Lien in the Collateral, subject only to Permitted Encumbrances and any such document which has ceased to be in full force and effect has not been replaced by a valid and enforceable document equivalent in effect and priority to such document, assuming such document as originally been valid and enforceable and enjoyed the priority contemplated in respect thereof by this Agreement in form and substance acceptable to the Lender, within 10 days of such determination, provided that such grace period shall only be provided if the Borrowers actively cooperates with the Lender to so replace such document;
- 9.1.12 any final judgment for the payment of monies in excess of \$100,000 is rendered against the Borrowers or Guarantor and such judgment is not discharged, or stayed pending appeal, within 30 days from the imposition of such judgment;
- 9.1.13 any License Impairment occurs;
- 9.1.14 a Change of Control of any of the Obligors shall occur; or
- 9.1.15 the audit report to the financial statements of the Borrowers contain a "going concern" qualification;
- 9.1.16 any Obligor takes or seeks to take any action to (a) abandon all or any material portion of the Collateral, (b) abandon the construction of the Projects, or (c) otherwise suspend construction, development or growing operations at the Projects (other than temporary suspensions for sound operational reasons not to exceed three months);

- 9.1.17 any Governmental Body directly or indirectly condemns, expropriates, nationalizes, seizes or appropriates any Obligor or any material portion of the Projects;
- 9.1.18 TGOD Holdings fails to comply with any of its obligations in respect of the Warrants;
- 9.1.19 the occurrence of a Material Adverse Effect.

## **9.2 Remedies Upon Default**

Upon the occurrence of any Event of Default, the Lender may at its sole option:

- 9.2.1 implement a default interest rate of an additional 2% per annum on top of the Interest Rate that is already applicable;
- 9.2.2 declare any or all of the Loan and the other Obligations to be immediately due and payable (including the Prepayment Premium);
- 9.2.3 realize upon all or any part of the Collateral, pursuant to the Security Documents;
- 9.2.4 take such actions and commence such proceedings as may be permitted at law or in equity (whether or not provided for herein or in the Loan Documents) at such times and in such manner as the Lender in its sole discretion may consider expedient,

all without, except as may be required by Applicable Law, any additional notice, presentment, demand, protest, notice of protest, dishonour or any other action. The rights and remedies of the Lender hereunder are cumulative and are in addition to and not in substitution for any other rights or remedies provided by Applicable Law or by any of the Loan Documents.

Notwithstanding any other provision hereof, or in any other Loan Document, the Lender may apply all payments received on account of the Obligations against all, or any part thereof, as it sees fit.

## **10. ASSIGNMENTS AND PARTICIPATIONS**

### **10.1 Assignment.**

This Agreement and the other Loan Documents shall enure to the benefit of and be binding upon the parties hereto and thereto, their respective successors and any permitted assigns. The Borrowers shall not assign all or any part of its rights or benefits under this Agreement. The Lender may assign all or any part of its rights in respect of the Obligations and the Loan Documents to any person without the consent of the Borrowers.

### **10.2 Participations**

The Lender may at any time, without the consent of, or notice to, the Borrowers sell participations to any Person (each, a “**Participant**”) in all or a portion of the Lender’s rights and/or obligations under this Agreement (including all or a portion of its commitment to make the Loan and/or the outstanding amount of the Loan owing to it); provided that (i) the Lender’s obligations under this Agreement shall remain unchanged, (ii) the Lender shall remain solely responsible to the Borrowers for the

performance of such obligations and (iii) the Borrowers shall continue to deal solely and directly with the Lender in connection with the Lender's rights and obligations under this Agreement. Any payment by a Participant in connection with a sale of a participation shall not be or be deemed to be a repayment by the Borrowers or a new advance to the Borrowers.

### **10.3 Confidentiality**

The Lender may disclose to any proposed assignee or proposed Participant such information concerning the financial position and assets of the Borrowers as may be relevant or useful in connection therewith provided that such proposed assignee or Participant executes a confidentiality agreement agreeing to keep all such information confidential to the same extent as the Lender's duty of confidentiality.

### **10.4 Certain Pledges**

The Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement and the Loan Documents to secure obligations of the Lender, but no such pledge or assignment shall release the Lender from any of its obligations hereunder or substitute any such pledgee or assignee for the Lender as a party hereto.

## **11. TAXES AND OTHER CHARGES**

### **11.1 Payments subject to Taxes**

If the Borrower is required by Applicable Law to deduct, withhold or pay any Indemnified Taxes (including any Other Taxes) in respect of any amount payable hereunder or under any Credit Document, then (i) the sum payable shall be increased by such Obligor when payable as necessary so that after making or allowing for all required deductions and payments (including deductions and payments applicable to additional sums payable under this Section) the Lender receives an amount equal to the sum it would have received had no such deductions or payments been required, (ii) such Obligor shall make any such deductions required to be made by it under Applicable Law and (iii) such Obligor shall timely pay the full amount required to be deducted to the relevant Governmental Authority in accordance with Applicable Law.

### **11.2 Payments of Other Taxes by every Obligor**

Without limiting the provisions of Section 11.1 above, every Obligor shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with Applicable Law.

### **11.3 Indemnification by the Obligors**

The Obligors shall indemnify the Lender, within 10 days after demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under Section 11.1) paid by the Lender and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Obligors by the Lender shall be conclusive absent manifest error.

### **11.4 Evidence of Payments**

As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the relevant Obligor to a Governmental Authority, such Obligor shall deliver to the Lender the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Lender.

### **11.5 Status of Lender**

If the Lender is entitled to an exemption from or reduction of Indemnified Taxes with respect to payments made hereunder or under any Credit Document, it shall promptly deliver to the relevant Obligor such properly completed and executed documentation reasonably requested by the relevant Obligor as will permit such payments to be made without deduction or withholding or at a reduced rate of withholding.

### **11.6 Treatment of Certain Refunds and Tax Reductions**

If the Lender determines, in its sole discretion, that it has received a refund of any Taxes or Other Taxes as to which it has been indemnified by the Borrowers hereunder or with respect to which the Borrower has paid additional amounts pursuant to Section 11.1 or that, because of the payment of such Taxes or Other Taxes, it has benefited from a reduction in Excluded Taxes otherwise payable by it, it shall pay to the Borrowers an amount equal to such refund or reduction (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrowers under this Section with respect to the Taxes or Other Taxes giving rise to such refund or reduction), net of all out-of-pocket expenses of the Lender and without interest (other than any net after-Tax interest paid by the relevant Governmental Authority with respect to such refund). The Borrowers, upon the request of the Lender, agree to repay the amount paid over to the Borrowers (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Lender if the Lender is required to repay such refund or reduction to such Governmental Authority.

### **11.7 Survival of Agreements**

The agreements of the Borrowers under this Section 10 shall survive the repayment of the Loan.

## **12. INDEMNITIES**

### **12.1 Reimbursement of Losses and Expenses**

In addition to the other indemnifications and reimbursement obligations provided for hereunder and in the other Loan Documents, whenever the Lender shall sustain or incur any losses and expenses related to break fees or similar losses and expenses in connection with:

- 12.1.1 the declaration by the Lender following the occurrence and during the continuance of an Event of Default, that the Loan and other Obligations are immediately due and payable; or
- 12.1.2 the failure of the Borrowers to pay when due principal, interest, fees or any other amount under this Agreement (whether at maturity, by reason of acceleration or otherwise);

(the events contemplated above shall be referred to individually as a "Loss Event" and the funds converted, repaid, not borrowed or not repaid, as the case may be, which are subject to any such Loss Event shall be collectively referred to as the "Affected Funds");

the Borrowers agree to pay the Lender, upon demand, an amount certified by the Lender to be necessary to compensate it for all such losses and expenses. The certificate of the Lender or shall also specify the computation and reasonable explanations of the amount to be paid. The agreements of the Borrowers under this Section 12.1 shall survive the repayment of the Loan.

## **12.2 General Indemnity**

The Borrowers hereby indemnify and hold harmless the Indemnified Parties from and against any and all losses and expenses, solidary, joint or several, that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or relating to any investigation, litigation or proceeding or the preparation of any defense with respect thereto arising out of or in connection with or relating to this Agreement, the other Loan Documents or the transactions contemplated hereby or thereby, or any use made or proposed to be made with the proceeds of the Loan, whether or not such investigation, litigation or proceeding is brought by a Borrower, any shareholder or creditor thereof, an Indemnified Party or any other Person, or an Indemnified Party is otherwise a party thereto and whether or not the transactions contemplated hereby are consummated, except to the extent such losses and expenses are found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's intentional or gross negligence or wilful misconduct.

## **12.3 Claims under the Indemnity**

The Indemnified Party claiming indemnification under Section 12.2 shall give the Borrowers prompt notice in writing of particulars of any claim asserted by third parties against it which is covered by such indemnities.

## **13. GENERAL**

### **13.1 Amendment and Waiver**

No amendment or waiver of any provision of any Loan Document or consent to any departure by the Borrowers from any provision thereof is effective unless it is in writing and signed by an officer of the Lender. Such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which it is given.

### **13.2 Notices**

- 13.2.1 Any notice or other communication required or permitted to be given to any Obligor hereunder shall be in writing and shall be given electronic means or by hand-delivery as hereinafter provided. Any such notice, if sent by electronic means, shall be deemed to have been received at 5:00pm EST on the day it is sent, or if delivered by hand shall be deemed to have been received at the time it is delivered to the applicable address noted below. Notice of change of address shall also be governed by this section. Notices and other communications to the Obligors shall be addressed as follows:

The Green Organic Dutchman Holdings Ltd.  
6205 Airport Rd. Building A, Suite 301

Mississauga, Ontario, L4V 1E3;

Attention: **[Redacted – Personal Information]**  
Email: **[Redacted – Personal Information]**

With a copy, that shall not constitute notice, to:

Torys LLP  
79 Wellington St. W.  
Suite 3000  
Toronto, Ontario M5K 1N2

Attention: Scott Cochlan  
Email: scochlan@torys.com

- 13.2.2 Any notice or other communication required or permitted to be given to the Lender hereunder shall be in writing and shall be given electronic means or by hand-delivery as hereinafter provided. Any such notice, if sent by electronic means, shall be deemed to have been received at 5:00pm PST on the day it is sent, or if delivered by hand shall be deemed to have been received at the time it is delivered to the applicable address noted below. Notice of change of address shall also be governed by this section. Notices and other communications the Lender shall be addressed as follows:

Maynbridge Capital Inc.  
388 – 1111 West Hastings Street  
Vancouver, BC V6E 2J3

Attention: **[Redacted – Personal Information]**  
Email: **[Redacted – Personal Information]**

With a copy, that shall not constitute notice, to:

McMillan LLP  
1000 Sherbrooke Street West  
Suite 2700  
Montreal, Quebec H3A 3G4

Attention: Michael J. Hanlon  
Email: michael.hanlon@mcmillan.ca

### **13.3 Further Assurances**

Whether before or after the occurrence of an Event of Default, the Borrowers shall at its own expense do, make, execute or deliver all such further acts, documents and things in connection with the Loan and the Loan Documents as the Lender may reasonably require from time to time for the purpose of giving effect to the Loan Documents, all promptly upon the reasonable request of the Lender.

### **13.4 Marketing**



The Borrowers authorizes and consents to the reproduction, disclosure and use by the Lender and Participants of customary information about the Borrowers (including, without limitation, the Borrowers' name and any identifying logos) and the transactions herein contemplated to enable the Lender and Participants to publish promotional "tombstones" and other forms of notices of the transactions contemplated herein in any manner and in any media (including, without limitation, brochures and posting by the Lender and Participants on their websites), provided that in respect of any such action by a Participant, the Borrowers' consent and approval shall be required, such consent and approval not to be unreasonably withheld or delayed. Without limiting the generality of the foregoing, no press release or other similar public communication may be made with respect to the Loan or the Loan Documents without the prior written consent of the Lender. Notwithstanding the foregoing, TGOD Holdings may make any public disclosure required by Applicable Law.

### **13.5 Counterparts**

This Agreement may be signed in any number of counterparts, each of which shall be deemed to be an original, but all such separate counterparts shall together constitute one and the same instrument.

### **13.6 English Language**

The parties hereto have specifically requested that this Agreement and all ancillary documentation thereto be drafted in English. *Les parties aux présentes ont expressément requis que la présente convention et toute documentation ancillaire à celle-ci soit rédigée en anglais.*

### **13.7 Entire Agreement**

The Loan Documents constitute the entire agreement between the parties hereto pertaining to the matters therein set forth and supersede and replace any prior understandings or arrangements pertaining to the Loan. There are no warranties, representations or agreements between the parties in connection with such matters except as specifically set forth or referred to in the Loan Documents.

## **14. Guarantee**

### **14.1 Guarantee**

To induce the Lender to execute and deliver this Agreement and to make or maintain the Loan, and in consideration thereof, each Guarantor hereby irrevocably and unconditionally guarantees (each, a "**Guarantee**") to the Lender due and punctual payment and performance to the Lender upon demand made in accordance with the terms of this Agreement of all debts, liabilities and obligations of or owing by the Borrowers to the Lender at any time and from time to time, present and future, direct and indirect, absolute and contingent, matured or not, arising from this Agreement or any other Loan Document and all amendments, restatements, replacements, renewals, extensions, or supplements and continuations thereof, and whether the Borrowers are bound alone or with another or others, and whether as principal or surety, and including without limitation, all liabilities of the Borrowers arising as a consequence of its failure to pay or fulfil any of such debts, liabilities and obligations (collectively, the "**Guaranteed Obligations**").

### **14.2 Indemnity**

In addition to the guarantee specified in this Section 14, each Guarantor agrees to indemnify and save the Lender harmless from and against all costs, losses, expenses and damages it may

suffer as a result or consequence of the Borrowers' default in the performance of any of the Guaranteed Obligations, or any inability by the Lender to recover the ultimate balance due or remaining unpaid to the Lender in respect of the Guaranteed Obligations, including without limitation, legal fees incurred by or on behalf of the Lender resulting from any action instituted on the basis of this Guarantee.

### **14.3 Payment and Performance**

- 14.3.1 If the Borrowers fails or refuses to punctually make any payment or perform the Guaranteed Obligations, each Guarantor shall unconditionally render any such payment or performance upon demand in accordance with the terms of this Guarantee.
- 14.3.2 Nothing but payment and satisfaction in full of the Guaranteed Obligations shall release the Guarantors from their obligations under this Guarantee.

### **14.4 Continuing Obligation**

The only condition (and no other document, proof or action other than as specifically provided in this Guarantee is) necessary as a condition of a Guarantor honouring its obligations under this Guarantee shall be demand by the Lender to the Borrowers. This Guarantee shall be a continuing guarantee, shall cover all the Guaranteed Obligations, and shall apply to and secure any ultimate balance due or remaining unpaid to the Lender. This Guarantee shall continue to be binding regardless of:

- 14.4.1 whether any other person or persons (an “**Additional Guarantor**”) shall become in any other way responsible to the Lender for, or in respect of all or any part of the Guaranteed Obligations;
- 14.4.2 whether any such Additional Guarantor shall cease to be so liable;
- 14.4.3 the enforceability, validity, perfection or effect of perfection or non-perfection of any security interest securing the Guaranteed Obligations, or the validity or enforceability of any of the Guaranteed Obligations; or
- 14.4.4 whether any payment of any of the Guaranteed Obligations has been made and where such payment is rescinded or must otherwise be returned upon the occurrence of any action or event, including the insolvency or bankruptcy of the Borrowers or otherwise, all as though such payment had not been made.

### **14.5 Guarantee Unaffected**

This Guarantee shall not be determined or affected, or the Lender's rights under this Guarantee prejudiced by, the termination of any Guaranteed Obligations (other than as a result of the repayment in full thereof) by operation of law or otherwise, including without limitation, the bankruptcy, insolvency, dissolution or liquidation of the Borrowers, any change in the name, business, powers, capital structure, constitution, objects, organization, directors or management of the Borrowers, with respect to transactions occurring either before or after such change. This Guarantee is to extend to the liabilities of the Borrowers, notwithstanding any reorganization of the Borrowers, any Guarantor or any Additional Guarantor or the amalgamation of the Borrowers, a Guarantor or any Additional Guarantor with one or more other corporations (in this case, this Guarantee shall extend to the liabilities of the resulting corporation and the terms “Borrowers”, “Guarantor” and “Additional Guarantor” shall include such

resulting corporation) or any sale or disposal of the Borrowers', a Guarantor's or the Additional Guarantor's business in whole or in part to one or more other persons and all of such liabilities shall be included in the Guaranteed Obligations. Each Guarantor agrees that the manner in which the Lender may now or subsequently deal with the Borrowers, any Additional Guarantor or any security (or any collateral subject to the security) or other guarantee in respect of the Guaranteed Obligations shall have no effect on such Guarantor's continuing liability under this Guarantee and each Guarantor irrevocably waives any rights it may have in respect of any of the above.

## 14.6 Waivers

Each Guarantor waives each of the following, to the fullest extent permitted by law:

- 14.6.1 any defence based upon:
- (i) the unenforceability or invalidity of all or any part of the Guaranteed Obligations, or any security or other guarantee for the Guaranteed Obligations or any failure of the Lender to take proper care or act in a commercially reasonable manner in respect of any security for the Guaranteed Obligations or any collateral subject to the security, including in respect of any disposition of the Collateral or any set-off against the Guaranteed Obligations;
  - (ii) any act or omission of the Borrowers or any other person, including the Lender, that directly or indirectly results in the discharge or release of the Borrowers or any other person or any of the Guaranteed Obligations or any security for the Guaranteed Obligations; or
  - (iii) the Lender's present or future method of dealing with the Borrowers, any Additional Guarantor or any security (or any collateral subject to the security) or other guarantee for the Guaranteed Obligations;
- 14.6.2 any right (whether now or hereafter existing) to require the Lender, as a condition to the enforcement of this Guarantee:
- (i) to accelerate any of the Guaranteed Obligations or proceed and exhaust any recourse against the Borrowers or any other person;
  - (ii) to realize on any security that it holds;
  - (iii) to marshal the assets of a Guarantor or the Borrowers; or
  - (iv) to pursue any other remedy that a Guarantor may not be able to pursue itself and that might limit or reduce such Guarantor's burden;
- 14.6.3 presentment, demand, protest and notice of any kind including, without limitation, notices of default and notice of acceptance of this Guarantee;
- 14.6.4 all suretyship defences and rights of every nature otherwise available under **Ontario** law and the laws of any other jurisdiction;

- 14.6.5 any rights of subrogation or indemnification which it may have, until the obligations of the Borrowers and Guarantors under the Loan Documents have been paid in full; and
- 14.6.6 all other rights and defences (legal or equitable) the assertion or exercise of which would in any way diminish the liability of the Guarantors under this Guarantee.

#### **14.7 Lender's Right to Act**

Lender has the right to deal with the Borrowers, the documents creating or evidencing the Guaranteed Obligations and the security (or any collateral subject to the security) now or subsequently held by the Lender (including, without limitation, all modifications, extensions, replacements, amendments, renewals, restatements, and supplements to such documents or security) as Lender may see fit, without notice to the Guarantors or any Additional Guarantor and without in any way affecting, relieving, limiting or lessening any Guarantor's or any Additional Guarantor's liability under this Guarantee. Without limitation, Lender may:

- 14.7.1 grant time, renewals, extensions, indulgences, releases and discharges to the Borrowers;
- 14.7.2 take new or additional security (including, without limitation, other guarantees) from the Borrowers or the Borrowers' shareholders;
- 14.7.3 discharge or partially discharge any or all existing security;
- 14.7.4 elect not to take security from the Borrowers or not to perfect security;
- 14.7.5 cease or refrain from, or continuing to, giving credit or making loans or advances to the Borrowers;
- 14.7.6 accept partial payment or performance from the Borrowers or otherwise waive compliance by the Borrowers with the terms of any of the documents or security;
- 14.7.7 assign any such document or security to any person or persons in accordance with the provisions of this Agreement;
- 14.7.8 deal or dispose in any manner (whether commercially reasonably or not) with any security (or any collateral subject to the security) or other guarantee for the Guaranteed Obligations; or
- 14.7.9 apply all dividends, compositions and moneys at any time received from any Borrowers or others or from the security upon such part of the Guaranteed Obligations.

#### **14.8 Action or Inaction**

Except as provided at law, no action or omission on the part of the Lender in exercising or failing to exercise its rights under this Section or in connection with or arising from all or part of the Guaranteed Obligations shall make the Lender liable to a Guarantor for any loss occasioned to such Guarantor. No loss of or in respect of any securities received by the Lender from the Borrowers or others,

whether occasioned by the Lender's fault or otherwise, shall in any way affect, relieve, limit or lessen a Guarantor's liability under this Guarantee.

**14.9 Lender's Rights**

The rights and remedies provided in this Section are cumulative and may be exercised singly or concurrently, and are not exclusive of any rights or remedies provided by law.

**14.10 Demand**

The Lender may make demand in writing to any Guarantor at any time and from time to time, each such written demand to be accepted by each Guarantor as complete and satisfactory evidence of such Guarantor's obligations to make a payment under this Guarantee and the amount of such payment. Guarantors shall pay to the Lender such amount or amounts payable under this Guarantee immediately upon such written demand.

**14.11 No Representations.**

Each Guarantor acknowledges that this Guarantee has been delivered free of any conditions and that there are no representations which have been made to any Guarantor affecting such Guarantor's liability under this Guarantee except as may be specifically embodied in this Guarantee and agrees that this Guarantee is in addition to and not in substitution for any other guarantee(s) held or which may subsequently be held by or for the benefit of the Lender.

(Remainder of this page intentionally left blank)

IN WITNESS WHEREOF this Agreement has been executed by the parties hereto as of the date first written above.

**BORROWERS:**

**MEDICAN ORGANIC INC.**

By: “Csaba Reider”  
Name: Csaba Reider  
Title: President

**THE GREEN ORGANIC DUTCHMAN HOLDINGS LTD.**

By: “Sean Bovingdon”  
Name: Sean Bovingdon  
Title: Chief Financial Officer

**THE GREEN ORGANIC DUTCHMAN LTD.**

By: “Csaba Reider”  
Name: Csaba Reider  
Title: President

**9371-8633 QUEBEC INC.**

By: “Marc Cernovitch”  
Name: Marc Cernovitch  
Title: President

**GUARANTORS:**

**THE GREEN ORGANIC HEMP LTD.**

By: “Sean Bovingdon”  
Name: Sean Bovingdon  
Title: Secretary

**LENDER:**

**MAYNBRIDGE CAPITAL INC.**

By: “Stephen Davies”  
Name: Stephen Davies  
Title: Senior Vice President and Chief Risk Officer

**EXHIBIT A**  
**FORM OF COMPLIANCE CERTIFICATE**

See attached.

## FORM OF COMPLIANCE CERTIFICATE

**Maynards Capital Inc.**  
Suite 388 – 1111 West Hastings Street  
Vancouver, BC V6E 2J3

Dear Sirs/Mesdames:

**Re:** [Company Name] **Month ended** [Date]

I, [Signing Officer's Name], in my capacity as [Position]

of [Company Name] (the “Borrower”), hereby certify on behalf of the Borrower and without personal liability that:

I am familiar with and have examined the provisions of the **credit agreement made as of [Date]** (the “**Credit Agreement**”) between the Borrower, as borrower, the other credit parties from time to time parties thereto, and **Maynbridge Capital Inc.** (the “**Lender**”), as lender, as amended, restated, supplemented, replaced or otherwise modified from time to time, and have made such reasonable investigations of corporate records and reasonable inquiries of other officers and senior personnel of the Borrower as are sufficient to enable me to make an informed statement herein. Capitalized terms used and not defined in this certificate shall have the meanings given to them in the Credit Agreement and all section references, unless stated otherwise, shall be references to sections of the Credit Agreement. Based on the foregoing and as of the date of this certificate, I confirm the following:

### Real Estate

- |   |  |  |
|---|--|--|
| 1 | All property taxes have been paid in full and on time  |  |
| 2 | All properties are free of Liens of any sort, unless permitted under the Credit Agreement                            |  |
| 3 | All properties are free of any environmental contamination in violation of Environmental Law in any material respect |  |
| 4 | All rents, if applicable, have been paid in full and on time   |  |

### Machinery & Equipment

- |   |   |  |
|---|---|--|
| 5 | No machinery or equipment has been sold, leased, seized, transferred or conveyed to any other party which has a book value, in aggregate, of \$100,000 in any fiscal year |  |
| 6 | All machinery or equipment remains free of repair and/or storage liens  |  |
| 7 | All material machinery and equipment is in good working order   |  |
| 8 | All machinery and equipment is located at the Borrower’s premises   |  |



**Insurance**

- 9 All payments owing to insurance providers have been made in full and on time
- 10 No claims have been made to any of the Company's insurance providers

**General**

- 11 All priority payables to the Government of Canada are in good standing and up to date
- 12 All taxes, assessments and other governmental charges or levies upon the Company's property, income, and sales, have been and will be paid
- 13 Construction Payables do not exceed, in aggregate, \$39,000,000 from the Closing Date to February 28, 2020, and \$15,200,000 from March 1, 2020 onwards
- 14 No litigation or threat of litigation has been commenced against the Company
- 15 No new loans, leases, or debt of any kind have been undertaken by the Company
- 16 No event of default has occurred or is continuing which constitutes an Event of Default under the Credit Agreement with Maynbridge Capital Inc. or any other lender
- 17 Except as disclosed on schedule "B" hereto, all representations and warranties made in the Loan Agreement remain true and correct as of the date hereof, except for those representations and warranties which were made as of a specific date (which continue to be true as of that specific date). Any required revisions to the disclosure schedules affected by revised representations warranties are also attach hereto.
- 18 No payables or receivables are in dispute
- 19 No disbursements, distributions, or dividends have been declared
- 20 No barter or trade transactions have taken place

**Please attach a "Schedule A" with details pertaining to any question answered "NO".**

**Please attach a "Schedule B" per #18, if required**

**[Company Name]**

By: \_\_\_\_\_

Name: [Signing  
Officer's Name]

Title: [Position]

**EXHIBIT B**  
**DRAW REQUEST**

Date: \_\_\_\_\_

**Maynbridge Capital Inc.**  
388 – 1111 West Hastings Street  
Vancouver, BC V6E 2J3

Attention: Tyler St-Pierre

Ladies and Gentlemen:

We refer you to the Loan Agreement dated as of December 23, 2019 entered into between The Green Organic Dutchman Holdings Ltd, The Green Organic Dutchman Ltd, Médican Biologique Inc./Medican Organic Inc, and 9371-8633 Quebec Inc., as Borrowers, and the Guarantors party thereto., as guarantors, and Maynbridge Capital Inc., as lender (as amended, supplemented, restated, replaced or otherwise modified from time to time, the "**Loan Agreement**").

Unless otherwise defined herein or unless there is something in the subject or the context inconsistent therewith, all capitalized terms and expressions used herein shall have the same meaning as that ascribed to them from time to time in the Loan Agreement.

Pursuant to Section 2.1 of the Loan Agreement, we hereby request an Advance in the amount of \$ \_\_\_\_\_ , to be disbursed on \_\_\_\_\_.

For that purpose we represent and warrant that, to our knowledge, each and every one of the representations and warranties made under the Loan Agreement are true and correct in all material respects as of the date of this Draw Request (except to the extent that any such representation or warranty expressly relates to an earlier date, in which case such representation or warranty is true and correct as at such date).

We further represent and warrant that no Default or Event of Default has occurred and is continuing as of the date of this Draw Request which has not theretofore been disclosed to the Lender.

Yours truly,

**The Green Organic Dutchman Holdings Ltd,  
The Green Organic Dutchman Ltd  
Médican Biologique Inc./Medican Organic  
Inc, and  
9371-8633 Quebec Inc, as borrowers**

**Per:** \_\_\_\_\_

\_\_\_\_\_

**SCHEDULES TO CREDIT AGREEMENT**

**[Redacted – Confidential Information]**