

SUPPLEMENTAL INDENTURE

Supplemental Indenture, dated as of April 9, 2020 among STEM HOLDINGS, INC., a corporation duly organized and existing under the laws of Nevada (the “**Corporation**”) and OLYMPIA TRUST COMPANY, a trust company duly organized and existing under the laws of Alberta, as Warrant Agent (the “**Warrant Agent**”).

RECITALS OF THE CORPORATION:

WHEREAS the Corporation and the Warrant Agent are parties to a warrant indenture dated as of December 27, 2018 (the “**Original Indenture**”).

AND WHEREAS pursuant to Section 2.1 of the Original Indenture, a maximum of 2,146,666 share purchase warrants of the Corporation (the “**Warrants**”) were authorized to be issued in accordance with the Original Indenture.

AND WHEREAS the Corporation issued 546,175 Warrants on June 27, 2019 and 168,350 Warrants on September 14, 2019.

AND WHEREAS pursuant to Section 7.10(a) of the Original Indenture, a meeting of Warrantholders (as defined herein) shall have the powers exercisable from time to time by Extraordinary Resolution to, among other things, authorize the Warrant Agent to assent to any modification, abrogation, alteration, compromise or arrangement of the rights of the Warrantholder under the Original Warrants.

AND WHEREAS by a meeting of the holders of the Warrants (the “**Warrantholders**”) held on April 7, 2020, the Warrantholders approved an Extraordinary Resolution to give authority to the Warrant Agent to amend the Original Indenture to: (i) reduce the exercise price to C\$1.50 per share of Common Stock of the Corporation (the “**Common Shares**”); and (ii) provide that if the closing trading price of the Common Shares exceeds C\$1.87 for a period of 10 consecutive trading days on the Canadian Securities Exchange, the expiry date of the Warrants will be accelerated to the date that is 30 calendar days after the date of such 10 trading day period (collectively, the “**Approved Amendments**”).

AND WHEREAS the Corporation and the Warrant Agent desire to amend the Original Indenture to give effect to the Approved Amendments.

AND WHEREAS all conditions precedent under the Original Indenture have been complied with to permit the Corporation and the Warrant Agent to enter into this Supplemental Indenture.

NOW THEREFORE it is hereby covenanted and agreed as set forth herein:

1. **Interpretation.** All capitalized terms used but not defined herein shall have the meanings set forth in the Original Indenture, as applicable. In the event of any inconsistency between the terms in the Original Indenture and this Supplemental Indenture, the terms in this Supplemental Indenture prevail.
2. **Amendments.**
 - (a) The definition of “Exercise Price” in the Original Indenture is hereby deleted and replaced with the following:

“**Exercise Price**” at any time means the price at which a whole Common Share may be purchased by the exercise of a whole Warrant, which is initially \$1.50 per Common

Share, payable in immediately available Canadian funds, subject to adjustment in accordance with the provisions of Article 4;”

- (b) The definition of “Expiry Date” in the Original Indenture is hereby deleted and replaced with the following:

““**Expiry Date**” means, in relation to a Warrant, the date that is 24 months following the Closing Date applicable to such Warrant, provided that if an Acceleration Event occurs and the Corporation accelerates the Expiry Date in accordance with Section 2.2(5), the Expiry Date shall be determined in accordance with Section 2.2(5);”

- (c) A new section immediately following Section 2.2(4) of the Original Indenture is hereby added as follows:

“(5) If the closing trading price of the Common Shares on the CSE is greater than \$1.87 (subject to adjustment as herein provided) for any 10 consecutive trading days (an “**Acceleration Event**”), the Expiry Date may be accelerated by the Corporation by providing written notice to the Warrant Agent of the Acceleration Event (the “**Acceleration Event Notice**”). Upon receipt of the Acceleration Event Notice, the Warrant Agent shall promptly give such notice of the Acceleration Event to the Warrantholders. Upon delivery of the Acceleration Event Notice, the Expiry Date shall be the date which is 30 days following the date on which the Acceleration Event Notice is provided to the Warrant Agent.

- (d) The form of Warrant attached as Schedule “A” to the Original Indenture is hereby amended to give effect to the amendments set forth in Sections 2(a) and 2(b) herein.

3. **Effect and Operation of Supplemental Indenture.** This Supplemental Indenture shall be effective and binding immediately upon its execution by the parties hereto, and thereupon this Supplemental Indenture shall form a part of the Original for all purposes. Except as modified and amended by this Supplemental Indenture, all provisions of the Original Indenture shall remain in full force and effect.
4. **Applicable Law.** This Supplemental Indenture shall be construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein and shall be treated in all respects as an Ontario contract.
5. **Effect of Headings.** The insertion of headings into this Supplemental Indenture are for convenience of reference only and shall not affect the construction or interpretation of this Supplemental Indenture.
6. **The Warrant Agent.** The Warrant Agent shall not be responsible in any manner whatsoever for or in respect of, and makes no representations as to, the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Corporation.

[Remainder of Page Intentionally Left Blank.]

IN WITNESS WHEREOF, the parties have caused this Supplemental Indenture to be executed as of the day first written above.

OLYMPIA TRUST COMPANY, as
Warrant Agent

By: (signed) "Dean Naugler"
Name: Dean Naugler
Title: Vice President

By: (signed) "Amy Wilkinson"
Name: Amy Wilkinson
Title: Associate Relationship Manager

STEM HOLDINGS, INC.

By: (signed) "Adam Berk"
Name: Adam Berk
Title: President & CEO