

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 9, 2022

Jones Soda Co.

(Exact Name of Registrant as Specified in Its Charter)

Washington

(State or Other Jurisdiction of Incorporation)

0-28820

(Commission File Number)

52-2336602

(IRS Employer Identification No.)

66 South Hanford Street, Suite 150, Seattle, Washington

(Address of Principal Executive Offices)

98134

(Zip Code)

(206) 624-3357

(Registrant's Telephone Number, Including Area Code)

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
None	N/A	N/A

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01 Entry Into a Material Definitive Agreement.

On February 9, 2022, Jones Soda Co. (“Jones” or the “Company”) issued \$3,000,000 in aggregate principal amount of 3.00% unsecured convertible debentures due February 9, 2023 (the “Contingent Convertible Debentures”), which are convertible into units of Jones (each a “Jones Unit”) at a conversion price of \$0.50 per Jones Unit, with each Jones Unit consisting of one share of Jones common stock (each a “Jones Share”) and one share purchase special warrant of Jones (each a “Jones Special Warrant”). Each Jones Special Warrant will be exercisable into one Jones Share at a price of \$0.625 per Jones Share for a period of 24 months from the date of issuance, conditional upon Jones increasing its authorized capital to an amount to cover the Jones Shares issuable pursuant to all of the outstanding Jones Special Warrants as well as the other Jones Shares issuable pursuant to the then outstanding convertible/exercisable securities of Jones. The Contingent Convertible Debentures are automatically convertible into Jones Units upon Jones Soda increasing its authorized capital to an amount to cover the Jones Shares issuable pursuant to all of the outstanding Contingent Convertible Debentures as well as all of the other then outstanding convertible/exercisable securities of Jones (a “Conversion Event”). The Contingent Convertible Debentures are only convertible into Jones Units upon the occurrence of a Conversion Event.

The Contingent Convertible Debentures mature on February 9, 2023 (the “Maturity Date”) and shall begin to accrue interest a rate of 3.00% commencing on April 1, 2022 that becomes payable on the Maturity Date.

Under the terms of the Contingent Convertible Debenture, the Company covenants to the holders of the Contingent Convertible Debentures that the Company will use their commercially reasonable efforts to cause the Conversion Event to occur as soon as practicable after the closing of the Plan of Arrangement (defined below).

The issuance of the Contingent Convertible Debentures were exempt from registration under the United States Securities Act of 1933, as amended (the “Securities Act”), pursuant to Section 4(a)(2) of the Securities Act and Rule 506(b) of Regulation D promulgated thereunder for sales to persons in the United States and under Rule 903 of Regulation S promulgated under the Securities Act for sales to persons outside of the United States.

In connection with the issuance of the Contingent Convertible Debentures, Jones also signed on February 9, 2022, a registration rights agreement with each of the holders of the Contingent Convertible Debentures (the “Registration Rights Agreement”). Pursuant to the terms of the Registration Rights Agreement, the Company is required to file a registration statement with the United States Securities and Exchange Commission (the “SEC”) within 30 days from the conversion of the Contingent Convertible Debentures that registers for resale the Jones Shares issued upon the conversion of the Contingent Convertible Debentures as well as the Jones Shares issuable upon the exercise of the Jones Special Warrants issued in connection with the conversion of the Contingent Convertible Debenture. The failure on the part of the Company to file the registration statement with the SEC within this timeframe may subject the Company to payment of certain monetary penalties.

The foregoing description of the Contingent Convertible Debentures and the Registration Rights Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the form of Contingent Convertible Debenture and Registration Rights Agreement, which are attached to this Current Report on Form 8-K as Exhibits 10.1 and 10.2, respectively, and are incorporated into this Item 1.01 by reference.

This Current Report on Form 8-K does not constitute an offer to sell, or a solicitation of an offer to buy, any security and shall not constitute an offer, solicitation or sale in any jurisdiction in which such offering would be unlawful.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information contained or incorporated in Item 1.01 of this Current Report on Form 8-K is incorporated herein by reference.

Item 3.02 Unregistered Sales of Equity Securities.

On February 15, 2022, Jones issued an aggregate of 20,000,048 Jones Shares in connection with the completion of the previously announced acquisition of all the issued and outstanding common shares (the “Pinestar Shares”) of Pinestar Gold Inc. (the “Pinestar”) by way of a plan of arrangement under the Business Corporations Act (British Columbia) (the “Plan of Arrangement”) whereby the outstanding Pinestar Shares were exchanged for newly issued Jones Shares on a one-for-one basis. The Plan of Arrangement had previously been approved by both Pinestar’s shareholders as well as by the Supreme Court of British Columbia after such court held a hearing on the fairness of the terms and conditions of the Plan of Arrangement at which all Pinestar shareholders had the right to appear.

In connection with the Plan of Arrangement, Pinestar completed an offering for subscription receipts (“Subscription Receipts”) for aggregate gross proceeds of \$8,000,000, at a price per Subscription Receipt equal to \$0.50. As part of the closing of the Plan of Arrangement, each Subscription Receipt automatically converted into one Pinestar Share and one new common share purchase warrant of Pinestar, which were then immediately exchanged for Jones Shares and Jones Special Warrants, respectively, in accordance with a 1:1 exchange ratio.

The issuance of Jones Shares to the holders of Pinestar Shares (including Pinestar Shares received upon the conversion of the Subscription Receipts) in the Plan of Arrangement was exempt from the registration requirements under the Securities Act pursuant to Section 3(a)(10) of the Securities Act, which exempts from the registration requirements under the Securities Act any securities that are issued in exchange for one or more bona fide outstanding securities where the terms and conditions of such issuance and exchange are approved, after a hearing upon the fairness of such terms and conditions at which all persons to whom it is proposed to issue securities in such exchange shall have the right to appear, by any court expressly authorized by law to grant such approval.

The closing of the Plan of Arrangement resulted in the automatic conversion of the \$2,000,000 unsecured convertible debenture Jones previously issued to SOL Verano Blocker 1 LLC (the “Jones Debenture”) into an aggregate of 4,025,035 Jones Shares and 4,025,035 Jones Special Warrants at a conversion price of \$0.50 per Jones Share and Jones Special Warrant. The issuance of the Jones Shares and Jones Special Warrants upon the conversion of the Jones Debenture was exempt from registration under the Securities Act, pursuant to Section 4(a)(2) of the Securities Act and Rule 506(b) of Regulation D promulgated thereunder.

The information contained or incorporated in Item 1.01 of this Current Report on Form 8-K related to the Contingent Convertible Debentures and Jones Special Warrants is incorporated herein by reference.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(b)

On February 15, 2022, each of Michael Fleming and Jeffrey Anderson gave notice to the Company’s Board of Directors (the “Board”) that they each intended to resign as directors on the Board, effective immediately. Mr. Anderson served as chair of the Company’s audit committee, chair of the Company’s compensation and governance committee and a member of the Company’s nominating committee. Mr. Fleming served as a member of the Company’s audit committee and a member of the Company’s compensation and governance committee.

Mr. Anderson’s decision to resign as a director on the Board did not relate to any disagreement with the management of the Company on any matter related to the Company’s operations, policies or practices.

Mr. Fleming’s decision to resign as a director on the Board did not relate to any disagreement with the management of the Company on any matter related to the Company’s operations, policies or practices.

As there are no disagreements as contemplated by Item 5.02(a) of Form 8-K, the Company is disclosing this information pursuant to Item 5.02(b) of Form 8-K.

(d)

On February 15, 2022, in connection with the closing of the Plan of Arrangement, the Board appointed each of Alex Spiro and Chad Bronstein to serve as directors on the Board until the Company's next meeting of stockholders. Mr. Spiro is expected to serve on the Company's compensation and governance committee and the Company's nominating committee, while Mr. Bronstein is expected to serve on the Company's audit committee.

The appointments of Messrs. Spiro and Bronstein was made in accordance with Section 4.13 of the Arrangement Agreement dated October 18, 2021 between the Company and Pinestar (filed as Exhibit 10.3 to the Company's current report on Form 8-K filed on October 22, 2022 and incorporated herein by reference).

Other than Mr. Bronstein purchasing \$100,000 in aggregate principal amount of Contingent Convertible Debentures and Mr. Spiro purchasing \$400,000 in aggregate principal amount of Contingent Convertible Debentures, there have been no transactions since the beginning of the Company's last fiscal year and there are currently no proposed transactions to which the Company is a party, or intended to be a party, in which either Mr. Bronstein or Mr. Spiro has, or will have, a material interest subject to disclosure under Item 404(a) of Regulation S-K.

Each of Messrs. Spiro and Bronstein will be eligible to receive equity awards under the Company's 2011 Equity Incentive Plan, as described in the Company's proxy statement on Schedule 14A for its 2021 Annual Meeting of Shareholders filed with the SEC on April 1, 2021.

Item 7.01 Regulation FD Disclosure

On February 15, 2022, the Company announced that the Canadian Securities Exchange (the "CSE") had conditionally approved the listing of the Jones Shares on the CSE and that final approval for listing of the Jones Shares on the CSE will be subject to Jones fulfilling certain standard conditions of the CSE set out in its conditional acceptance letter.

A copy of the press release announcing the closing of the Plan of Arrangement, the issuance of the Contingent Convertible Debentures, the conditional approval of the listing of the Jones Shares on the CSE, the changes to the Board, and the other transactions described herein is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Cautionary Statements Regarding Forward Looking Information

Certain statements in this Current Report on Form 8-K are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include all passages containing words such as "will," "aims," "anticipates," "becoming," "believes," "continue," "estimates," "expects," "future," "intends," "plans," "predicts," "projects," "targets," or "upcoming." Forward-looking statements also include any other passages that are primarily relevant to expected future events or that can only be evaluated by events that will occur in the future. Forward-looking statements are based on the opinions and estimates of management at the time the statements are made and are subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated or implied in the forward-looking statements. These forward-looking statements and factors that may cause such differences include, without limitation, the inability to recognize the anticipated benefits of the Plan of Arrangement, which may be affected by, among other things, the ability to meet the listing standards of the CSE following the consummation of the Plan of Arrangement, the Company's ability to execute its plans to develop and market cannabis-infused beverages and edibles and the timing and costs of the development of this new product line, the Company's estimates of the size of the markets for its potential cannabis products, potential litigation involving the Company, global economic conditions, geopolitical events and regulatory changes, and access to additional financing. The foregoing list of factors is not exclusive. More information about factors that potentially could affect the Company's operations or financial results is included in the Company's most recent annual report on Form 10-K for the year ended December 31, 2020 filed with the SEC on March 24, 2021 and in the other reports filed with the SEC since that date. Readers are cautioned not to place undue reliance upon these forward-looking statements that speak only as to the date of this Current Report on Form 8-K. Except as required by law, the Company undertakes no obligation to update any forward-looking or other statements in this Current Report on Form 8-K, whether as a result of new information, future events or otherwise.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
10.1	Form of 3.00% Unsecured Convertible Debenture due February 9, 2023.
10.2	Registration Rights Agreement dated February 9, 2022 between the Company and the holders of the Contingent Convertible Debentures.
99.1	Press Release dated February 15, 2022
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

JONES SODA CO.

February 15, 2022

By: /s/ Mark Murray

Mark Murray

Chief Executive Officer and President

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF (I) FEBRUARY 9, 2022 AND (II) THE DATE THE ISSUER BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY OF CANADA

THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES ISSUABLE UPON CONVERSION THEREOF HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF JONES SODA CO. (THE "ISSUER") THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE ISSUER, (B) OUTSIDE OF THE UNITED STATES IN ACCORDANCE WITH RULES 903 OR 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH LOCAL LAWS AND REGULATIONS, (C) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT AND IS AVAILABLE FOR RESALE OF THE SECURITIES, OR (D) IN ACCORDANCE WITH (1) RULE 144A UNDER THE U.S. SECURITIES ACT, IF AVAILABLE, OR (2) ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND, IN EACH CASE, IN ACCORDANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, PROVIDED THAT, IN THE CASE OF (D)(2) ABOVE OR IF OTHERWISE REQUIRED BY THE ISSUER, AN OPINION OF COUNSEL OF RECOGNIZED STANDING REASONABLY SATISFACTORY TO THE ISSUER, IS PROVIDED. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE GOOD DELIVERY IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.

THIS CONVERTIBLE DEBENTURE MAY NOT BE CONVERTED BY OR FOR THE ACCOUNT OR BENEFIT OF A "U.S. PERSON" OR A PERSON IN THE UNITED STATES UNLESS THE CONVERTIBLE DEBENTURE AND THE UNDERLYING SECURITIES HAVE BEEN REGISTERED UNDER THE U.S. SECURITIES ACT AND THE APPLICABLE SECURITIES LEGISLATION OF ANY SUCH STATE, OR AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS IS AVAILABLE. "UNITED STATES" AND "U.S. PERSON" ARE AS DEFINED BY REGULATION S UNDER THE U.S. SECURITIES ACT.

JONES SODA CO.

3.00% UNSECURED CONVERTIBLE DEBENTURE DUE FEBRUARY 9, 2023

DEBENTURE

CERTIFICATE NUMBER: [] PRINCIPAL AMOUNT: US \$[]

JONES SODA CO., a corporation incorporated under the laws of the State of Washington (the "**Borrower**"), for value received, hereby acknowledges itself indebted and promises to pay to or to the order of [], (hereinafter referred to as the "**Debentureholder**"), the principal amount of US\$[] (the "**Principal Amount**") in the manner hereinafter provided at the address of the Debentureholder, or at such other place or places as the Debentureholder may designate by notice in writing to the Borrower, on February 9, 2023, or such earlier date as the Principal Amount may become due and payable (the "**Maturity Date**"), and to pay interest to the Debentureholder on the Principal Amount outstanding from time to time owing hereunder to the date of payment as hereinafter provided, both before and after maturity or demand, default and judgment.

The Principal Amount shall be converted automatically into Units at a price equal to the Conversion Price immediately subsequent to the occurrence of the Conversion Event in accordance with Section 3.3 of Schedule A hereto. The Debentureholder shall have no right to convert the Principal Amount except in connection with a Conversion Event in accordance with Section 3.3 of Schedule A hereto.

In the event the Conversion Event does not occur prior to the Maturity Date, then the outstanding Principal Amount owing together with any accrued and unpaid interest owing thereon and all other amounts now or hereafter payable hereunder (collectively, the "**Obligations**") shall be due and payable on the Maturity Date in accordance with the terms hereof. This Debenture is issued subject to the terms and conditions appended hereto as Schedule A.

IN WITNESS WHEREOF, the Borrower has caused this Debenture to be executed by a duly authorized officer.

DATED for reference February 9, 2022 (the “**Effective Date**”).

JONES SODA CO.

Per:

Name: Mark Murray
Title: Chief Executive Officer

(See terms and conditions attached hereto)

Schedule A – Terms and Conditions for 3.00% Unsecured Convertible Debenture

ARTICLE 1 – INTERPRETATION

Section 1.1 Definitions

In this Debenture, the following terms shall have the following meanings:

- (1)“ **Applicable Securities Laws**” means the securities laws of the United States and of other province or territory of Canada, if applicable, and the rules, regulations and policies of any United States or Canadian securities regulatory authority administering such securities laws, as the same shall be in effect from time to time
- (2)“ **Business**” means the business of the Borrower being a beverage company which markets and distributes premium beverages under the Jones Soda and Lemoncocco brands, and which is currently expanding into the production of cannabis-containing products;
- (3)“ **Business Day**” means a day other than a Saturday, Sunday or other day on which commercial banks in Seattle, Washington are authorized by law to close;
- (4)“ **Common Shares**” means the shares of common stock in the capital of the Borrower or the common shares of the continuing corporation or other resulting issuer formed as a result of a Merger;
- (5)“ **Conversion Event**” means (a) the acceptance by the Washington Secretary of State’s Office of an amendment to the Borrower’s Articles of Incorporation that increases the Borrower’s authorized capital to an amount that at least covers the Common Shares issuable pursuant to all then outstanding convertible/exercisable securities of the Borrower; and (b) if applicable, approval of the Exchange of the conversion of the Debenture into Units contemplated hereby;
- (6)“ **Conversion Price**” means US\$0.50;
- (7)“ **Debenture**” means this 3.00% unsecured convertible debenture;
- (8)“ **Exchange**” means the Canadian Securities Exchange or such other Canadian stock exchange as approved by the Debentureholder on which the Common Shares are listed and posted for trading;
- (9)“ **Event of Default**” has the meaning attributed thereto in Section 6.1;
- (10)“ **Interest Payment Date**” means the Maturity Date, or the date on which all or any portion of this Debenture is repaid;
- (11)“ **Issue Date**” has the meaning attributed thereto in Section 3.2(1);
- (12)“ **Lien**” means, with respect to any Person, any mortgage, lien, pledge, charge, security interest or other encumbrance, or any interest or title of any vendor, lessor, lender or other secured party to or of such Person under any conditional sale or other title retention agreement or capital lease, upon or with respect to any property of such Person;
- (13)“ **Liquidity Event**” means the transaction with Pinestar Gold Inc. (“**Pinestar**”) effected by the Borrower pursuant to which the Borrower will acquire all of the outstanding shares of Pinestar in exchange for Common Shares pursuant to a plan of arrangement;
- (14) “**Maturity Date**” means the earlier of: (a) February 9, 2023; and (b) 60 days after the Pinestar Termination Event;

(15)“ **Merger**” means any transaction (whether by way of consolidation, amalgamation, merger, transfer, sale or lease) whereby all or substantially all of the Borrower’s assets would become the property of any other Person, or, in the case of any such consolidation, amalgamation or merger, of the continuing corporation or other entity resulting therefrom, including, without limitation, the Liquidity Event;

(16)“ **Person**” means an individual, partnership, corporation, limited liability company, association, trust, unincorporated organization, or a government or agency or political subdivision thereof;

(17)“ **Pinestar Termination Event**” means the earlier of the date on which: (a) Arrangement Agreement dated October 18, 2021 between Pinestar and the Borrower (including any affiliates thereof) is terminated, unless otherwise replaced with a binding definitive agreement on substantively similar terms; and (b) the Debentureholder receives notice from either Pinestar or the Borrower that the Liquidity Event is unlikely to occur within seven months of the Effective Date;

(18) “**Securities Act**” means the United States Securities Act of 1933, as amended;

(19)“ **Special Warrants**” means special share purchase warrants of the Borrower exercisable into one Common Share for a period of 24 months of the date of issuance at a price equal to US\$0.625, conditional upon the Borrower increasing its authorized capital to an amount to cover the Common Shares issuable pursuant to all of the outstanding Special Warrants as well as the other Common Shares issuable pursuant to currently outstanding convertible/exercisable securities of the Borrower;

(20)“ **Subsidiary**” means as to any Person, any corporation or other business entity in which such Person or one or more of its Subsidiaries owns, directly or indirectly, sufficient equity or voting interests to enable it or them (as a group) to elect a majority of the directors (or Persons performing similar functions) of such entity, and any partnership or joint venture if more than a 50% interest in the profits or capital thereof is owned by such Person or one or more of its Subsidiaries;

(21)“ **Taxes**” means any present or future income and other taxes, levies, rates, royalties, deductions, withholdings, assessments, fees, dues, duties, imposts and other charges of any nature whatsoever, together with any interest and penalties, additions to tax and other additional amounts, levied, assessed or imposed by any governmental authority;

(22)“ **trading day**” means a day on which the Exchange is open for trading (or if the Borrower’s Common Shares are not then listed on an Exchange, such other recognized stock exchange or quotation system on which the Common Shares may trade or be quoted); and

(23)“ **Units**” means units of the Borrower comprised of one Common Share and one Special Warrant.

Section 1.2 Headings

The inclusion of headings in this Debenture is for convenience of reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Currency

All amounts in this Debenture are stated and shall be paid in currency of the United States.

Section 1.4 Number, Gender and Persons

Unless the context otherwise requires, words importing the singular in number only shall include the plural and vice versa, words importing the use of gender shall include the masculine, feminine and neuter genders and words importing persons shall include individuals, corporations, partnerships, associations, trusts, unincorporated organizations, governmental bodies and other legal or business entities.

Section 1.5 Severability

If any provision of this Debenture is determined by a Court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such determination shall not impair or affect the validity, legality or enforceability of the remaining provisions hereof, and each such provision shall be interpreted in such a manner as to render them valid, legal and enforceable to the greatest extent permitted by applicable law. Each provision of this Debenture is declared to be separate, severable and distinct.

Section 1.6 Entire Agreement

This Debenture, including any schedules attached hereto, constitutes the entire agreement between the Borrower and the Debentureholder relating to the subject matter hereof, and supersedes all prior agreements, representations, warranties, statements, promises, information, arrangements, understandings, conditions or collateral agreements, whether oral or written, express or implied, with respect to the subject matter hereof.

ARTICLE 2 – PAYMENT OF PRINCIPAL, INTEREST AND OTHER CONSIDERATIONS

Section 2.1 Repayment of Principal

Subject to the terms and conditions hereof, the Principal Amount outstanding on this Debenture, together with any accrued and unpaid interest owing thereon, shall be repaid by the Borrower to the Debentureholder in cash on the Maturity Date.

Section 2.2 Interest Payable

Interest on the Principal Amount outstanding under this Debenture shall be simple (not compounding) interest and shall begin to accrue on April 1, 2022 at the rate of three percent (3%) per annum, calculated and payable on the Interest Payment Date. Interest under this Debenture shall be computed on the basis of a 360-day year and the actual number of days elapsed, unless such calculation would result in an usurious rate, in which case interest shall be calculated on a per diem basis of a year of 365 or 366 days, as the case may be.

Section 2.3 Method of Paying of Interest

The Borrower shall satisfy its obligation to pay interest on the Debenture on the Interest Payment Date, in cash.

Section 2.4 Rank

This Debenture will constitute a direct unsecured obligation of the Borrower. This Debenture will rank senior to all current unsecured debt of the Borrower, subject to statutory preferred exceptions, in priority to all other unsecured indebtedness of the Borrower except in respect of the promissory notes of the Borrower dated March 23, 2018 and April 18, 2018, and the 5.00% senior unsecured convertible debenture of the Borrower dated July 14, 2021.

ARTICLE 3 – CONVERSION

Section 3.1 Automatic Conversion

Upon the occurrence of the Conversion Event, the entire Principal Amount and, if the Conversion Event occurs after April 1, 2022, all accrued and unpaid interest thereon, shall automatically, without any action on the part of the Debentureholder, convert into Units at the Conversion Price (subject to adjustment as set forth herein). In the event that the Borrower determines in its sole discretion that the issuance of any of the Units upon the conversion of the Principal Amount, any accrued and unpaid interest, or both, would violate any Applicable Securities Law or the policies of the Canadian Securities Exchange (the “CSE”) or any other applicable stock exchange on the date of the Conversion Event, the Debentureholder shall receive cash in lieu of the Units the Debentureholder would have been otherwise entitled to receive. In particular, no Units will be issued upon conversion of any accrued and unpaid interest in the event that such conversion would violate the policies of any applicable securities exchange, including but not limited to, the CSE. Upon conversion of this Debenture pursuant to this Section 3.1, the Debentureholder will no longer be a holder of this Debenture and shall have no rights hereunder.

Section 3.2 Adjustment of Conversion Price

The Conversion Price in effect at any date shall be subject to adjustment from time to time as follows:

(1) If and whenever at any time prior to the Maturity Date, the Borrower shall:

- (a) subdivide or re-divide the outstanding Common Shares into a greater number of Common Shares;
- (b) reduce, combine or consolidate the outstanding Common Shares into a smaller number of Common Shares;
- (c) issue Common Shares (or securities convertible into or exchangeable for Common Shares) to the holders of all or substantially all of the outstanding Common Shares by way of stock dividend or other distribution;
- (d) issue of rights, options or warrants to the holders of all or substantially all of Common Shares;
- (e) make a distribution on its outstanding Common Shares payable in Common Shares or securities exchangeable for or convertible into Common Shares; or
- (f) make a distribution to all or substantially all of the holders of Common Shares of any other class of shares, rights, options or warrants, evidences of indebtedness or assets,

then the Conversion Price in effect on the effective date of such subdivision, re-division, reduction, combination or consolidation or on the record date for such issue of Common Shares (or securities convertible into or exchangeable for Common Shares) by way of a stock dividend or other distribution, as the case may be, shall, in the case of the events referred to in Section 3.2(1)(a), (c), (d), (e) and (f) above, be decreased in proportion to the increase in the number of outstanding Common Shares resulting from such subdivision, re-division or dividend (including, in the case where securities convertible into or exchangeable for Common Shares are issued, the number of Common Shares that would have been outstanding had such securities been converted into or exchanged for Common Shares on such effective or record date) or shall, in the case of the events referred to in Section 3.2(1)(b) above, be increased in proportion to the decrease in the number of outstanding Common Shares resulting from such reduction, combination or consolidation on such effective or record date. Such adjustment shall be made successively whenever any event referred to in this Section 3.2(1) shall occur. Any such issue of Common Shares (or securities convertible into or exchangeable for Common Shares) by way of a stock dividend or other distribution shall be deemed to have been made on the record date for the stock dividend or other distribution for the purpose of calculating the number of outstanding Common Shares under Section 3.2(2) and (3); to the extent that any such securities are not converted into or exchanged for Common Shares prior to the expiration of the conversion or exchange right, the Conversion Price shall be readjusted effective as at the date of such expiration to the Conversion Price which would then be in effect based upon the number of Common Shares actually issued on the exercise of such conversion or exchange right.

(2) If and whenever at any time prior to the Maturity Date, the Borrower shall fix a record date for the issuance of rights, options or warrants to all or substantially all the holders of its outstanding Common Shares entitling them, for a period expiring not more than forty-five (45) days after such date of issue (such period from the record date to the date of expiry being referred to in this Section 3.2(2) as the “**Rights Period**”), to subscribe for or purchase Common Shares (or securities convertible into or exchangeable for Common Shares) (such subscription price per Common Share (inclusive of any cost of acquisition of securities exchangeable for or convertible into Common Shares in addition to any direct cost of Common Shares) being referred to in this Section 3.2(2) as the “**Per Share Cost**”), the Borrower shall give written notice to the Debentureholder with respect thereto (any of such events herein referred to as a “**Rights Offering**”), and the Debentureholder shall have fifteen (15) days after receipt of such notice to elect to convert any or all of the Principal Amount of this Debenture into Units at the then applicable Conversion Price and otherwise on terms and conditions set out in this Debenture. The Conversion Price will be adjusted effective immediately after the end of the Rights Period to a price determined by multiplying the Conversion Price in effect immediately prior to the end of the Rights Period by a fraction:

(a) the numerator of which is the aggregate of:

(i) the number of Common Shares outstanding as of the record date for the Rights Offering; and

(ii) the number determined by dividing the product of the Per Share Cost and:

(A) where the event giving rise to the application of this Section 3.2(2) was the issue of rights, options or warrants to the holders of Common Shares under which such holders are entitled to subscribe for or purchase additional Common Shares, the number of Common Shares so subscribed for or purchased during the Rights Period, or

(B) where the event giving rise to the application of this Section 3.2(2) was the issue of rights, options or warrants to the holders of Common Shares under which such holders are entitled to subscribe for or purchase securities exchangeable for or convertible into Common Shares, the number of Common Shares for which those securities so subscribed for or purchased during the Rights Period could have been exchanged or into which they could have been converted during the Rights Period,

by the Current Market Price (as hereinafter defined) of the Common Shares as of the record date for the Rights Offering; and

(b) the denominator of which is

(i) in the case described in subparagraph 3.2(2)(a)(ii)(A), the number of Common Shares outstanding, or

(ii) in the case described in subparagraph 3.2(2)(a)(ii)(B), the number of Common Shares that would be outstanding if all the Common Shares described in subparagraph 3.2(2)(a)(ii)(B) had been issued,

as at the end of the Rights Period.

“**Current Market Price**” of the Common Shares at any date, means the average closing price per Common Share on the Exchange or, if the Common Shares are not listed on any stock exchange, then the average of the daily bid and ask prices per Common Share on the over-the-counter market where the Common Shares are currently trading, for any 20 consecutive trading days selected by the Borrower commencing not later than 45 trading days and ending no later than five (5) trading days before such date; provided, or in the event that at any date the Common Shares are not listed on the Exchange or on trading on any over-the-counter market, the current market price shall be as determined by the directors of the Borrower or, at the request of the Debentureholder, such firm of independent chartered accountants as may be selected by the directors of the Borrower, acting reasonably, and in good faith in their sole discretion for these purposes.

If by the terms of the rights, options or warrants referred to in this Section 3.2(2), there is more than one purchase, conversion or exchange price per Common Share, the aggregate price of the total number of additional Common Shares offered for subscription or purchase, or the aggregate conversion or exchange price of the convertible securities so offered, will be calculated for purposes of the adjustment on the basis of

- (c) the lowest purchase, conversion or exchange price per Common Share, as the case may be, if such price is applicable to all Common Shares which are subject to the rights, options or warrants, and
- (d) the average purchase, conversion or exchange price per Common Share, as the case may be, if the applicable price is determined by reference to the number of Common Shares acquired.

To the extent that any adjustment in the Conversion Price occurs pursuant to this Section 3.2(2) as a result of the fixing by the Borrower of a record date for the distribution of rights, options or warrants referred to in this Section 3.2(2), the Conversion Price will be readjusted immediately after the expiration of any relevant exchange, conversion or exercise right to the Conversion Price which would then be in effect based upon the number of Common Shares actually issued and remaining issuable after such expiration, and will be further readjusted in such manner upon expiration of any further such right.

(3) If and whenever at any time prior to the Maturity Date, the Borrower shall fix a record date for the making of a distribution to all or substantially all the holders of its outstanding Common Shares of (i) shares of any class other than Common Shares (or other than securities convertible into or exchangeable for Common Shares), or (ii) rights, options or warrants (other than rights, options or warrants referred to in Section 3.2(2)), or (iii) evidences of its indebtedness, or (iv) assets (other than dividends paid in the ordinary course) then, in each such case, the Borrower shall give written notice to the Debentureholder with respect thereto.

The Conversion Price will be adjusted effective immediately after such record date to a price determined by multiplying the Conversion Price in effect on such record date by a fraction:

- (a) the numerator of which is:
 - (i) the product of the number of Common Shares outstanding on such record date and the Current Market Price of the Common Shares on such record date; less
 - (ii) the aggregate fair market value (as determined by action by the directors of the Borrower, acting reasonably) to the holders of the Common Shares of such securities or property or other assets so issued or distributed in the Special Distribution; and
- (b) the denominator of which is the number of Common Shares outstanding on such record date multiplied by the Current Market Price of the Common Shares on such record date.

(4) In the case of any reclassification of, or other change in, the outstanding Common Shares pursuant to a Merger, the Conversion Price in effect after the effective date of such Merger shall be increased or decreased, as the case may be, in proportion to any decrease or increase in the number of outstanding Common Shares resulting from such Merger so that the Debentureholder, upon the conversion of the Debenture after the effective date of such Merger, will be entitled to receive the aggregate number of Common Shares which the Debentureholder would have been entitled to receive as a result of such Merger if, on the effective date thereof, the Debentureholder had been the registered holder of the number of Units to which the Debentureholder would have acquired upon the conversion of the Debenture prior to the effective date of the Merger.

(5) In the case of any reclassification of, or other change in, the outstanding Common Shares (other than a change referred to in Sections 3.2(1), (2), (3) and (4) hereof, or in connection with the Liquidity Event), the Conversion Price shall be adjusted in such manner, if any, and at such time, as the Board of Directors of the Borrower determines to be appropriate on a basis consistent with the intent of this Section 3.2; provided that if at any time a dispute arises with respect to adjustments provided for in this Article 3, such dispute will be conclusively determined by the auditors of the Borrower or if they are unable or unwilling to act, by such other firm of independent chartered accountants as may be selected by action by the directors of the Borrower, acting reasonably, and any such determination will be binding on the Borrower and the Debentureholder. The Borrower will provide such auditors or accountants with access to all necessary records of the Borrower. If and whenever at any time after the date hereof there is a reclassification or redesignation of the Common Shares outstanding at any time or change of the Common Shares into other shares or into other securities (other than as set out in Sections 3.2(1), (2), (3) and (4), or in connection with the Liquidity Event), or a consolidation, amalgamation or merger of the Borrower with or into any other corporation or other entity (other than a consolidation, amalgamation or merger which does not result in any reclassification or redesignation of the outstanding Common Shares or a change of the Common Shares into other shares and other than as set forth in Section 3.2(4), or that is in connection with the Liquidity Event)), or a transfer of the undertaking or assets of the Borrower as an entirety or substantially as an entirety to another corporation or other entity (other than in connection with the Liquidity Event) (any of such events being called a “**Capital Reorganization**”), the Debentureholder after the effective date of such Capital Reorganization, will be entitled to receive in lieu of the number of Units to which the Debentureholder was theretofore entitled prior such Capital Reorganization, the aggregate number of shares, other securities or other property, if any, which the Debentureholder would have been entitled to receive as a result of such Capital Reorganization if, on the effective date thereof, the Debentureholder had been the registered holder of the number of Common Shares to which the Debentureholder would have received upon the conversion of the Debenture. If determined appropriate by action of the directors of the Borrower, appropriate adjustments will be made as a result of any such Capital Reorganization in the application of the provisions set forth in this Section 3.2 with respect to the rights and interests thereafter of the Debentureholder to the end that the provisions set forth in this Section 3.2 will thereafter correspondingly be made applicable as nearly as may reasonably be in relation to any shares, other securities or other property thereafter deliverable upon the conversion of the Debenture. Any such adjustment must be made by and set forth in an amendment to this Debenture approved by action by the directors of the Borrower, acting reasonably, and will for all purposes be conclusively deemed to be an appropriate adjustment.

(6) In any case in which this Section 3.2 shall require that an adjustment shall become effective immediately after a record date for an event referred to herein, the Borrower may defer, until the occurrence of such event, issuing to the Debentureholder before the occurrence of such event, the additional Units issuable upon such conversion by reason of the adjustment required by such event before giving effect to such adjustment; provided, however, that the Borrower shall deliver to the Debentureholder an appropriate instrument evidencing the Debentureholder’s right to receive such additional Units upon the occurrence of the event requiring such adjustment and the right to receive any distributions made on such additional Common Shares declared in favour of holders of record of Common Shares on and after the Issue Date or such later date as the Debentureholder would, but for the provisions of this Section 3.2(6), have become the holder of such additional Common Shares pursuant to Section 3.2(2).

(7) The adjustments provided for in this Section 3.2 are cumulative and shall apply to successive subdivisions, redivisions, reductions, combinations, consolidations, distributions, issues or other events resulting in any adjustment under the provisions of this Section, provided that, notwithstanding any other provision of this Section, no adjustment of the Conversion Price shall be required unless such adjustment would require an increase or decrease of at least 1% in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this Section 3.2(7) are not required to be made shall be carried forward and taken into account in any subsequent adjustment.

Section 3.3 No Requirement to Issue Fractional Units

The Borrower shall not be required to issue fractional Units upon the conversion of the Debenture pursuant to this Article 3. If any fractional interest in a Unit, would, except for the provisions of this Section 3.3, be deliverable upon the conversion of any amount hereunder, the number of Units to be issued shall be rounded to the nearest whole Unit.

Section 3.4 Borrower to Increase its Authorized Capital

The Borrower covenants with the Debentureholder that it will use its commercially reasonable efforts to cause the Conversion Event to occur as soon as practicable after the Liquidity Event. The Debentureholder acknowledges that as of the Effective Date, the Borrower may not have available out of its authorized Common Shares an adequate number of Common Shares to cover neither the Common Shares issuable pursuant to the conversion of the Debenture or the exercise of the Special Warrants and the Debentureholder agrees that the Debenture is not convertible into Units until the Conversion Event. The Borrower covenants with the Debentureholder that all Common Shares which shall be so issuable shall be duly and validly issued as fully paid and non-assessable upon issuance.

Section 3.5 Certificate as to Adjustment

The Borrower shall from time to time, immediately after the occurrence of any event which requires an adjustment or readjustment as provided in Section 3.2, deliver an officer's certificate to the Debentureholder specifying the nature of the event requiring the same and the amount of the adjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based. Subject to the dispute resolution procedure in subsection 3.2(5), such certificate shall be binding and determinative of the adjustment to be made, absent manifest error.

Section 3.6 Shareholder of Record

For all purposes, on the Issue Date the Debentureholder shall be deemed to have become the holder of record of the Common Shares into which the Principal Amount of this Debenture (or a portion thereof) is converted in accordance with Section 3.1.

Section 3.7 Resale and Conversion Restrictions, Legending and Disclosure

By its acceptance hereof the Debentureholder acknowledges that this Debenture and the Units issuable upon conversion hereof will be subject to certain resale restrictions under applicable securities laws, and the Debentureholder agrees to comply with all such restrictions and laws. The Debentureholder further acknowledges and agrees that all certificates representing securities issued will bear the legends substantially in the form set forth on the face page hereof, where required, as well as any legends required by the Exchange. If at any time the Common Shares issuable upon the conversion of this Debenture or the Common Shares underlying the Special Warrants issued pursuant to this Debenture shall be "restricted securities" within the meaning of Rule 144 of the Securities Act, the Borrower shall file and cause to be declared effective a registration statement on Form S-1 (or on Form S-3 if then available) registering for resale such securities. The parties hereby agree that concurrently herewith they shall enter into a registration rights agreement setting forth the registration obligations described in this Section 3.7. The Debentureholder acknowledges that the Borrower will be required to provide to the applicable securities regulatory authorities the identity and other personal information of the Debentureholder and its principals and the Debentureholder hereby agrees thereto.

ARTICLE 4 – RIGHTS OF DEBENTUREHOLDER

Section 4.1 Distribution on Dissolution, Etc.

Upon any sale, in one transaction or a series of transactions, of all or substantially all of the assets of the Borrower or distribution of the assets of the Borrower upon any dissolution or winding-up or total liquidation of the Borrower, whether in bankruptcy, liquidation, re-organization, insolvency, receivership or other similar proceedings or upon an assignment to or for the benefit of creditors of the Borrower or otherwise any payment or distribution of assets of the Borrower, whether in cash, property or security, shall be paid or delivered by the trustee in bankruptcy, receiver, assignee of or for the benefit of creditors or other liquidating agent of the Borrower making such payment or distribution, directly to the holder of this Debenture or their representatives, to the extent necessary, to pay all obligations pursuant to this Debenture in full.

Section 4.2 Certificate Regarding Creditors

Upon any payment or distribution of assets of the Borrower referred to in this Article 4 the Debentureholder shall be entitled to rely upon a certificate of the trustee in bankruptcy, receiver, assignee of or for benefit of creditors or other liquidating agent of the Borrower making such payment or distribution, delivered to the Debentureholder, for the purpose of ascertaining the persons entitled to participate in such distribution, and other indebtedness of the Borrower, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article 4.

Section 4.3 Rights of Debentureholder Reserved

Nothing contained in this Article 4 or elsewhere in this Debenture is intended to or shall impair, as between the Borrower and the Debentureholder, the obligation of the Borrower, which is absolute and unconditional, to pay to the Debentureholder the Principal Amount and interest on the Debenture, as and when the same shall become due and payable in accordance with their terms, nor shall anything herein prevent the Debentureholder from exercising all remedies otherwise permitted by applicable law upon default under this Debenture.

Section 4.4 Payment of Debenture Permitted

Nothing contained in this Debenture shall:

- (a) prevent the Borrower from making payments of the Principal Amount, interest and other amounts to the Debentureholder when due under this Debenture as herein provided;
- (b) prevent the conversion of this Debenture into Units as herein provided or as otherwise permitted according to law, including in connection with a bankruptcy, reorganization, insolvency, or other arrangement with creditors, of the Borrower; and
- (c) prevent the redemption of this Debenture by the Borrower as herein provided or as otherwise permitted according to law.

ARTICLE 5 – COVENANTS OF THE BORROWER

The Borrower covenants and agrees that:

- (1) **Payment Obligations.** The Borrower shall duly and punctually pay all principal, interest and other amounts owing to the Debentureholder promptly when by it hereunder;
- (2) **Performance of Covenants.** The Borrower shall promptly perform and satisfy all covenants and obligations to be performed by it under this Debenture at the times and places and in the manner provided for herein;
- (3) **Maintain Corporate Existence.** Each of the Borrower and its Subsidiaries shall maintain its corporate existence, and preserve its rights, powers, licenses and privileges which are necessary or material to the conduct of its business, and not materially change the nature of its Business other than expanding its Business to the production of cannabis-containing beverages and related products;
- (4) **Use of Proceeds.** The Borrower shall use the Principal Amount exclusively for the costs and expenses associated with pursuing and completing the Liquidity Event, and for the purpose of expanding its Business to the production of cannabis-containing beverages and related products;

- (5) **Maintain Books and Records.** The Borrower shall, and shall cause each of its Subsidiaries to, keep adequate and accurate records and books of account in which complete entries will be made reflecting all financial transactions and prepare its financial statements in accordance with generally accepted accounting principles;
- (6) **Payment of Taxes.** The Borrower shall, and shall cause each of its Subsidiaries to, pay and discharge promptly all Taxes assessed or imposed upon it or its property as and when the same become due and payable save and except where it contests in good faith the validity thereof by proper legal proceedings;
- (7) **Notice of Event of Default.** The Borrower shall promptly, and in any event within five (5) Business Days after a responsible officer of the Borrower becoming aware, give notice to the Debentureholder of the existence of any Event of Default; and
- (8) **Share Capital.** The Borrower shall:
- (a) use commercially reasonable efforts to cause the Conversion Event to occur as soon as practicable after the Liquidity Event;
 - (b) cause the Common Shares and Special Warrants issuable in connection with the Conversion Event, to be duly issued and delivered in accordance with the terms hereof; and
 - (c) ensure that all Common Shares which shall be issued in connection with the Conversion Event and upon exercise of any Special Warrants be issued as fully paid and non-assessable.

ARTICLE 6 – EVENTS OF DEFAULT

Section 6.1 Events of Default

- (1) Any of the following shall constitute an Event of Default under this Debenture (each an “**Event of Default**”):
- (a) the Principal Amount owing hereunder shall not be paid when due;
 - (b) if the Borrower fails to pay when due any interest or other amount owing by the Borrower to the Debentureholder and the default is not remedied by the Borrower within ten (10) Business Days of notice of default by the Debentureholder;
 - (c) the Borrower fails to issue the Units in respect of the Principal Amount in connection with the Conversion Event, if such failure continues for a period of ten (10) Business Days;
 - (d) if the Borrower fails to make any payment or to observe, perform or comply with any term, covenant, condition or obligation of the Borrower contained herein or is otherwise in default of any of the provisions contained herein (other than referred in subparagraphs (a), (b) and (c) of this Section 6.1) and such default, if capable of being remedied, is not remedied within twenty (20) Business Days after the Borrower receives written notice of such default from the Debentureholder;
 - (e) any representation or warranty of the Borrower in this Debenture proves to be untrue in any material respect;
 - (f) a decree or order of a court having jurisdiction is entered adjudging the Borrower as bankrupt or insolvent;
 - (g) if the Borrower shall generally fail to pay, or admit in writing its inability or unwillingness to pay, debts as they become due or if a decree or order of a court having jurisdiction is entered adjudging the Borrower a bankrupt or insolvent;

- (h) if the Borrower shall apply for, consent to or acquiesce in the appointment of a trustee, receiver, or other custodian for the Borrower or for a substantial part of the property thereof, or make a general assignment for the benefit of creditors;
- (i) if the Borrower shall in the absence of an application referred to in Section 6.1(1)(i), consent or acquiescence, become subject to the appointment of a trustee, receiver, or other custodian for the Borrower or for a substantial part of the property thereof, or have a distress, execution, attachment, sequestration or other legal process levied or enforced on or against a substantial part of the property of the Borrower unless being actively contested in good faith through legal proceedings by the Borrower;
- (j) if the Borrower shall permit or suffer to exist the commencement of any bankruptcy, reorganization, debt arrangement or other case or proceeding under any bankruptcy or insolvency law, or any dissolution, winding up or liquidation proceeding, in respect of the Borrower and, if any such case or proceeding is not commenced by the Borrower, such case or proceeding, if contested by the Borrower is not dismissed within thirty (30) days; there is an expropriation of all or substantially all of the property of the Borrower or any of its Subsidiaries;
- (k) any notes, debentures, bonds or other indebtedness of the Borrower (hereinafter called "**Indebtedness**") shall become prematurely repayable following default, or steps are taken to enforce any security therefor, or the Borrower defaults in the repayment of any such Indebtedness at the maturity thereof or (in the case of Indebtedness due on demand) on demand, or, in either case, at the expiration of any applicable grace period therefor, (if any) or any guarantee of or indemnity in respect of any Indebtedness of others given by the Borrower shall not be honored when due and called upon; or
- (l) the Borrower extends or maintains outstanding any loans, advances, guarantees, (direct or indirect) or other financial support to any shareholder of the Borrower holding 10% or more of the outstanding Common Shares, or to any director or officer of the Borrower.

(2) If an Event of Default described in (h), (i) or (j) shall occur, the entire unpaid Principal Amount of this Debenture, and any accrued and unpaid interest on this Debenture shall become immediately due and payable without any declaration or other act on the part of the Debentureholder. Immediately upon the occurrence of any Event of Default described in (h), (i) or (j), or upon failure to pay this Debenture on the Maturity Date, the Debentureholder, upon notice to the Borrower, may proceed to protect, enforce, exercise and pursue any and all rights and remedies available to the Debentureholder under this Debenture, or at law or in equity.

(3) If any other Event of Default shall occur for any reason, whether voluntary or involuntary, and be continuing for at least thirty (30) Business Days after the Borrower receives written notice of such default from the Debentureholder, the Debentureholder may by notice to the Borrower declare all or any portion of the outstanding Principal Amount of this Debenture and any accrued and unpaid interest on this Debenture to be due and payable, whereupon the full unpaid amount of this Debenture which shall be so declared due and payable shall be and become immediately due and payable without further notice, demand or presentment.

ARTICLE 7 – MUTILATION, LOSS, THEFT OR DESTRUCTION OF DEBENTURE CERTIFICATE

In case this Debenture certificate shall become mutilated or be lost, stolen or destroyed, the Borrower, shall issue and deliver, a new replacement Debenture certificate upon surrender and cancellation of the mutilated Debenture certificate or, in the case of a lost, stolen or destroyed Debenture certificate, in lieu of and in substitution for the same. In the case of loss, theft or destruction, the applicant for a substituted Debenture certificate shall furnish to the Borrower such evidence of the loss, theft or destruction of the Debenture certificate as shall be satisfactory to the Borrower in its discretion and shall also furnish an indemnity and surety bond satisfactory to the Borrower in its discretion. The applicant shall pay all reasonable expenses incidental to the issuance of any substituted Debenture certificate.

ARTICLE 8 – GENERAL

Section 8.1 Taxes, etc.

All payments made by the Borrower to the Debentureholder under this Debenture shall be made free and clear of, and without deduction for or on account of, any Taxes now or hereafter imposed by any official body in any jurisdiction. If any Taxes are required to be withheld or deducted from any amounts payable by the Borrower to the Debentureholder hereunder, the Borrower shall:

- (a) within the time period for payment permitted by applicable law, pay to the appropriate governmental body the full amount of such Taxes and any additional Taxes in respect of the payment required under Section 8.1(b) hereof and make such reports and filings in connection therewith in the manner required by applicable law; and
- (b) pay to the Debentureholder an additional amount which (after deduction of all Taxes incurred by reason of the payment or receipt of such additional amount) will be sufficient to yield to the Debentureholder the full amount which would have been received by it had no deduction or withholding been made.

Upon the request of the Debentureholder, the Borrower shall furnish to the Debentureholder the original or a certified copy of a receipt for (or other satisfactory evidence as to) the payment of each of the Taxes (if any) payable in respect of such payment. If the Debentureholder receives a refund of any Taxes with respect to which the Borrower has paid any additional amount under this Section 8.1, the Debentureholder shall pay over such refund to the Borrower. Nothing herein is intended to require payment by the Borrower to or for the Debentureholder in respect of any Taxes payable by the Debentureholder in respect of Taxes on the Debentureholders' own income, capital, capital gains, dividends, or other earnings realized pursuant to payments made pursuant to the terms of this Debenture.

Section 8.2 Notice

Any demand, notice, direction or other communication to be made or given hereunder (in each case, "Communication") shall be in writing and shall be made or given by personal delivery, by courier, by facsimile or email transmission, or sent by registered mail, charges prepaid, addressed to the respective parties as follows:

- (a) if to the Borrower:

Jones Soda Co.
66 South Hanford Street, Suite 150
Seattle, Washington, 98134

Attention: Mark Murray
Email: mmurray@jonesoda.com

- (b) if to the Debentureholder:

[]
[]
[]

Attention: []

E-mail: []

or to such other address or email number as any party may from time to time designate in accordance with this Section. Any Communication made by personal delivery or by courier shall be conclusively deemed to have been given and received on the day of actual delivery thereof or if such day is not a Business Day, on the first Business Day thereafter. Any Communication made or given by email on a Business Day before 4:00 p.m. (local time of the recipient) shall be conclusively deemed to have been given and received on such Business Day and otherwise shall be conclusively deemed to have been given and received on the first Business Day following the transmittal thereof. Any Communication that is mailed shall be conclusively deemed to have been given and received on the fifth Business Day following the date of mailing but if, at the time of mailing or within five Business Days thereafter, there is or occurs a labour dispute or other event that might reasonably be expected to disrupt delivery of documents by mail, any Communication shall be delivered or transmitted by any other means provided for in this Section.

Section 8.3 Merger of Borrower

By its acceptance hereof, each of the Borrower and the Debentureholder acknowledges and agrees that in the event a Merger occurs, then all references herein to the Borrower shall extend to and include the entity resulting therefrom or which thereafter will carry on the business of the Borrower.

Section 8.4 Amendments

This Debenture may not be amended or otherwise modified except by an instrument in writing executed by the Borrower and the Debentureholder.

Section 8.5 Waivers

The Debentureholder shall not, by any act, delay, omission or otherwise, be deemed to have expressly or impliedly waived any of its rights, powers and/or remedies unless such waiver shall be in writing and executed by an authorized officer of the Debentureholder. Any such waiver shall be enforceable only to the extent specifically set forth therein. A waiver by the Debentureholder of any right, power and/or remedy on any one occasion shall not be construed as a bar to or waiver of any such right, power and/or remedy which the Debentureholder would otherwise have on any future occasion, whether similar in kind or otherwise.

Section 8.6 Transfer of Debenture

This Debenture shall not be transferable except with the written consent of the Borrower. No transfer of this Debenture shall be valid unless made in accordance with applicable laws, including Applicable Securities Laws. If the Debentureholder intends to transfer this Debenture or any portion thereof, it shall provide notice to the Borrower of its intention of such transfer. Upon approval of such transfer by the Borrower and the surrender by the Debentureholder of this Debenture, the Borrower shall execute and deliver to the applicable transferee a new Debenture registered in the name of the transferee. If less than the full Principal Amount of this Debenture is transferred, the Debentureholder shall be entitled to receive, in the same manner, a new Debenture certificate registered in its name evidencing the portion of the Principal Amount of this Debenture not so transferred. Prior to registration of any transfer of this Debenture, the Debentureholder and the applicable transferee shall be required to provide the Borrower with necessary information and documents, including certificates and statutory declarations, as may be required to be filed under applicable laws.

Section 8.7 Release and Discharge

If the Debentureholder is converted into Units pursuant to Article 3 hereof or if the Borrower pays all of the Obligations in full to the Debentureholder, the Debentureholder shall release this Debenture and the Borrower shall be, and shall be deemed to have, discharged of all its obligations under this Debenture. The Debentureholder shall then, at the request of the Borrower execute and deliver all such releases and further assurances as may be reasonably required in this regard.

Section 8.8 Successors and Assigns

This Debenture shall enure to the benefit of the Debentureholder and its successors and assigns, and shall be binding upon the Borrower and its successors and permitted assigns.

Section 8.9 Time

Time shall be of the essence of this Debenture.

Section 8.10 Governing Law

This Debenture shall be governed by and interpreted in accordance with the laws of the State of Washington. The Borrower and, by its acceptance hereof, the Debentureholder each hereby irrevocably submit and attorn to the nonexclusive jurisdiction of the courts of the State of Washington in connection with this Debenture.

Section 8.11 Further Assurances

The Borrower shall forthwith, at its own expense and from time to time, do or file, or cause to be done or filed, all such things and shall execute and deliver all such documents, agreements, opinions, certificates and instruments reasonably requested by the Debentureholder or its counsel as may be necessary or desirable to complete the transactions contemplated by this Debenture and carry out its provisions and intention.

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (this “Agreement”) is made and entered into as of February 9, 2022, between Jones Soda Co., a Washington corporation (the “Company”), and the Persons listed on signature page hereto (the “Investors”).

This Agreement is made pursuant to the 3.00% Unsecured Convertible Debentures due February 9, 2023 (the “Convertible Debentures”), dated as of the date hereof, issued by the Company to the Investors. The Convertible Debentures are convertible into Units upon the Company increasing its authorized capital to an amount to cover: (i) the shares of Common Stock issuable pursuant to the conversion of all of the outstanding Convertible Debentures, (ii) all of the shares of Common Stock issuable pursuant to the exercise of all Special Warrants issuable upon the conversion of all of the outstanding Convertible Debentures, and (iii) all other shares of Common Stock issuable pursuant to the then currently outstanding convertible/exercisable securities of the Company.

The Company and each Investor hereby agrees as follows:

1. Definitions.

As used in this Agreement, the following terms shall have the following meanings:

“Advice” shall have the meaning set forth in Section 6(c).

“Affiliate” means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 405 under the Securities Act.

“Commission” means the United States Securities and Exchange Commission.

“Common Stock” means the common stock of the Company, no par value per share, and any other class of securities into which such securities may hereafter be reclassified or changed.

“Conversion Date” means the date the Convertible Debentures are fully converted into shares of Common Stock pursuant to Section 3.1 of the Convertible Debenture.

“Effectiveness Date” means, with respect to the Initial Registration Statement required to be filed hereunder, the 45th calendar day following the Conversion Date (or, in the event of a “full review” by the Commission, the 90th calendar day following the Conversion Date) and with respect to any additional Registration Statements which may be required pursuant to Section 2(c) or Section 3(c), the 45th calendar day following the date on which an additional Registration Statement is required to be filed hereunder (or, in the event of a “full review” by the Commission, the 90th calendar day following the date such additional Registration Statement is required to be filed hereunder); provided, however, that in the event the Company is notified by the Commission that one or more of the above Registration Statements will not be reviewed or is no longer subject to further review and comments, the Effectiveness Date as to such Registration Statement shall be the fifth Trading Day following the date on which the Company is so notified if such date precedes the dates otherwise required above, provided, further, if such Effectiveness Date falls on a day that is not a Trading Day, then the Effectiveness Date shall be the next succeeding Trading Day.

“Effectiveness Period” shall have the meaning set forth in Section 2(a).

“Event” shall have the meaning set forth in Section 2(d).

“Event Date” shall have the meaning set forth in Section 2(d).

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“Filing Date” means, with respect to the Initial Registration Statement required hereunder, the 30th calendar day following the Conversion Date and, with respect to any additional Registration Statements which may be required pursuant to Section 2(c) or Section 3(c), the earliest practical date on which the Company is permitted by SEC Guidance to file such additional Registration Statement related to the Registrable Securities.

“Holder” or “Holders” means the holder or holders, as the case may be, from time to time of Registrable Securities.

“Indemnified Party” shall have the meaning set forth in Section 5(c).

“Indemnifying Party” shall have the meaning set forth in Section 5(c).

“Initial Registration Statement” means the initial Registration Statement filed pursuant to this Agreement.

“Losses” shall have the meaning set forth in Section 5(a).

“Person” means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

“Plan of Distribution” shall have the meaning set forth in Section 2(a).

“Proceeding” means an action, claim, suit, investigation or proceeding (including, without limitation, an informal investigation or partial proceeding, such as a deposition), whether commenced or threatened.

“Prospectus” means the prospectus included in a Registration Statement (including, without limitation, a prospectus that includes any information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A promulgated by the Commission pursuant to the Securities Act), as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Registrable Securities covered by a Registration Statement, and all other amendments and supplements to the Prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such Prospectus.

“Registrable Securities” means, as of any date of determination, (a) all shares of Common Stock issued upon the conversion of the Convertible Debentures, (b) all shares of Common Stock issuable pursuant to the exercise of the Special Warrants issued upon the conversion of the Convertible Debentures, (c) up to 9,000,000 shares of Common Stock beneficially owned by Heavenly Rx Ltd., (d) up to 4,000,000 shares of Common Stock held by DTI, LP and (e) any securities issued or then issuable upon any stock split, dividend or other distribution, recapitalization or similar event with respect to the foregoing; provided, however, that any such Registrable Securities shall cease to be Registrable Securities (and the Company shall not be required to maintain the effectiveness of any, or file another, Registration Statement hereunder with respect thereto) for so long as (a) a Registration Statement with respect to the sale of such Registrable Securities is declared effective by the Commission under the Securities Act and such Registrable Securities have been disposed of by the Holder in accordance with such effective Registration Statement, (b) such Registrable Securities have been previously sold in accordance with Rule 144, or (c) such Registrable Securities become eligible for resale without volume or manner-of-sale restrictions and without current public information pursuant to Rule 144 as set forth in a written opinion letter to such effect, addressed, delivered and acceptable to the Transfer Agent and the affected Holders (assuming that such securities were at no time held by any Affiliate of the Company, as reasonably determined by the Company, upon the advice of counsel to the Company).

“Registration Statement” means any registration statement required to be filed hereunder pursuant to Section 2(a) and any additional registration statements contemplated by Section 2(c) or Section 3(c), including (in each case) the Prospectus, amendments and supplements to any such registration statement or Prospectus, including pre- and post-effective amendments, all exhibits thereto, and all material incorporated by reference or deemed to be incorporated by reference in any such registration statement.

“Rule 144” means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended or interpreted from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same purpose and effect as such Rule.

“Rule 415” means Rule 415 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended or interpreted from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same purpose and effect as such Rule.

“Rule 424” means Rule 424 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended or interpreted from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same purpose and effect as such Rule.

“Selling Stockholder Questionnaire” shall have the meaning set forth in Section 3(a).

“SEC Guidance” means (i) any publicly-available written or oral guidance of the Commission staff, or any comments, requirements or requests of the Commission staff and (ii) the Securities Act.

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“Special Warrants” means special share purchase warrants of the Company exercisable into one share of Common Stock for a period of 24 months of the date of issuance at a price equal to US\$0.625, conditional upon the Company increasing its authorized capital to an amount to cover the shares of Common Stock issuable pursuant to all of the outstanding Special Warrants as well as the other shares of Common Stock issuable pursuant to the then currently outstanding convertible/exercisable securities of the Company.

“Trading Day” means a day on which the principal Trading Market is open for trading.

“Trading Market” means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the Canadian Securities Exchange, the Toronto Stock Exchange, the TSX Venture Exchange, NYSE American, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange, OTCQB or OTCQX (or any successors to any of the foregoing).

“Transfer Agent” means the current transfer agent of the Company and any successor transfer agent of the Company.

“Units” means units of the Company comprised of one share of Common Stock and one Special Warrant.

2. Shelf Registration.

(a) On or prior to each Filing Date, the Company shall prepare and file with the Commission a Registration Statement covering the resale of all of the Registrable Securities that are not then registered on an effective Registration Statement for an offering to be made on a continuous basis pursuant to Rule 415. Each Registration Statement filed hereunder shall be on Form S-1 (except if the Company then eligible to register for resale the Registrable Securities on Form S-3, in which case such registration shall be on a Form S-3) and shall contain (unless otherwise directed by at least 85% in interest of the Holders) substantially the “Plan of Distribution” attached hereto as Annex A and substantially the “Selling Stockholder” section attached hereto as Annex B; provided, however, that no Holder shall be required to be named as an “underwriter” without such Holder’s express prior written consent. Subject to the terms of this Agreement, the Company shall use its best efforts to cause a Registration Statement filed under this Agreement (including, without limitation, under Section 3(c)) to be declared effective under the Securities Act as promptly as possible after the filing thereof, but in any event no later than the applicable Effectiveness Date, and shall use its best efforts to keep such Registration Statement continuously effective under the Securities Act until the date that all Registrable Securities covered by such Registration Statement (i) have been sold thereunder, or (ii) may be sold without volume or manner-of-sale restrictions pursuant to Rule 144 and without the requirement for the Company to be in compliance with the current public information requirement under Rule 144, as determined by the counsel to the Company pursuant to a written opinion letter to such effect, addressed and acceptable to the Transfer Agent and the affected Holders (the “Effectiveness Period”). The Company shall immediately notify the Holders via facsimile or by e-mail of the effectiveness of a Registration Statement. The Company shall, promptly after the effective date of such Registration Statement, file a final Prospectus with the Commission as required by Rule 424.

(b) Notwithstanding the registration obligations set forth in Section 2(a), if the Commission informs the Company that all of the Registrable Securities cannot, as a result of the application of Rule 415, be registered for resale as a secondary offering on a single registration statement, the Company agrees to promptly inform each of the Holders thereof and use its commercially reasonable efforts to file amendments to the Initial Registration Statement, as soon as practicable, as required by the Commission, covering the maximum number of Registrable Securities permitted to be registered by the Commission, on Form S-1 (or Form S-3, if available) or such other form available to register for resale the Registrable Securities as a secondary offering, subject to the provisions of Section 2(e); with respect to filing on Form S-1 or other appropriate form, and subject to the provisions of Section 2(d) with respect to the payment of liquidated damages; provided, however, that prior to filing such amendment, the Company shall be obligated to use diligent efforts to advocate with the Commission for the registration of all of the Registrable Securities in accordance with the SEC Guidance, including without limitation, Compliance and Disclosure Interpretation 612.09.

(c) Notwithstanding any other provision of this Agreement and subject to the payment of liquidated damages pursuant to Section 2(d), if the Commission or any SEC Guidance sets forth a limitation on the number of Registrable Securities permitted to be registered on a particular Registration Statement as a secondary offering (and notwithstanding that the Company used diligent efforts to advocate with the Commission for the registration of all or a greater portion of Registrable Securities), unless otherwise directed in writing by a Holder as to its Registrable Securities, the number of Registrable Securities to be registered on such Registration Statement will be reduced by reducing or eliminating any securities to be included other than Registrable Securities.

In the event of a cutback hereunder, the Company shall give the Holder at least five (5) Trading Days prior written notice along with the calculations as to such Holder's allotment. In the event the Company amends the Initial Registration Statement in accordance with the foregoing, the Company will use its best efforts to file with the Commission, as promptly as allowed by Commission or SEC Guidance provided to the Company or to registrants of securities in general, one or more registration statements on Form S-1 (or Form S-3 if available) or such other form available to register for resale those Registrable Securities that were not registered for resale on the Initial Registration Statement, as amended.

(d) If: (i) the Initial Registration Statement is not filed on or prior to its Filing Date or (ii) a Registration Statement registering for resale all of the Registrable Securities is not declared effective by the Commission by the Effectiveness Date of the Initial Registration Statement, or (iii) after the effective date of a Registration Statement, such Registration Statement ceases for any reason to remain continuously effective as to all Registrable Securities included in such Registration Statement, or the Holders are otherwise not permitted to utilize the Prospectus therein to resell such Registrable Securities, for more than fifteen (15) consecutive calendar days or more than an aggregate of twenty (20) calendar days (which need not be consecutive calendar days) during any 12-month period (any such failure or breach being referred to as an "Event", and for purposes of clauses (i) and (ii), the date on which such Event occurs, and for purpose of clause (iii) the date on which such fifteen (15) or twenty (20) calendar day period, as applicable, is exceeded being referred to as "Event Date"), then, in addition to any other rights the Holders may have hereunder or under applicable law, on each such Event Date and on each monthly anniversary of each such Event Date (if the applicable Event shall not have been cured by such date) until the applicable Event is cured, the Company shall pay to each Holder an amount in cash, as partial liquidated damages and not as a penalty, their pro-rated portion of \$75,000, within five (5) Trading Days of the Event Date and on every thirtieth (30th) day (pro-rated for periods totaling less than 30 days) thereafter, up to a maximum of \$750,000 in aggregate liquidation damages. The foregoing liquidated damages shall not apply if the Registrable Securities may be sold without volume or manner-of-sale restrictions pursuant to Rule 144 at the time the Event occurs, provided that the Company shall also be in compliance with the current public information requirement under Rule 144 to the extent required. If the Company fails to pay any partial liquidated damages pursuant to this Section in full within ten (10) calendar days after the date payable, the Company will pay interest thereon at a rate of 12% per annum (or such lesser maximum amount that is permitted to be paid by applicable law) to the Holder, accruing daily from the date such partial liquidated damages are due until such amounts, plus all such interest thereon, are paid in full. The partial liquidated damages pursuant to the terms hereof shall apply on a daily pro rata basis for any portion of a month prior to the cure of an Event.

(e) [Reserved]

(f) Notwithstanding anything to the contrary contained herein, in no event shall the Company be permitted to name any Holder or affiliate of a Holder as any underwriter without the prior written consent of such Holder.

3. Registration Procedures.

In connection with the Company's registration obligations hereunder, the Company shall:

(a) Not less than five (5) Trading Days prior to the filing of each Registration Statement and not less than one (1) Trading Day prior to the filing of any related Prospectus or any amendment or supplement thereto, the Company shall (i) furnish to each Holder copies of all such documents proposed to be filed, which documents will be subject to the review of such Holders, and (ii) cause its officers and directors, counsel and independent registered public accountants to respond to such inquiries as shall be necessary, in the reasonable opinion of respective counsel to each Holder, to conduct a reasonable investigation within the meaning of the Securities Act. The Company shall not file a Registration Statement or any such Prospectus or any amendments or supplements thereto to which the Holders of a majority of the Registrable Securities shall reasonably object in good faith, provided that, the Company is notified of such objection in writing no later than five (5) Trading Days after the Holders have been so furnished copies of a Registration Statement or one (1) Trading Day after the Holders have been so furnished copies of any related Prospectus or amendments or supplements thereto. Each Holder agrees to furnish to the Company a completed questionnaire in the form attached to this Agreement as Annex B (a "Selling Stockholder Questionnaire") on a date that is not less than two (2) Trading Days prior to the Filing Date or by the end of the fourth (4th) Trading Day following the date on which such Holder receives draft materials in accordance with this Section.

(b)(i) Prepare and file with the Commission such amendments, including post-effective amendments, to a Registration Statement and the Prospectus used in connection therewith as may be necessary to keep a Registration Statement continuously effective as to the applicable Registrable Securities for the Effectiveness Period and prepare and file with the Commission such additional Registration Statements in order to register for resale under the Securities Act all of the Registrable Securities, (ii) cause the related Prospectus to be amended or supplemented by any required Prospectus supplement (subject to the terms of this Agreement), and, as so supplemented or amended, to be filed pursuant to Rule 424, (iii) respond as promptly as reasonably possible to any comments received from the Commission with respect to a Registration Statement or any amendment thereto and provide as promptly as reasonably possible to the Holders true and complete copies of all correspondence from and to the Commission relating to a Registration Statement (provided that, the Company shall excise any information contained therein which would constitute material non-public information regarding the Company or any of its subsidiaries), and (iv) comply in all material respects with the applicable provisions of the Securities Act and the Exchange Act with respect to the disposition of all Registrable Securities covered by a Registration Statement during the applicable period in accordance (subject to the terms of this Agreement) with the intended methods of disposition by the Holders thereof set forth in such Registration Statement as so amended or in such Prospectus as so supplemented.

(c) If during the Effectiveness Period, the number of Registrable Securities at any time exceeds 100% of the number of shares of Common Stock then registered in a Registration Statement, then the Company shall file as soon as reasonably practicable, but in any case prior to the applicable Filing Date, an additional Registration Statement covering the resale by the Holders of not less than the number of such Registrable Securities.

(d) Notify the Holders of Registrable Securities to be sold (which notice shall, pursuant to clauses (iii) through (vi) hereof, be accompanied by an instruction to suspend the use of the Prospectus until the requisite changes have been made) as promptly as reasonably possible (and, in the case of (i)(A) below, not less than one (1) Trading Day prior to such filing) and (if requested by any such Person) confirm such notice in writing no later than one (1) Trading Day following the day (i)(A) when a Prospectus or any Prospectus supplement or post-effective amendment to a Registration Statement is proposed to be filed, (B) when the Commission notifies the Company whether there will be a “review” of such Registration Statement and whenever the Commission comments in writing on such Registration Statement, and (C) with respect to a Registration Statement or any post-effective amendment, when the same has become effective, (ii) of any request by the Commission or any other federal or state governmental authority for amendments or supplements to a Registration Statement or Prospectus or for additional information, (iii) of the issuance by the Commission or any other federal or state governmental authority of any stop order suspending the effectiveness of a Registration Statement covering any or all of the Registrable Securities or the initiation of any Proceedings for that purpose, (iv) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction, or the initiation or threatening of any Proceeding for such purpose, (v) of the occurrence of any event or passage of time that makes the financial statements included in a Registration Statement ineligible for inclusion therein or any statement made in a Registration Statement or Prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires any revisions to a Registration Statement, Prospectus or other documents so that, in the case of a Registration Statement or the Prospectus, as the case may be, it will not contain any untrue statement of a material fact or omit to state any 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, and (vi) of the occurrence or existence of any pending corporate development with respect to the Company that the Company believes may be material and that, in the determination of the Company, makes it not in the best interest of the Company to allow continued availability of a Registration Statement or Prospectus; provided, however, that in no event shall any such notice contain any information which would constitute material, non-public information regarding the Company or any of its Subsidiaries.

(e) Use its best efforts to avoid the issuance of, or, if issued, obtain the withdrawal of (i) any order stopping or suspending the effectiveness of a Registration Statement, or (ii) any suspension of the qualification (or exemption from qualification) of any of the Registrable Securities for sale in any jurisdiction, at the earliest practicable moment.

(f) Furnish to each Holder, without charge, at least one conformed copy of each such Registration Statement and each amendment thereto, including financial statements and schedules, all documents incorporated or deemed to be incorporated therein by reference to the extent requested by such Person, and all exhibits to the extent requested by such Person (including those previously furnished or incorporated by reference) promptly after the filing of such documents with the Commission, provided that any such item which is available on the EDGAR system (or successor thereto) need not be furnished in physical form.

(g) Subject to the terms of this Agreement, the Company hereby consents to the use of such Prospectus and each amendment or supplement thereto by each of the selling Holders in connection with the offering and sale of the Registrable Securities covered by such Prospectus and any amendment or supplement thereto, except after the giving of any notice pursuant to Section 3(d).

(h) Prior to any resale of Registrable Securities by a Holder, use its commercially reasonable efforts to register or qualify or cooperate with the selling Holders in connection with the registration or qualification (or exemption from the Registration or qualification) of such Registrable Securities for the resale by the Holder under the state securities or blue sky laws of such jurisdictions within the United States as any Holder reasonably requests in writing, to keep each registration or qualification (or exemption therefrom) effective during the Effectiveness Period and to do any and all other acts or things reasonably necessary to enable the disposition in such jurisdictions of the Registrable Securities covered by each Registration Statement, provided that the Company shall not be required to qualify generally to do business in any jurisdiction where it is not then so qualified, subject the Company to any material tax in any such jurisdiction where it is not then so subject or file a general consent to service of process in any such jurisdiction.

(i) If requested by a Holder, cooperate with such Holder to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be delivered to a transferee pursuant to a Registration Statement, which certificates shall be free, to the extent permitted by the Convertible Debentures, of all restrictive legends, and to enable such Registrable Securities to be in such denominations and registered in such names as any such Holder may request.

(j) Upon the occurrence of any event contemplated by Section 3(d), as promptly as reasonably possible under the circumstances taking into account the Company's good faith assessment of any adverse consequences to the Company and its stockholders of the premature disclosure of such event, prepare a supplement or amendment, including a post-effective amendment, to a Registration Statement or a supplement to the related Prospectus or any document incorporated or deemed to be incorporated therein by reference, and file any other required document so that, as thereafter delivered, neither a Registration Statement nor such Prospectus will contain an 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. If the Company notifies the Holders in accordance with clauses (iii) through (vi) of Section 3(d) above to suspend the use of any Prospectus until the requisite changes to such Prospectus have been made, then the Holders shall suspend use of such Prospectus. The Company will use its best efforts to ensure that the use of the Prospectus may be resumed as promptly as is practicable. The Company shall be entitled to exercise its right under this Section 3(j) to suspend the availability of a Registration Statement and Prospectus, subject to the payment of partial liquidated damages otherwise required pursuant to Section 2(d), for a period not to exceed 60 calendar days (which need not be consecutive days) in any 12-month period.

(k) Otherwise use commercially reasonable efforts to comply with all applicable rules and regulations of the Commission under the Securities Act and the Exchange Act, including, without limitation, Rule 172 under the Securities Act, file any final Prospectus, including any supplement or amendment thereof, with the Commission pursuant to Rule 424 under the Securities Act, promptly inform the Holders in writing if, at any time during the Effectiveness Period, the Company does not satisfy the conditions specified in Rule 172 and, as a result thereof, the Holders are required to deliver a Prospectus in connection with any disposition of Registrable Securities and take such other actions as may be reasonably necessary to facilitate the registration of the Registrable Securities hereunder.

(l) Intentionally Omitted.

(m) The Company may require each selling Holder to furnish to the Company a certified statement as to the number of shares of Common Stock beneficially owned by such Holder and, if required by the Commission, the natural persons thereof that have voting and dispositive control over the shares. During any periods that the Company is unable to meet its obligations hereunder with respect to the registration of the Registrable Securities solely because any Holder fails to furnish such information within three (3) Trading Days of the Company's request, any liquidated damages that are accruing at such time as to such Holder only shall be tolled and any Event that may otherwise occur solely because of such delay shall be suspended as to such Holder only, until such information is delivered to the Company.

4. Registration Expenses. All fees and expenses incident to the performance of or compliance with, this Agreement by the Company shall be borne by the Company whether or not any Registrable Securities are sold pursuant to a Registration Statement. The fees and expenses referred to in the foregoing sentence shall include, without limitation, (i) all registration and filing fees (including, without limitation, fees and expenses of the Company's counsel and independent registered public accountants) (A) with respect to filings made with the Commission, (B) with respect to filings required to be made with any Trading Market on which the Common Stock is then listed for trading, and (C) in compliance with applicable state securities or blue sky laws reasonably agreed to by the Company in writing (including, without limitation, fees and disbursements of counsel for the Company in connection with blue sky qualifications or exemptions of the Registrable Securities), (ii) printing expenses (including, without limitation, expenses of printing certificates for Registrable Securities), (iii) messenger, telephone and delivery expenses, (iv) fees and disbursements of counsel for the Company, (v) Securities Act liability insurance, if the Company so desires such insurance, and (vi) fees and expenses of all other Persons retained by the Company in connection with the consummation of the transactions contemplated by this Agreement. In addition, the Company shall be responsible for all of its internal expenses incurred in connection with the consummation of the transactions contemplated by this Agreement (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expense of any annual audit and the fees and expenses incurred in connection with the listing of the Registrable Securities on any securities exchange as required hereunder. In no event shall the Company be responsible for any broker or similar commissions of any Holder or, except to the extent provided for in the Transaction Documents, any legal fees or other costs of the Holders.

5. Indemnification.

(a) Indemnification by the Company. The Company shall, notwithstanding any termination of this Agreement, indemnify and hold harmless each Holder, the officers, directors, members, partners, agents, brokers (including brokers who offer and sell Registrable Securities as principal as a result of a pledge or any failure to perform under a margin call of Common Stock), investment advisors and employees (and any other Persons with a functionally equivalent role of a Person holding such titles, notwithstanding a lack of such title or any other title) of each of them, each Person who controls any such Holder (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and the officers, directors, members, stockholders, partners, agents and employees (and any other Persons with a functionally equivalent role of a Person holding such titles, notwithstanding a lack of such title or any other title) of each such controlling Person, to the fullest extent permitted by applicable law, from and against any and all losses, claims, damages, liabilities, costs (including, without limitation, reasonable attorneys' fees) and expenses (collectively, "Losses"), as incurred, arising out of or relating to (1) any untrue or alleged untrue statement of a material fact contained in a Registration Statement, any Prospectus or any form of prospectus or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading or (2) any violation or alleged violation by the Company of the Securities Act, the Exchange Act or any state securities law, or any rule or regulation thereunder, in connection with the performance of its obligations under this Agreement, except to the extent, but only to the extent, that (i) such untrue statements or omissions are based solely upon information regarding such Holder furnished in writing to the Company by such Holder expressly for use therein, or to the extent that such information relates to such Holder or such Holder's proposed method of distribution of Registrable Securities and was reviewed and expressly approved in writing by such Holder expressly for use in a Registration Statement, such Prospectus or in any amendment or supplement thereto (it being understood that the Holder has approved Annex A hereto for this purpose) or (ii) in the case of an occurrence of an event of the type specified in Section 3(d) (iii)-(vi), the use by such Holder of an outdated, defective or otherwise unavailable Prospectus after the Company has notified such Holder in writing that the Prospectus is outdated, defective or otherwise unavailable for use by such Holder and prior to the receipt by such Holder of the Advice contemplated in Section 6(c). The Company shall notify the Holders promptly of the institution, threat or assertion of any Proceeding arising from or in connection with the transactions contemplated by this Agreement of which the Company is aware. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such indemnified person and shall survive the transfer of any Registrable Securities by any of the Holders in accordance with Section 6(f).

(b) Indemnification by Holders. Each Holder shall, severally and not jointly, indemnify and hold harmless the Company, its directors, officers, agents and employees, each Person who controls the Company (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, agents or employees of such controlling Persons, to the fullest extent permitted by applicable law, from and against all Losses, as incurred, to the extent arising out of or based solely upon: any untrue or alleged untrue statement of a material fact contained in any Registration Statement, any Prospectus, or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading (i) to the extent, but only to the extent, that such untrue statement or omission is contained in any information so furnished in writing by such Holder to the Company expressly for inclusion in such Registration Statement or such Prospectus or (ii) to the extent, but only to the extent, that such information relates to such Holder's information provided in the Selling Stockholder Questionnaire or the proposed method of distribution of Registrable Securities and was reviewed and expressly approved in writing by such Holder expressly for use in a Registration Statement (it being understood that the Holder has approved Annex A hereto for this purpose), such Prospectus or in any amendment or supplement thereto. In no event shall the liability of a selling Holder be greater in amount than the dollar amount of the proceeds (net of all expenses paid by such Holder in connection with any claim relating to this Section 5 and the amount of any damages such Holder has otherwise been required to pay by reason of such untrue statement or omission) received by such Holder upon the sale of the Registrable Securities included in the Registration Statement giving rise to such indemnification obligation.

(c)Conduct of Indemnification Proceedings. If any Proceeding shall be brought or asserted against any Person entitled to indemnity hereunder (an “Indemnified Party”), such Indemnified Party shall promptly notify the Person from whom indemnity is sought (the “Indemnifying Party”) in writing, and the Indemnifying Party shall have the right to assume the defense thereof, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of all fees and expenses incurred in connection with defense thereof, provided that the failure of any Indemnified Party to give such notice shall not relieve the Indemnifying Party of its obligations or liabilities pursuant to this Agreement, except (and only) to the extent that it shall be finally determined by a court of competent jurisdiction (which determination is not subject to appeal or further review) that such failure shall have materially and adversely prejudiced the Indemnifying Party.

An Indemnified Party shall have the right to employ separate counsel in any such Proceeding and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party or Parties unless: (1) the Indemnifying Party has agreed in writing to pay such fees and expenses, (2) the Indemnifying Party shall have failed promptly to assume the defense of such Proceeding and to employ counsel reasonably satisfactory to such Indemnified Party in any such Proceeding, or (3) the named parties to any such Proceeding (including any impleaded parties) include both such Indemnified Party and the Indemnifying Party, and counsel to the Indemnified Party shall reasonably believe that a material conflict of interest is likely to exist if the same counsel were to represent such Indemnified Party and the Indemnifying Party (in which case, if such Indemnified Party notifies the Indemnifying Party in writing that it elects to employ separate counsel at the expense of the Indemnifying Party, the Indemnifying Party shall not have the right to assume the defense thereof and the reasonable fees and expenses of no more than one separate counsel shall be at the expense of the Indemnifying Party). The Indemnifying Party shall not be liable for any settlement of any such Proceeding effected without its written consent, which consent shall not be unreasonably withheld or delayed. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement of any pending Proceeding in respect of which any Indemnified Party is a party, unless such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such Proceeding.

Subject to the terms of this Agreement, all reasonable fees and expenses of the Indemnified Party (including reasonable fees and expenses to the extent incurred in connection with investigating or preparing to defend such Proceeding in a manner not inconsistent with this Section) shall be paid to the Indemnified Party, as incurred, within ten (10) Trading Days of written notice thereof to the Indemnifying Party, provided that the Indemnified Party shall promptly reimburse the Indemnifying Party for that portion of such fees and expenses applicable to such actions for which such Indemnified Party is finally determined by a court of competent jurisdiction (which determination is not subject to appeal or further review) not to be entitled to indemnification hereunder.

(d)Contribution. If the indemnification under Section 5(a) or 5(b) is unavailable to an Indemnified Party or insufficient to hold an Indemnified Party harmless for any Losses, then each Indemnifying Party shall contribute to the amount paid or payable by such Indemnified Party, in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and Indemnified Party in connection with the actions, statements or omissions that resulted in such Losses as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party and Indemnified Party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission of a material fact, has been taken or made by, or relates to information supplied by, such Indemnifying Party or Indemnified Party, and the parties’ relative intent, knowledge, access to information and opportunity to correct or prevent such action, statement or omission. The amount paid or payable by a party as a result of any Losses shall be deemed to include, subject to the limitations set forth in this Agreement, any reasonable attorneys’ or other fees or expenses incurred by such party in connection with any Proceeding to the extent such party would have been indemnified for such fees or expenses if the indemnification provided for in this Section was available to such party in accordance with its terms.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 5(d) were determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to in the immediately preceding paragraph. In no event shall the contribution obligation of a Holder of Registrable Securities be greater in amount than the dollar amount of the proceeds (net of all expenses paid by such Holder in connection with any claim relating to this Section 5 and the amount of any damages such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission) received by it upon the sale of the Registrable Securities giving rise to such contribution obligation.

The indemnity and contribution agreements contained in this Section are in addition to any liability that the Indemnifying Parties may have to the Indemnified Parties.

6. Miscellaneous.

(a)Remedies. In the event of a breach by the Company or by a Holder of any of their respective obligations under this Agreement, each Holder or the Company, as the case may be, in addition to being entitled to exercise all rights granted by law and under this Agreement, including recovery of damages, shall be entitled to specific performance of its rights under this Agreement. Each of the Company and each Holder agrees that monetary damages would not provide adequate compensation for any losses incurred by reason of a breach by it of any of the provisions of this Agreement and hereby further agrees that, in the event of any action for specific performance in respect of such breach, it shall not assert or shall waive the defense that a remedy at law would be adequate.

(b)No Piggyback on Registrations; Prohibition on Filing Other Registration Statements. Neither the Company nor any of its security holders (other than the Holders in such capacity pursuant hereto) may include securities of the Company in any Registration Statements other than: (i) the Registrable Securities; (ii) any shares of Common Stock issued upon the conversion of the Company's \$2,000,000 5.00% senior unsecured convertible debenture dated July 14, 2021 (the "Outstanding Debenture") and any shares of Common Stock issuable pursuant to the exercise of the Special Warrants issued in connection with the conversion of the Outstanding Debenture; (iii) any shares of Common Stock acquired by Jeffrey Anderson, Jamie Colbourne, Mark Murray or SOL Global Investments Corp. (or any of their subsidiaries) as part of the Plan of Arrangement transaction with Pinestar Gold Inc. (the "Pinestar Plan of Arrangement"); (iv) up to 1,400,000 shares of Common Stock beneficially owned by Paul Norman; (v) up to 1,400,000 shares of Common Stock beneficially owned by Clive Sirkin; (vi) any shares of Common Stock issuable pursuant to the exercise of the Special Warrants issued in connection with the Pinestar Plan of Arrangement; (vii) any shares of Common Stock issuable pursuant to the exercise of any share purchase warrants assumed by the Company in the Plan of Arrangement; (viii) any shares of Common Stock acquired (either directly or beneficially) by L5 Capital Inc. or Jason I Goldman Professional Corporation as part of the Pinestar Plan of Arrangement; (ix) up to 974,808 shares of Common Stock issuable pursuant to the exercise of 974,808 share purchase warrants assumed by the Company as part of the Pinestar Plan of Arrangement; and (x) any securities issued or then issuable upon any stock split, dividend or other distribution, recapitalization or similar event with respect to the foregoing. The Company shall not file any other registration statements until all Registrable Securities are registered pursuant to a Registration Statement that is declared effective by the Commission, provided that this Section 6(b) shall not prohibit the Company from filing registration statements to register the shares of Common Stock issued in connection with the conversion of the Outstanding Debenture or in connection with the Pinestar Plan of Arrangement, or from filing amendments to registration statements filed prior to the date of this Agreement so long as no new securities are registered on any such existing registration statements.

(c)Discontinued Disposition. By its acquisition of Registrable Securities, each Holder agrees that, upon receipt of a notice from the Company of the occurrence of any event of the kind described in Section 3(d)(iii) through (vi), such Holder will forthwith discontinue disposition of such Registrable Securities under a Registration Statement until it is advised in writing (the “Advice”) by the Company that the use of the applicable Prospectus (as it may have been supplemented or amended) may be resumed. The Company will use its best efforts to ensure that the use of the Prospectus may be resumed as promptly as is practicable. The Company agrees and acknowledges that any periods during which the Holder is required to discontinue the disposition of the Registrable Securities hereunder shall be subject to the provisions of Section 2(d).

(d)Amendments and Waivers. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, unless the same shall be in writing and signed by the Company and the Holders of 50.1% or more of the then outstanding Registrable Securities, provided that, if any amendment, modification or waiver disproportionately and adversely impacts a Holder (or group of Holders), the consent of such disproportionately impacted Holder (or group of Holders) shall be required. If a Registration Statement does not register all of the Registrable Securities pursuant to a waiver or amendment done in compliance with the previous sentence, then the number of Registrable Securities to be registered for each Holder shall be reduced pro rata among all Holders and each Holder shall have the right to designate which of its Registrable Securities shall be omitted from such Registration Statement. Notwithstanding the foregoing, a waiver or consent to depart from the provisions hereof with respect to a matter that relates exclusively to the rights of a Holder or some Holders and that does not directly or indirectly affect the rights of other Holders may be given only by such Holder or Holders of all of the Registrable Securities to which such waiver or consent relates; provided, however, that the provisions of this sentence may not be amended, modified, or supplemented except in accordance with the provisions of the first sentence of this Section 6(d). No consideration shall be offered or paid to any Person to amend or consent to a waiver or modification of any provision of this Agreement unless the same consideration also is offered to all of the parties to this Agreement.

(e)Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be delivered as set forth in the Convertible Debenture.

(f)Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of each of the parties and shall inure to the benefit of each Holder. The Company may not assign (except by merger) its rights or obligations hereunder without the prior written consent of all of the Holders of the then outstanding Registrable Securities. Each Holder may assign their respective rights hereunder in the manner and to the Persons as permitted under Section 8.7 of the Convertible Debenture.

(g)No Inconsistent Agreements. Neither the Company nor any of its subsidiaries has entered, as of the date hereof, nor shall the Company or any of its subsidiaries, on or after the date of this Agreement, enter into any agreement with respect to its securities, that would have the effect of impairing the rights granted to the Holders in this Agreement or otherwise conflicts with the provisions hereof.

(h) Execution and Counterparts. This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a “.pdf” format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or “.pdf” signature page were an original thereof.

(i) Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Washington. Each of the parties to this Agreement hereby irrevocably submits and attorns to the nonexclusive jurisdiction of the courts of the State of Washington in connection with this Agreement.

(j) Cumulative Remedies. The remedies provided herein are cumulative and not exclusive of any other remedies provided by law.

(k) Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their commercially reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

(l) Headings. The headings in this Agreement are for convenience only, do not constitute a part of the Agreement and shall not be deemed to limit or affect any of the provisions hereof.

(Signature Pages Follow)

IN WITNESS WHEREOF, the parties have executed this Registration Rights Agreement as of the date first written above.

JONES SODA CO.

By: _____
Name: Mark Murray
Title: Chief Executive Officer

[SIGNATURE PAGE OF HOLDERS FOLLOWS]

[SIGNATURE PAGE OF HOLDERS TO JONES SODA CO. RRA]

Name of Holder: _____

Signature of Authorized Signatory of Holder: _____

Name of Authorized Signatory: _____

Title of Authorized Signatory: _____

Name of Holder: _____

Signature of Authorized Signatory of Holder: _____

Name of Authorized Signatory: _____

Title of Authorized Signatory: _____

Name of Holder: _____

Signature of Authorized Signatory of Holder: _____

Name of Authorized Signatory: _____

Title of Authorized Signatory: _____

Name of Holder: _____

Signature of Authorized Signatory of Holder: _____

Name of Authorized Signatory: _____

Title of Authorized Signatory: _____

Plan of Distribution

Each Selling Stockholder (the “Selling Stockholders”) of the securities and any of their pledgees, assignees and successors-in-interest may, from time to time, sell any or all of their securities covered hereby on the principal Trading Market or any other stock exchange, market or trading facility on which the securities are traded or in private transactions. These sales may be at fixed or negotiated prices. A Selling Stockholder may use any one or more of the following methods when selling securities:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the securities as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- settlement of short sales;
- in transactions through broker-dealers that agree with the Selling Stockholders to sell a specified number of such securities at a stipulated price per security;
- through the writing or settlement of options or other hedging transactions, whether through an options exchange or otherwise;
- a combination of any such methods of sale; or
- any other method permitted pursuant to applicable law.

The Selling Stockholders may also sell securities under Rule 144 or any other exemption from registration under the Securities Act of 1933, as amended (the “Securities Act”), if available, rather than under this prospectus. All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Registration Rights Agreement to which this Plan of Distribution is annexed.

Broker-dealers engaged by the Selling Stockholders may arrange for other brokers-dealers to participate in sales. Broker-dealers may receive commissions or discounts from the Selling Stockholders (or, if any broker-dealer acts as agent for the purchaser of securities, from the purchaser) in amounts to be negotiated, but, except as set forth in a supplement to this Prospectus, in the case of an agency transaction not in excess of a customary brokerage commission in compliance with FINRA Rule 2121; and in the case of a principal transaction a markup or markdown in compliance with FINRA Rule 2121.

In connection with the sale of the securities or interests therein, the Selling Stockholders may enter into hedging transactions with broker-dealers or other financial institutions, which may in turn engage in short sales of the securities in the course of hedging the positions they assume. The Selling Stockholders may also sell securities short and deliver these securities to close out their short positions, or loan or pledge the securities to broker-dealers that in turn may sell these securities. The Selling Stockholders may also enter into option or other transactions with broker-dealers or other financial institutions or create one or more derivative securities which require the delivery to such broker-dealer or other financial institution of securities offered by this prospectus, which securities such broker-dealer or other financial institution may resell pursuant to this prospectus (as supplemented or amended to reflect such transaction).

The Selling Stockholders and any broker-dealers or agents that are involved in selling the securities may be deemed to be “underwriters” within the meaning of the Securities Act in connection with such sales. In such event, any commissions received by such broker-dealers or agents and any profit on the resale of the securities purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act. Each Selling Stockholder has informed the Company that it does not have any written or oral agreement or understanding, directly or indirectly, with any person to distribute the securities.

The Company is required to pay certain fees and expenses incurred by the Company incident to the registration of the securities. The Company has agreed to indemnify the Selling Stockholders against certain losses, claims, damages and liabilities, including liabilities under the Securities Act.

The Company agrees to keep the Prospectus effective until the earlier of (i) the date on which the securities may be resold by the Selling Stockholders without registration and without regard to any volume or manner-of-sale limitations by reason of Rule 144, without the requirement for the Company to be in compliance with the current public information under Rule 144 under the Securities Act or any other rule of similar effect or (ii) all of the securities have been sold pursuant to this prospectus or Rule 144 under the Securities Act or any other rule of similar effect. The resale securities will be sold only through registered or licensed brokers or dealers if required under applicable state securities laws. In addition, in certain states, the resale securities covered hereby may not be sold unless they have been registered or qualified for sale in the applicable state or an exemption from the registration or qualification requirement is available and is complied with.

Under applicable rules and regulations under the Exchange Act, any person engaged in the distribution of the resale securities may not simultaneously engage in market making activities with respect to the Common Stock for the applicable restricted period, as defined in Regulation M, prior to the commencement of the distribution. In addition, the Selling Stockholders will be subject to applicable provisions of the Exchange Act and the rules and regulations thereunder, including Regulation M, which may limit the timing of purchases and sales of the Common Stock by the Selling Stockholders or any other person. We will make copies of this prospectus available to the Selling Stockholders and have informed them of the need to deliver a copy of this prospectus to each purchaser at or prior to the time of the sale (including by compliance with Rule 172 under the Securities Act).

SELLING SHAREHOLDERS

The Common Stock being offered by the selling shareholders are those shares of Common stock issuable to the selling shareholders upon conversion of the Convertible Debenture. We are registering the shares of Common Stock in order to permit the selling shareholders to offer the shares for resale from time to time. All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Registration Rights Agreement to which this Plan document is annexed.

The table below lists the selling shareholders and other information regarding the beneficial ownership of the shares of Common Stock by each of the selling shareholders. The second column lists the number of shares of Common Stock beneficially owned by each selling shareholder, based on its ownership of the shares of Common Stock as of _____, _____, assuming the full conversion of the Convertible Debenture.

The third column lists the shares of Common Stock being offered by the Prospectus by the selling shareholders.

In accordance with the terms of a registration rights agreement with the selling shareholders, the Prospectus generally covers the resale of the number of shares of Common stock issuable to the selling shareholders upon the full conversion of the Convertible Debenture prior to the date the Registration Statement was initially filed with the Commission. The fourth column assumes the sale of all of the shares offered by the selling shareholders pursuant to the Prospectus.

The selling shareholders may sell all, some or none of their shares in this offering. See "Plan of Distribution."

Name of Selling Shareholder	Number of shares of Common Stock Owned Prior to Offering	Maximum Number of shares of Common Stock to be Sold Pursuant to this Prospectus	Number of shares of Common Stock Owned After Offering

JONES SODA CO.

Selling Stockholder Notice and Questionnaire

The undersigned beneficial owner of common stock (the "Registrable Securities") of Jones Soda Co., a Washington corporation (the "Company"), understands that the Company has filed or intends to file with the Securities and Exchange Commission (the "Commission") a registration statement (the "Registration Statement") for the registration and resale under Rule 415 of the Securities Act of 1933, as amended (the "Securities Act"), of the Registrable Securities, in accordance with the terms of the Registration Rights Agreement (the "Registration Rights Agreement") to which this document is annexed. A copy of the Registration Rights Agreement is available from the Company upon request at the address set forth below. All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Registration Rights Agreement.

Certain legal consequences arise from being named as a selling stockholder in the Registration Statement and the related prospectus. Accordingly, holders and beneficial owners of Registrable Securities are advised to consult their own securities law counsel regarding the consequences of being named or not being named as a selling stockholder in the Registration Statement and the related prospectus.

NOTICE

The undersigned beneficial owner (the "Selling Stockholder") of Registrable Securities hereby elects to include the Registrable Securities owned by it in the Registration Statement.

The undersigned hereby provides the following information to the Company and represents and warrants that such information is accurate:

QUESTIONNAIRE

1. Name.

(a) Full Legal Name of Selling Stockholder

(b) Full Legal Name of Registered Holder (if not the same as (a) above) through which Registrable Securities are held:

(c) Full Legal Name of Natural Control Person(s) (which means a natural person who directly or indirectly alone or with others has power to vote or dispose of the securities covered by this Questionnaire):

2. Address for Notices to Selling Stockholder:

Telephone:

Fax:

Contact Person:

3. Broker-Dealer Status:

(a) Are you a broker-dealer?

Yes No

(b) If "yes" to Section 3(a), did you receive your Registrable Securities as compensation for investment banking services to the Company?

Yes No

Note: If "no" to Section 3(b), the Commission's staff has indicated that you should be identified as an underwriter in the Registration Statement.

(c) Are you an affiliate of a broker-dealer?

Yes No

(d) If you are an affiliate of a broker-dealer, do you certify that you purchased the Registrable Securities in the ordinary course of business, and at the time of the purchase of the Registrable Securities to be resold, you had no agreements or understandings, directly or indirectly, with any person to distribute the Registrable Securities?

Yes No

Note: If "no" to Section 3(d), the Commission's staff has indicated that you should be identified as an underwriter in the Registration Statement.

4. Beneficial Ownership of Securities of the Company Owned by the Selling Stockholder.

Except as set forth below in this Item 4, the undersigned is not the beneficial or registered owner of any securities of the Company other than the securities issuable pursuant to the Purchase Agreement.

(a) Type and Amount of other securities beneficially owned by the Selling Stockholder:

5. Relationships with the Company:

Except as set forth below, neither the undersigned nor any of its affiliates, officers, directors or principal equity holders (owners of 5% of more of the equity securities of the undersigned) has held any position or office or has had any other material relationship with the Company (or its predecessors or affiliates) during the past three years.

State any exceptions here:

The undersigned agrees to promptly notify the Company of any material inaccuracies or changes in the information provided herein that may occur subsequent to the date hereof at any time while the Registration Statement remains effective; provided, that the undersigned shall not be required to notify the Company of any changes to the number of securities held or owned by the undersigned or its affiliates.

By signing below, the undersigned consents to the disclosure of the information contained herein in its answers to Items 1 through 5 and the inclusion of such information in the Registration Statement and the related prospectus and any amendments or supplements thereto. The undersigned understands that such information will be relied upon by the Company in connection with the preparation or amendment of the Registration Statement and the related prospectus and any amendments or supplements thereto.

IN WITNESS WHEREOF the undersigned, by authority duly given, has caused this Notice and Questionnaire to be executed and delivered either in person or by its duly authorized agent.

Date:

Beneficial Owner:

By:

Name:

Title:

PLEASE FAX A COPY (OR EMAIL A PDF COPY) OF THE COMPLETED AND EXECUTED NOTICE AND QUESTIONNAIRE TO:

JONES SODA CO. COMPLETES ACQUISITION OF CANADIAN REPORTING ISSUER AND \$11 MILLION IN CONCURRENT FINANCINGS IN CONNECTION WITH PREVIOUSLY ANNOUNCED PLANNED STRATEGIC ENTRY INTO THE CANNABIS SECTOR

Seattle, WA – February 15, 2022 – Jones Soda. (OTCQB: JSDA) (“**Jones**” or the “**Company**”) is pleased to announce that it completed the previously announced acquisition of all the issued and outstanding common shares (the “**Pinestar Shares**”) of Pinestar Gold Inc. (the “**Pinestar**”) by way of a plan of arrangement under the *Business Corporations Act* (British Columbia) (the “**Arrangement**”). As part of the Arrangement, the obligations in respect of each share purchase warrant of Pinestar (including an aggregate of 700,000 warrants that were transferred to Pinestar) were assumed by Jones and each such remaining warrant became exercisable into one share of Jones Common stock at a price of Cdn\$0.06 per share.

Completion of Concurrent Financing

In connection with the Arrangement, Pinestar completed an offering for subscription receipts (“**Subscription Receipts**”) for aggregate gross proceeds of US\$8,000,000, at a price per Subscription Receipt equal to US\$0.50 (the “**Concurrent Financing**”). As part of the closing of the Arrangement, each Subscription Receipt automatically converted into one Pinestar Share and one new common share purchase warrant of Pinestar, which were then immediately exchanged for shares of Jones common stock (the “**Jones Shares**”) and share purchase special warrants of Jones (the “**Jones Special Warrants**”), respectively, in accordance with a 1:1 exchange ratio. Each Jones Special Warrant is exercisable into one Jones Share at a price of \$0.625 per Jones Share for a period of 24 months from the date of issuance, conditional upon Jones increasing its authorized capital to an amount to cover the Jones Shares issuable pursuant to all the outstanding Jones Special Warrants as well as the other Jones Shares issuable pursuant to the then outstanding convertible/exercisable securities of Jones. Further, the closing of the Arrangement resulted in the automatic conversion of the US\$2,000,000 unsecured convertible debenture Jones previously issued to SOL Verano Blocker 1 LLC (the “**Jones Debenture**”) into an aggregate of 4,025,035 Jones Shares and 4,025,035 Jones Special Warrants.

“By completing the Arrangement and Concurrent Financing we have taken a significant step towards the implementation of the Company’s planned expansion into the cannabis sector. The proceeds from the Concurrent Financing will be used towards the development of the Company’s planned Cannabis-infused beverages and edibles business line and the acquisition of Pinestar has enabled us to become a public reporting company in Canada,” said Mark Murray, President and Chief Executive Officer of Jones.

The issuance of the Jones Shares to the holders of Pinestar Shares (including Pinestar Shares received upon the exercise of Subscription Receipts) in the Arrangement was intended to be exempt from the registration requirements under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”) pursuant to Section 3(a)(10) of the U.S. Securities Act.

Listing on the Canadian Securities Exchange

The Canadian Securities Exchange (the “CSE”) has conditionally approved the listing of the Jones Shares on the CSE. Final approval for listing of the Jones Shares on the CSE will be subject to Jones fulfilling certain standard conditions of the CSE set out in its conditional acceptance letter.

“The listing of the Company’s shares of common stock on the CSE would not only increase the liquidity of our shares but would also enable the Company to appeal to potential investors in Canada as well as the United States as the Company’s share of common stock would have an active trading market on both sides of the border.” continued Mr. Murray.

Changes to Board of Directors

In connection with the closing of the Arrangement, the Company is pleased to announce that Alex Spiro and Chad Bronstein were appointed by the Company’s board of directors (the “Board”) to serve as directors on the Board until the Company’s next annual meeting of stockholders. Each of Jeffrey Anderson and Michael Fleming also gave notice to the Board of their intention to resign from the Board, pursuant to the terms of the Arrangement.

“We are excited to have both Alex and Chad join the Board, and believe that their diverse backgrounds and experiences will further support our strategy to deliver value to our shareholders through good corporate governance and the continued growth and diversification of our business. We wish to thank both Jeff and Michael for their invaluable service and contributions to the Company over the years and wish them all the best in future endeavors,” stated Jamie Colbourne, the Chairman of the Board.

Contingent Convertible Debenture Offering

Jones also completed an offering of US\$3,000,000 in aggregate principal amount of 3.00% unsecured convertible debentures due February 9, 2023 (the “**Contingent Convertible Debentures**”). The Contingent Convertible Debentures are convertible into units of Jones at a conversion price of US\$0.50 per unit, with each unit consisting of one Jones Shares and one Jones Special Warrant. The Contingent Convertible Debentures are only convertible upon Jones increasing its authorized capital to an amount to cover the Jones Shares issuable pursuant to all the outstanding Contingent Convertible Debentures, Jones Special Warrants as well as the other Jones Shares issuable pursuant to the then outstanding convertible/exercisable securities of Jones. Jones intends to use the proceeds from the Contingent Convertible Debentures towards the development of Jones’ cannabis-containing beverages, edibles, and related products business.

The issuance of the Contingent Convertible Debentures as well as the Jones Shares and Jones Special Warrants issued upon the conversion of the Convertible Debenture were not registered under the Securities Act or under any state securities laws and the Jones Shares and Jones Special Warrants issuable upon the conversion of the Contingent Convertible Debentures may not be offered or sold in the United States without registration under the U.S. Securities Act and all applicable state securities laws or compliance with the requirements of an applicable exemption therefrom. This press release shall not constitute an offer to sell or the solicitation of an offer to buy securities in the United States, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. The Contingent Convertible Debentures are also subject to a four-month statutory hold period in Canada.

Early Warning Disclosure

Prior to the Arrangement, Jones did not hold any shares of Pinestar, which has an address of 1049 Chilco Street, Suite 405, Vancouver, British Columbia, V6G 2R7. The issuance of Jones Shares for the Pinestar Shares implied consideration of approximately C\$0.64 per Pinestar Share as at close of markets on February 14, 2022, the trading day prior to the closing of the Arrangement, based on the closing price of Jones Shares on the OTCQB Venture Marketplace operated by the OTC Markets Group as at February 14, 2022.

This disclosure is issued pursuant to Multilateral Instrument 62-104 – *Take-Over Bids and Issuer Bids*, which also requires an early warning report to be filed containing additional information with respect to the foregoing matters. A copy of the early warning report will be made available on SEDAR under Pinestar's issuer profile at www.sedar.com and may be obtained upon request from Jones at the contact information below

About Jones

Headquartered in Seattle, Washington, Jones markets and distributes premium craft beverages under the Jones® Soda and Lemoncocco® brands. A leader in the premium craft soda category, Jones is made with cane sugar and other high-quality ingredients and is known for packaging that incorporates ever-changing photos sent in from its consumers. Jones' diverse product line offers something for everyone – cane sugar soda, zero-calorie soda and Lemoncocco non-carbonated premium refreshment. Jones is sold across North America in glass bottles, cans and on fountain through traditional beverage outlets, restaurants, and alternative accounts. For more information, visit www.jonessoda.com or www.myjones.com or www.drinklemoncocco.com.

For further information, please contact Mark Murray, the Company's President and Chief Executive Officer at 206 624-3357.

Cautionary Statements Regarding Forward Looking Information

Certain statements in this press release are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 and “forward-looking information” within the meaning of NI 51-102 (collectively, “forward-looking statements”). Forward-looking statements include all passages containing words such as “will,” “aims,” “anticipates,” “becoming,” “believes,” “continue,” “estimates,” “expects,” “future,” “intends,” “plans,” “predicts,” “projects,” “targets,” or “upcoming.” Forward-looking statements also include any other passages that are primarily relevant to expected future events or that can only be evaluated by events that will occur in the future. Forward-looking statements are based on the opinions and estimates of management at the time the statements are made and are subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated or implied in the forward-looking statements. These forward-looking statements in this press release may include, without limitation, the anticipated benefits of the Arrangement, the listing of the Jones Shares of the CSE and its effects on the liquidity of Jones’ shares and the Company’s ability to appeal to investors in Canada and the United States, the use of the proceeds received in the Concurrent Financing and the sale of the Contingent Convertible Debenture, the conversion of the Contingent Convertible Debentures, and the Company’s ability to deliver value to its shareholders and to expand into the cannabis sector and to execute its plans to develop and market cannabis-infused beverages, edibles and related products and the timing and costs of the development of this new product line. The risks and uncertainties that could cause actual results to differ materially from those anticipated or implied in the forward-looking statements include, without limitation, the Company’s estimates of the size of the markets for its potential cannabis products, potential litigation involving the Company, global economic conditions, geopolitical events and regulatory changes, and access to additional financing. The foregoing list of factors is not exclusive. More information about factors that potentially could affect the Company’s operations or financial results is included in the Company’s most recent annual report on Form 10-K for the year ended December 31, 2020 filed with the United States Securities and Exchange Commission (the “SEC”) on March 24, 2021 and in the other reports filed with the SEC since that date. Readers are cautioned not to place undue reliance upon these forward-looking statements that speak only as to the date of this press release. Except as required by law, the Company undertakes no obligation to update any forward-looking or other statements in this press release, whether as a result of new information, future events or otherwise

Neither the CSE nor its Regulation Services Provider accepts responsibility for the adequacy or accuracy of this release.