S1912098

No. _____
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY

AND

IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 234(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, RSC 1985, c B-3, AS AMENDED AND SECTION 39 OF THE *LAW AND EQUITY ACT*, RSBC 1996 C 253, AS AMENDED

AND

IN THE MATTER OF THE RECEIVERSHIP OF DIONYMED BRANDS INC.

BETWEEN:

GLAS Americas LLC

PETITIONER

AND:

DionyMed Brands Inc.

RESPONDENT

AFFIDAVIT OF YANA KISLENKO

I, Yana Kislenko, of Jersey City, in the State of New Jersey, MAKE OATH AND SAY AS FOLLOWS:

1. I am Vice President at GLAS Americas LLC, the Collateral Agent under the Credit Agreement (as that term is defined below) between (among others) the Respondent and a syndicate of lenders, charged with enforcing the secured lenders' security in the event of the Respondent's default under the Credit Agreement. I have knowledge of the matters to which I hereinafter depose. Where my affidavit is stated to be based on information I have received from others, I believe that information to be true.

2. Unless otherwise stated, all monetary amounts contained herein are expressed in United States dollars.

Overview

3. This affidavit is sworn in support of a petition for, among other things, an order appointing FTI Consulting Canada Inc. ("**FTI**") as receiver over all of the assets, undertakings and properties of the Respondent (in such capacity, the "**Proposed Receiver**"), pursuant to section 243 of the *Bankruptcy and Insolvency Act*, RSC, 1985, c. B-3, as amended (the "***BIA***") and section 39 of the *Law & Equity Act*, RSBC 1985, c. 253.

4. The Respondent is DionyMed Brands Inc. ("**DionyMed**"), a corporation that holds shares in certain U.S. entities that provide cannabis products and services in a number of U.S. states.

5. As described in greater detail below, DionyMed is indebted to a syndicate of lenders (the "**Lenders**") pursuant to the Credit Agreement, as that term is defined below. As of October 16, 2019, the syndicate of Lenders is comprised of only one lender, SP1 Credit Fund ("**SP1**") (there have, at other times, been more Lenders). The funds drawn by DionyMed under the Credit Agreement are secured by a first-ranking security interest over all or substantially all of the assets of DionyMed and certain of its subsidiaries and/or entities over which it has control. Certain of DionyMed's subsidiaries and/or entities over which it has control are guarantors of DionyMed's obligations under the Credit Agreement.

6. Pursuant to the Credit Agreement, GLAS Americas LLC and GLAS USA LLC were appointed agents on behalf of the Lenders: GLAS Americas LLC was appointed the Collateral Agent (the "**Collateral Agent**"), and GLAS USA LLC was appointed the Administrative Agent (the "**Administrative Agent**", and together with the Collateral Agent, the "**Agents**"). The Agents, as applicable, were charged with, *inter alia*, administering the Credit Agreement and enforcing the security in the event of DionyMed's default under the Credit Agreement.

7. As described below in greater detail, numerous Events of Default, including failure to pay interest when due, have occurred and are continuing under the Credit Agreement. Upon an Event of Default, the Credit Agreement authorizes the Agents to commence such legal action or proceedings as is necessary, including the commencement of enforcement proceedings under the Credit Documents (as defined in the Credit Agreement), which enforcement proceedings include the appointment of a receiver.

8. I have been advised by Haydn Smith, an investor representative to the investors in SP1 charged with overseeing the financing activities with respect to DionyMed, that DionyMed has been unable to secure additional or alternative financing, has been unable to reorganize or restructure its capital structure and has been unable to cure any of the Events of Default.

9. Mr. Smith has further advised me that DionyMed cannot continue operating without additional funds being advanced to it. Mr. Smith understands that the Lenders are not prepared to continue to advance funds to DionyMed without a process geared towards finding a restructuring solution for DionyMed and its obligations under the Credit Agreement.

10. Accordingly, the Collateral Agent, on behalf of the Secured Creditors, now seeks to enforce its security by appointing a receiver and manager.

DionyMed

11. DionyMed is a corporation amalgamated under the laws of the Province of British Columbia. DionyMed's registered head office is 2200, 885 West Georgia Street, Vancouver, British Columbia, V6C 2G2, Canada.

12. Since 2018, DionyMed has been listed on the Canadian Securities Exchange under the symbol "DYME". As disclosed in DionyMed's 2019 Annual Information Form (the "**AIF**"), attached and marked as **Exhibit "A"**, DionyMed is a holding company and through its wholly owned subsidiaries, it generates revenue primarily in the United States by:

(a) manufacturing and processing cannabis products;

(b) selling wholly-owned branded products, such as cannabis vaporiser cartridges, cannabis concentrates, and cannabis edibles; and

(c) providing wholesale distribution and logistics management on behalf of cultivators, manufacturers and third-party brands.

13. As per the AIF, DionyMed's key assets are the capital stock of its subsidiaries. DionyMed wholly owns, directly and/or indirectly, the issued and outstanding shares or membership interests, as applicable, of the following entities:

(a) DionyMed Inc. ("**DMI**");

(b) Gourmet Green Room, Inc. ("**GGR**");

(c) Herban Industries, Inc. ("**Herban**");

(d) Herban Industries CA LLC dba Rise Logistics ("**Herban CA**");

(e) Herban Industries OR LLC dba Winberry Farms ("**Herban OR**");

(f) Herban CA 2 LLC;

(g) Herban Industries CO LLC;

(h) Herban Industries MI LLC;

(i) Herban Industries NJ LLC ("**Herban NJ**");

(j) Herban Industries NV LLC.

14. A corporate hierarchy chart is attached hereto as **Appendix "A"**.

15. As further disclosed in the AIF, DionyMed has an interest in HomeTown Heart ("**HomeTown**"), a California corporation, in the form of an option agreement whereby DionyMed can acquire all of the outstanding shares of HomeTown for a nominal sum following the occurrence of certain events. To my knowledge, which is

based on DionyMed's public disclosure documents and Mr. Smith's advice, DionyMed has not yet exercised its option with respect to HomeTown but it controls and manages HomeTown indirectly via a master services agreement between HomeTown and Herban.

The Credit Agreement

16. On January 16, 2019, DionyMed signed a definitive agreement (the "**Original Credit Agreement**") for a term loan to be provided by the Lenders (the "**Credit Facility**"). The Credit Facility commitment was initially $13,000,000. The Original Credit Agreement is attached and marked as **Exhibit "B"**.

17. The amounts advanced under the Credit Agreement initially bore interest at a rate per annum equal to the sum of the LIBOR rate for such interest period plus 8% per annum, plus 2% per annum when certain conditions are met. Pursuant to certain of the Amendment Documents (as that term is defined below), the interest rate was raised to be the sum of the LIBOR rate plus 10% per annum, plus 2% per annum when certain conditions are met.

18. The parties to the Original Credit Agreement are:

    (a) DionyMed, as borrower;

    (b) DMI, Herban, Herban CA, Herban OR, Herban NJ and HomeTown (together with DionyMed, the "**Credit Parties**");

    (c) the Lenders;

    (d) the Administrative Agent; and

    (e) the Collateral Agent.

19. Under the Credit Agreement, the Lenders rely on the Agents for the administration and enforcement of the Credit Facility. The Administrative Agent performs certain administrative functions under the Credit Agreement, and the Collateral Agent holds collateral as security for the performance of DionyMed's obligations. For the

purposes of the Credit Agreement, the Agents and the Lenders are collectively defined as the "**Secured Creditors**".

20. The terms and conditions of the Original Credit Agreement have been amended, supplemented and otherwise modified on occasion by:

(a) 11 waivers, consents and amending agreements, as applicable:

(i) a consent and waiver dated January 30, 2019 that, among other things, provides that the debt under certain convertible debentures issued by DionyMed is deemed to be carried at the principal amount rather than the fair market value (attached and marked as **Exhibit "C"**);

(ii) a consent and waiver dated February 14, 2019 that, among other things, extends the deadline by which DionyMed must acquire for cancellation a royalty agreement and waives other obligations in the Original Credit Agreement (attached and marked as **Exhibit "D"**);

(iii) a consent and waiver dated February 28, 2019 that, among other things, extends the deadline for acquiring for cancellation a royalty agreement (attached and marked as **Exhibit "E"**);

(iv) a consent given April 2, 2019 that, among other things, extends the deadline for the acquisition of HomeTown;

(v) an amending agreement dated July 18, 2019 that, among other things, increases the limit of the Credit Facility, adjusts certain financial requirements and/or covenants as required by the Original Credit Agreement, extends the deadline for the acquisition of HomeTown, and adds negative covenants (attached and marked as **Exhibit "F"**);

(vi) a consent to, among other things, the acquisition of assets from MM Esperanza 2 LLC and related sale-leaseback transaction dated July 18, 2019 (attached and marked as **Exhibit "G"**);

(vii) a consent, waiver and amendment dated July 30, 2019 that, among other things, consents to the acquisition of GGR and the formation of Herban CA 2 LLC, consents to the related financing arrangements (and provides for resulting changes to the interest rate under the Credit Agreement), waives the requirement that the assets and shares of GGR and Herban CA 2 LLC be pledged to the Lenders, and amends the interest charges (attached and marked as **Exhibit "H"**);

(viii) a waiver dated August 20, 2019 that, among other things, waives the current ratio and accounts payable covenants until September 30, 2019 (attached and marked as **Exhibit "I"**);

(ix) a consent, waiver and amendment dated August 29, 2019 that, among other things, extends the deadline for acquiring for cancellation a royalty agreement, waives certain guarantee and security requirements with respect to immaterial subsidiaries, increases the limit of the Credit Facility, and modifies a negative covenant (attached and marked as **Exhibit "J"**);

(x) an amending agreement dated September 13, 2019 that, among other things, increases the limit of the Credit Facility and imposes new prepayment obligations (attached and marked as **Exhibit "K"**); and

(xi) an amending agreement dated September 19, 2019 that, among other things, eliminates the cap on and increases the Credit Facility, acknowledges certain events of default and clarifies the interest charges (attached and marked as **Exhibit "L"**);

(b) Supplemental agreements dated August 21, 2019 with respect to Herban CA 2 LLC and GGR whereby both entities become Credit Parties and delivered guarantees but not security (attached and marked as **Exhibit "M"**);

(c) A lender joinder dated January 16, 2019 providing for a Term Facility Commitment (which is defined in the Credit Agreement to mean, with

respect to each Lender, the amount designated as such in each Lender's joinder and, with respect to the term loan facility, the aggregate of all such amounts) of the relevant Lender of $13,000,000, superseded by a lender joinder dated July 18, 2019 increasing such Term Facility Commitment to $14,000,000, which was superseded by a lender joinder dated August 29, 2019 increasing such Term Facility Commitment to $15,350,000, which was superseded by a lender joinder dated September 13, 2019 increasing such Term Facility Commitment to $16,000,000, which was superseded by a lender joinder dated September 19, 2019 increasing such Term Facility Commitment to $18,200,000, which was superseded by a lender joinder dated September 26, 2019 increasing such Term Facility Commitment to $19,700,000, which was superseded by a lender joinder dated October 3, 2019 increasing such Term Facility Commitment to $20,000,000, which, together with the Assigned Term Facility Commitment, was superseded by a lender joinder dated October 10, 2019 increasing such Term Facility Commitment to $21,889,188 (the most recent lender joinder is attached and marked as **Exhibit "N"**); and

(d) A lender joinder dated July 18, 2019 providing for a Term Facility Commitment of the relevant Lender of $1,000,000, the rights and obligations under which were assigned to the holder of the balance of the Term Facility Commitments pursuant to an assignment and assumption agreement dated October 3, 2019 (the "**Assigned Term Facility Commitment**").

Collectively, the documents referred to in clauses (a) through (d) are the "**Amendment Documents**", and the Original Credit Agreement, as amended, supplemented and modified by the Amendment Documents, is the "**Credit Agreement**".

21. Pursuant to Section 5.1(s) of the Original Credit Agreement, subsidiaries of Credit Parties are required to become Credit Parties under the Credit Agreement. Accordingly, the term "Credit Parties" was expanded since the execution of the Original Credit Agreement to include five new subsidiaries: Herban CA 2 LLC,

GGR, Herban Industries NV LLC, Herban Industries CO LLC, Herban Industries MI LLC.

22. As discussed in greater detail below, as of October 15, 2019, the total amount of indebtedness under the Credit Facility was $24,810,682.80 plus any accrued interest, fees and expenses and other amounts incurred or accruing from and after such date.

Security Under the Credit Agreement

23. DionyMed granted security in favour of the Collateral Agent over all or substantially all of its assets pursuant to a general security agreement dated January 30, 2019 (the "**DionyMed GSA**") whereby, among other things, DionyMed pledged all of the common shares and Series F Convertible Preferred Shares of DMI, being its wholly owned Canadian subsidiary, and all of the common shares of Herban, being its wholly owned U.S. subsidiary (which, in turn, is the holder of the equity interests of other U.S. entities in the DionyMed group). The DionyMed GSA is attached and marked as **Exhibit "O"**.

24. DionyMed also pledged all of the shares of stock and other securities of Herban in favour of the Collateral Agent pursuant to a pledge agreement dated January 30, 2019 (the "**DionyMed Pledge**"). The DionyMed Pledge is attached and marked as **Exhibit "P"**.

25. Pursuant to the DionyMed Pledge, the Collateral Agent obtained possession of the shares of stock and other securities of Herban.

26. Financing statements with respect to the security interest granted to the Collateral Agent for the benefit of the Secured Creditors by DionyMed were registered in both British Columbia and Ontario on December 28, 2018. Personal property searches dated October 20, 2019 for Ontario and October 21 for British Columbia are attached hereto as **Exhibit "Q"**.

27. Each of HomeTown, DMI, Herban, Herban CA, Herban OR, Herban NJ, Herban CA 2 LLC and GGR have guaranteed DionyMed's obligations pursuant to the Credit Facility (the "**Guarantees**").

28. DMI, Herban, Herban CA, Herban OR, Herban NJ and HomeTown also granted security in favour of the Collateral Agent over all or substantially all of their assets (the "**Subsidiary Security**").

29. With respect to both the British Columbia and Ontario security registrations, the Collateral Agent was the first in time party to register financing statements against DionyMed. As seen from the personal property searches (previously attached as Exhibit "Q"), the only other subsequent registered security interest against DionyMed is in favour of Flow Capital Corp.

30. Financing statements with respect to the security interest granted by DionyMed, HomeTown, Herban, Herban CA, Herban OR, Herban NJ were registered with various relevant state registries in the United States, as seen in **Exhibit "R"**.

31. A trademark security agreement filing was also made with the United States Patent and Trademark Office with respect to a trademark security agreement dated as of January 30, 2019, whereby Herban OR granted a security interest to the Collateral Agent in certain trademark collateral, as seen in **Exhibit "S"**.

DionyMed's Defaults Under the Credit Agreement

32. I have been advised by Mr. Smith that the following "Events of Default" as defined in Section 7.1 of the Credit Agreement have occurred and are continuing under the Credit Agreement and have not been waived by the Secured Creditors:

    (a) the failure of DionyMed to (i) pay interest on Advances (as defined in the Credit Agreement) made by the Lender to DionyMed pursuant to the Credit Agreement; and (ii) accrued anniversary fee when due and payable on September 30, 2019;

(b) the existence of Liens (a term broadly defined in the Credit Agreement that includes any mortgage, charge, and security interest) in favour of Flow Capital Corp. on the property, assets and undertakings of the Credit Parties, which Liens are not Liens permitted by the Credit Agreement;

(c) the Credit Parties' failure to pay the debt due to Gotham Green Fund II, L.P., Gotham Green Fund II (Q), L.P. and Gotham Green Admin 1, LLC upon demand pursuant to the secured convertible demand notes dated as of July 30, 2019 issued by DionyMed and Herban CA 2 LLC. The amount owing in that regard on September 16, 2019 (being the date of demand in connection with such demand notes) is $2,122,351.08;

(d) the failure of DionyMed to perform agreements contained in the royalty purchase agreement dated as at May 25, 2018 between DionyMed, Flow Capital Corp. and others (the "**Royalty Purchase Agreement**"), which is classified by the Original Credit Agreement as a "Material Agreement", and which failure could "reasonably be expected to have a Material Adverse Effect" under the Original Credit Agreement and therefore constitute an Event of Default;

(e) the failure of any Credit Party to acquire for cancellation the gross sales royalty granted under the Royalty Purchase Agreement no later than the date that is the earlier of (i) the date on which the aggregate amount of commitments under the Credit Facility is equal to or exceeds $20,000,000 and (ii) November 1, 2019;

(f) the failure of DionyMed to maintain a market capitalization ratio (as that ratio is calculated using the formula in the Original Credit Agreement) of not less than 4.0:1.0 after September 30, 2019;

(g) the failure of DionyMed to maintain at all times from and after October 1, 2019 a current ratio (as that ratio is calculated using the formula in the Original Credit Agreement) greater than 1.0:1.0;

(h) the failure of DionyMed to maintain, at all times on a consolidated basis, cash and cash equivalents of the Credit Parties in a minimum amount of $5,000,000;

(i) the failure by DionyMed to ensure that (i) at all times from and after October 1, 2019, accounts payable of the Credit Parties (exclusive of administrative expenses of the DionyMed incurred by it in the ordinary course of its business as a Canadian Securities Exchange-listed holding company), calculated on a consolidated basis, shall not exceed 120% of accounts receivable of the Credit Parties, calculated on a consolidated basis, at such time and (ii) at all times from and after October 1, 2019, except for accounts payable to Eaze Solutions, Inc. pursuant to the payment schedule in existence on the Original Closing Date, no individual account payable greater than $10,000 (up to an aggregate of $50,000 for all such accounts payable) shall remain unpaid more than ninety (90) days after such account payable is due and payable;

(j) the failure of the Credit Parties to acquire all of the issued and outstanding shares, interests, participations rights in, or other equivalents in the capital of HomeTown by September 30, 2019; and

(k) the failure of DionyMed to maintain an amount at least equal to the 6-month debt service reserve in a bank account subject to a blocked account agreement (meaning that, among other things, withdrawals from the bank account are subject to prior approval of the Collateral Agent) at all times from and after October 1, 2019.

33. On October 9, 2019, DionyMed and the other Credit Parties provided written acknowledgement of the aforementioned Events of Default in a document attached and marked as **Exhibit "T"**.

34. Pursuant to Section 7.3 of the Credit Agreement, upon an Event of Default under the Credit Agreement the Agents shall at the request of the Majority Lenders

"commence such legal action or proceedings as the Majority Lenders, in their sole discretion, deem expedient".

35. The Majority Lenders have requested that the Collateral Agent bring this petition seeking the appointment of the Proposed Receiver.

36. Section 3.2(m) of the DionyMed GSA (being one of the Credit Documents) allows for the institution of proceedings in any court of competent jurisdiction for the appointment of a receiver of all or any part of the Collateral, as that term is defined in the DionyMed GSA.

DionyMed's Financial Difficulties

37. As can be see in DionyMed's most recent quarterly filings, attached and marked as **Exhibit "U"** (the "**Quarterly Filings**"), DionyMed reported a net loss of $8,722,000 on total gross revenue of $34,384,000 in the period December 30, 2018 to June 30, 2019. In this same period, DionyMed had a negative operating cash flow of $17,153,285.

38. As of June 30, 2019, DionyMed reported in its Quarterly Filings that it has total liabilities of $62,150,000 compared to total assets of $55,466,000.

39. Mr. Smith has advised me that in recent months DionyMed has been trying to improve its financial situation by exploring strategic alternatives that could inject capital into the company, as indicated in a September 19, 2019 press release, attached and marked as **Exhibit "V"**. To date, I have not been made aware of transactions to refinance, restructure or inject new capital into DionyMed.

40. As disclosed in a September 19, 2019 press release, DionyMed has engaged in some cost-cutting measures such as its plan to cut its headcount from 299 persons to 199. DionyMed's subsequent press release, published on October 16, 2019, announced that DionyMed's Chief Executive Officer and the Interim Chief Operating Officer both resigned effective immediately.

41. DionyMed's unpaid obligations remain significant. As of October 15, 2019, DionyMed owed the following amounts pursuant to the Credit Agreement:

(a) $24,078,106.80, representing the principal amount of outstanding indebtedness of DionyMed under the Credit Agreement including the applicable prepayment premium;

(b) $610,971.36, representing accrued and unpaid interest on the principal amount as of but excluding October 15, 2019; and

(c) the accrued and unpaid anniversary fee in the amount of $121,604.64 as of but excluding October 15, 2019 and all other fees and expenses and other amounts owing as obligations as of October 15, 2019.

42. Despite DionyMed's efforts to remediate its situation, the Events of Default continue. Mr. Smith has informed me that without additional funding from the Secured Creditors, DionyMed will be unable to meet its obligations as they become due. I am further informed by Mr. Smith that the Secured Creditors are unwilling to provide additional funds without a court supervised process geared to obtaining a permanent solution to DionyMed's capital structure and indebtedness under the Credit Agreement.

***BIA* s. 244 Notice**

43. On October 16, 2019, the Administrative Agent delivered to DionyMed a letter (the "**Demand Letter**") demanding payment of the obligations under the Credit Agreement. On that same day, the Collateral Agent delivered to DionyMed notice of its intention to enforce its security by delivering a Notice of Intention to Enforce pursuant to section 244 of the BIA (the "**244 Notice**"). Copies of the Demand Letter, the 244 Notice, and a public statement made by DionyMed with respect to the Demand Letter and the 244 Notice are attached hereto as **Exhibit "W"**.

44. Mr. Smith has advised me that DionyMed has not made any payments to the Secured Creditors following its receipt of the Demand Letter and 244 Notice.

Appointment of the Proposed Receiver is Necessary, Just and Appropriate

45. All amounts owing under the Credit Agreements are immediately due and payable. I have been advised by Mr. Smith that it is unlikely that DionyMed can generate sufficient earnings in the near term to pay the amounts it owes to the Secured Creditors.

46. Pursuant to section 3.2(m) of the DionyMed GSA, "[u]pon the occurrence and during the continuance of an Event of Default, the Collateral Agent may realize upon the Collateral and enforce the rights of the Collateral Agent and the Secured Creditors by [...] institution of proceedings in any court of competent jurisdiction for the appointment of a receiver of all or any part of the Collateral".

47. Maria Konyukhova, a partner at Stikeman Elliott LLP and counsel to SP1, has informed me that the Proposed Receiver, FTI, is a licensed trustee and is prepared to act and has consented to it being appointed as receiver and manager of the Respondent, as evidenced in the letter of consent attached and marked as **Exhibit "X"**. The Proposed Receiver has offices in Toronto, Ontario and Vancouver, British Columbia.

48. If appointed, it is expected that the Proposed Receiver will, among other things, complete the following steps under this Court's supervision:

    (a) Receive, preserve, and protect the assets of DionyMed; and

    (b) Conduct a sale process to value and sell the assets of DionyMed.

49. Mr. Smith has advised me that SP1 consents to the appointment of the Proposed Receiver.

50. I know of no fact that would constitute a defence to the whole or to any part of the claim by the Petitioner herein.

51. Notice of this petition will be provided to DionyMed and to Flow Capital Corp., the only other entity with a registered security interest against DionyMed (according to the British Columbia and Ontario personal property security registries).

Jurisdiction

52. The Credit Agreement is governed by, and construed in accordance with, the laws of the Province of British Columbia and the laws of Canada applicable in British Columbia.

53. The DionyMed GSA is governed by the laws of the Province of British Columbia.

54. DionyMed's registered office is in Vancouver, British Columbia.

55. DionyMed's primary asset, that being all of the shares of stock and other securities of Herban, is already in possession of the Collateral Agent pursuant to the DionyMed Pledge and located in Vancouver.

56. I understand that the Proposed Receiver and the Collateral Agent each consent to this matter being heard by the British Columbia Supreme Court.

AFFIRMED BEFORE ME at the City of Jersey City, in the State of New Jersey, USA, on October 22, 2019.

Nannette Doncell

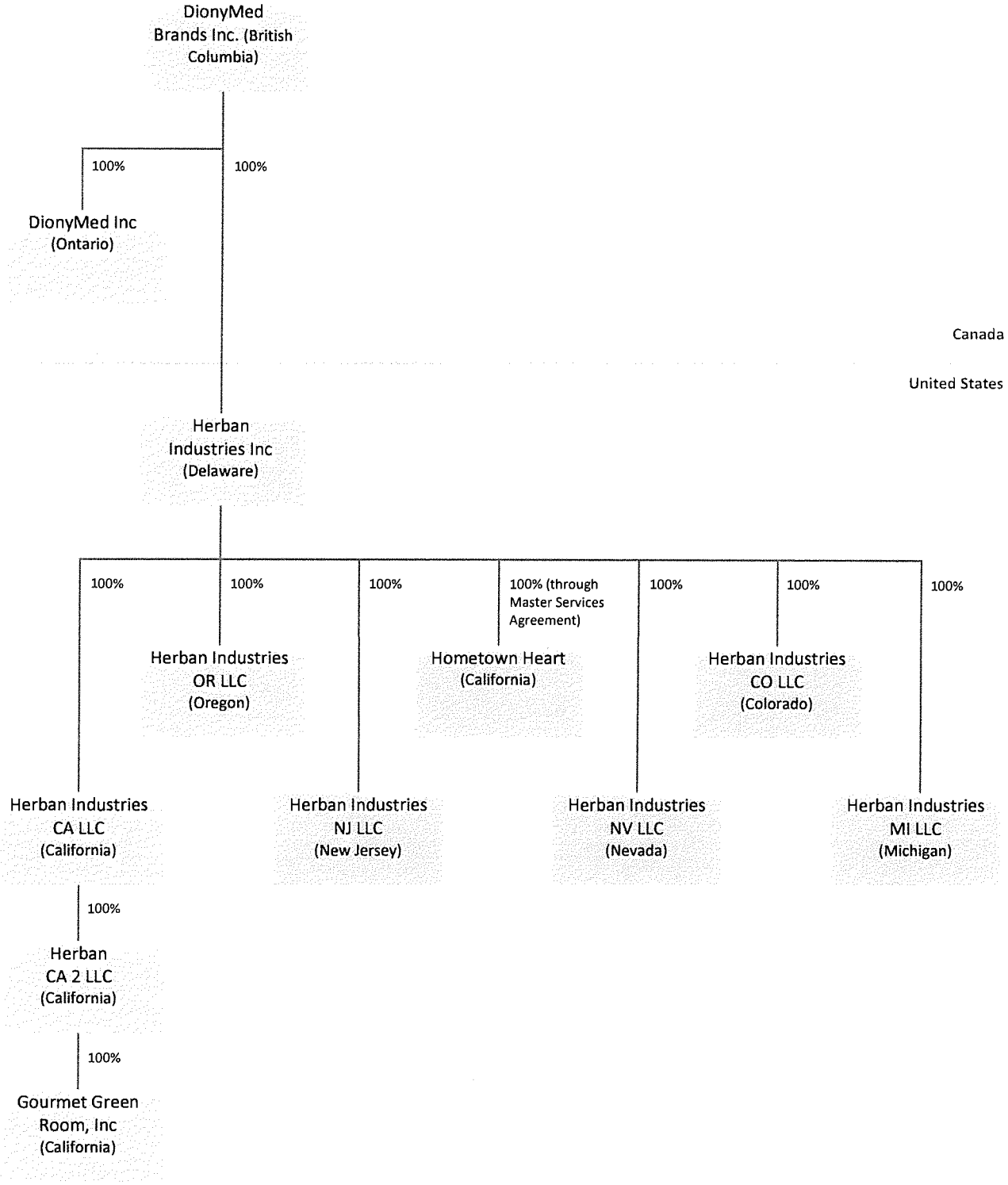
A Notary Public for Taking Affidavits for New Jersey

YANA KISLENKO

NANNETTE DONCELL
NOTARY PUBLIC OF NEW JERSEY
COMMISSION EXPIRES 4-20-20

Appendix "A"

DionyMed's Corporate Chart



This is Exhibit "A" to the Affidavit of YANA KISLENKO sworn before me this 22nd day of October, 2019

Nannette Doncell

Notary Public for Taking Affidavits

NANNETTE DONCELL
NOTARY PUBLIC OF NEW JERSEY
COMMISSION EXPIRES 4-20-20

Annual Information Form

For the year ended December 31, 2018

Dated May 31, 2019

DionyMed Brands Inc. (the "Company") is an entity that derives all of its revenues from the cannabis industry in certain U.S. states, which industry is illegal under U.S. Federal Law. The Company is directly involved in the cannabis industry through the production, cultivation, distribution and sale of medical and adult-use cannabis in the States of California (through Herban CA, as defined below, and the management services agreement with Hometown, as defined below) and Oregon (through Herban OR, as defined below), and indirectly involved in the States of Nevada (as a result of the strategic partnership with Acres, as defined below), Colorado (as a result of the term sheet with Virginia's Kitchen, LLC dba Blue Kudu) and Massachusetts (as a result of the Company's membership interest purchase agreement with Pioneer Valley Extracts, LLC) all of which have regulated such activity.

The United States federal government regulates drugs through the Controlled Substances Act (21 U.S.C. § 811) (the "Controlled Substances Act"), which places controlled substances, including cannabis, in a schedule. Cannabis is classified as a Schedule I drug. Under United States federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of accepted safety for the use of the drug under medical supervision. The United States Food and Drug Administration has not approved marijuana as a safe and effective drug for any indication.

In the United States marijuana is largely regulated at the state level. State laws regulating cannabis are in direct conflict with the federal Controlled Substances Act, which makes cannabis use and possession federally illegal. Although certain states authorize medical or recreational cannabis production and distribution by licensed or registered entities, under U.S. federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal and any such acts are criminal acts under U.S. federal law. The Supremacy Clause of the United States Constitution establishes that the United States Constitution and federal laws made pursuant to it are paramount and in case of conflict between federal and state law, the federal law shall apply.

Any person connected to the marijuana industry in the U.S. may be at risk of federal criminal prosecution and civil liability in the United States. Any investments may be subject to civil or criminal forfeiture and total loss. Since federal law criminalizing the use of marijuana is not preempted by state laws that legalize its use, strict enforcement of federal law regarding marijuana would harm the Company's business, prospects, results of operation, and financial condition. Due to the federal illegality of cannabis and the charged political climate surrounding the cannabis industries of various states, political risks are inherent in the cannabis industry. It remains to be seen whether policy changes at the federal level will have a chilling effect on the cannabis industry.

On January 4, 2018, U.S. Attorney General Jeff Sessions issued a memorandum to U.S. district attorneys which rescinded previous guidance from the U.S. Department of Justice specific to cannabis enforcement in the United States, including the Cole Memo (as defined below). With the Cole Memo rescinded, U.S. federal prosecutors were given discretion in determining whether to prosecute cannabis related violations of U.S. federal law. On November 7, 2018, Jeff Sessions resigned from his position as Attorney General, and his Chief of Staff, Matthew Whitaker, a former U.S. Attorney for the Southern District of Iowa, was appointed Acting Attorney General. In December 2018, President Donald Trump announced that he would nominate William P. Barr to be Attorney General. Mr. Barr said in testimony to the Senate, on January 15, 2019, that cannabis companies operating legally according to state laws where the cultivation and sale of the drug is allowed will not face action by the Justice Department. Mr. Barr was confirmed as Attorney General on February 14, 2019. However, there can be no assurance that the federal government will not seek to prosecute

cases involving cannabis businesses that are otherwise compliant with state law. Federal law pre-empts state law in these circumstances, so that the federal government can assert criminal violations of federal law despite state law. The number of federal prosecutions of state-legal cannabis operations is unknown; nonetheless, the stated position of the current administration is hostile to legal cannabis, and furthermore may be changed at any time by the Department of Justice, to become even more aggressive. If the Department of Justice policy under William P. Barr were to aggressively pursue financiers or equity owners of cannabis-related business, and United States Attorneys followed such Department of Justice policies through pursuing prosecutions, then the Company could face (i) seizure of its cash and other assets used to support or derived from its cannabis subsidiaries, (ii) the arrest of its employees, directors, officers, managers and investors, and charges of ancillary criminal violations of the Controlled Substances Act for aiding and abetting and conspiring to violate the Controlled Substances Act by virtue of providing financial support to cannabis companies that service or provide goods to state-licensed or permitted cultivators, processors, distributors, and/or retailers of cannabis, and/or (iii) barring employees, directors, officers, managers and investors who are not U.S. citizens from entry into the United States for life.

There is no guarantee that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. Unless and until the United States Congress amends the Controlled Substances Act with respect to medical and/or adult-use cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that federal authorities may enforce current federal law. If the federal government begins to enforce federal laws relating to cannabis in states where the sale and use of cannabis are currently legal, or if existing applicable state laws are repealed or curtailed, the Company's business, results of operations, financial condition and prospects would be materially adversely affected. See section entitled "Risk Factors" and "General Business of the Company".

Over half of the U.S. states have enacted legislation to legalize and regulate the sale and use of medical cannabis, while other states have legalized and regulate the sale and use of medical cannabis with strict limits on the levels of THC.

In addition, over half of the U.S. states have enacted legislation to legalize and regulate the sale and use of medical cannabis, while other states have legalized and regulate the sale and use of medical cannabis with strict limits on the levels of THC.

The Company's objective is to capitalize on the opportunities presented as a result of the changing regulatory environment governing the cannabis industry in the United States and Canada. Accordingly, there are a number of significant risks associated with the business of the Company. Unless and until the United States Congress amends the Controlled Substances Act with respect to medical and/or adult-use cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that federal authorities may enforce current federal law, and the business of the Company or one or more of the Company's subsidiaries may be deemed to be producing, cultivating, extracting or dispensing cannabis in violation of federal law in the United States.

For these reasons, the Company's involvement in the United States cannabis market may subject the Company to heightened scrutiny by regulators, stock exchanges, clearing agencies and other Canadian authorities. There are a number of significant risks associated with the business of the Company. As a result, the Company may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this

heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Company's ability to operate in the U.S. or any other jurisdiction. See section entitled "Risk Factors" and "General Business of the Company".

In light of the political and regulatory uncertainty surrounding the treatment of U.S. cannabis-related activities, including the rescission of the Cole Memo discussed above, on February 8, 2018 the Canadian Securities Administrators published Staff Notice 51-352 ("CSA Staff Notice") setting out the Canadian Securities Administrator's disclosure expectations for specific risks facing issuers with cannabis-related activities in the United States. The CSA Staff Notice confirms that a disclosure-based approach remains appropriate for issuers with U.S. cannabis-related activities. The CSA Staff Notice includes additional disclosure expectations that apply to all issuers with U.S. cannabis-related activities, including those with direct and indirect involvement in the cultivation and distribution of cannabis, as well as issuers that provide goods and services to third parties involved in the U.S. cannabis industry.

The following table is intended to assist readers in identifying those parts of this AIF that address the disclosure expectations outlined in the CSA Staff Notice.

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	AIF Cross Reference
All Issuers with U.S. Marijuana-Related Activities	Describe the nature of the issuer's involvement in the U.S. marijuana industry and include the disclosures indicated for at least one of the direct, indirect and ancillary industry involvement types noted in this table.	*Regulatory Overview – Issuers with U.S. Marijuana-Related Assets - Nature of Involvement (p. 34)* *Description of the Business – General Business of the Company (p. 20)*
	Prominently state that marijuana is illegal under U.S. federal law and that enforcement of relevant laws is a significant risk.	*Cover Page (disclosure in bold typeface)*
	Discuss any statements and other available guidance made by federal authorities or prosecutors regarding the risk of enforcement action in any jurisdiction where the issuer conducts U.S. marijuana-related activities.	*Regulatory Overview – United States Regulatory Environment (pp. 35 – 38)* *Risk Factors – Marijuana remains illegal under U.S. federal law (p. 55)* *Risk Factors – Federal regulation of marijuana in the United States (pp. 56 – 57)*
	Outline related risks including, among others, the risk that third-party service providers could suspend or withdraw services and the risk that regulatory	*Regulatory Overview – United States Regulatory Environment (pp. 35 – 38)*

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	AIF Cross Reference
	bodies could impose certain restrictions on the issuer's ability to operate in the U.S.	*Risk Factors – Risks associated with travelling across borders (pp. 57 – 58)* *– U.S. state regulatory uncertainty (p. 58)* *– Risks associated with young industries (pp. 58 – 59)* *– The legality of cannabis could be reversed in one or more states of operation (p. 59)* *– Heightened scrutiny by Canadian regulatory authorities (pp. 59 – 60)* *– Restricted access to banking (p. 60)* *– Regulatory scrutiny of the Company's interests in the United States (p. 61)* *– Constraints on marketing products (p. 61)* *– Risk of civil asset forfeiture (p. 62)* *- Risk of RICO prosecution or civil liability (p. 62)* *– Proceeds of crime statutes (p. 62)* *– Limited trademark protection (p. 64)* *– Lack of access to U.S. bankruptcy protections (p. 65)* *– Potential FDA regulation (p. 65)* *– Legality of contracts (pp. 65 – 66)* *– Newly established legal regime*

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	AIF Cross Reference
		(p. 61)
	Given the illegality of marijuana under U.S. federal law, discuss the issuer's ability to access both public and private capital and indicate what financing options are / are not available to support continuing operations.	*Description of the Business – Ability to Access Public and Private Capital (pp. 32 – 33)* *Regulatory Overview – United States Regulatory Environment (pp. 35 – 38)* *Risk Factors – Heightened scrutiny by Canadian regulatory authorities (pp. 59 – 60)* *– Restricted access to banking (p. 60)* *– The Company's management team or other owners could be disqualified from ownership in the Company (p. 61)* *– Newly established legal regime (p. 61)*
	Quantify the issuer's balance sheet and operating statement exposure to U.S. marijuana-related activities.	*Regulatory Overview – Issuers with U.S. Marijuana-Related Assets – Financial Exposure to U.S. Cannabis-Related Activities (p. 35)* **Note: at the time of this AIF, the major operations of the Company are only in the United States**
	Disclose if legal advice has not been obtained, either in the form of a legal opinion or otherwise, regarding (a) compliance with applicable state regulatory frameworks and (b) potential exposure and implications arising from U.S. federal law.	Legal advice has been obtained. While the Company has not requested a formal legal opinion, the Company's internal and external compliance counsel provides legal advise on an ongoing basis.
U.S. Marijuana Issuers with direct involvement in cultivation or distribution	Outline the regulations for U.S. states in which the issuer operates and confirm how the issuer complies with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state.	*Regulatory Overview – Compliance with Applicable State Laws in the United States (pp. 38 – 55)*

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	AIF Cross Reference
	Discuss the issuer's program for monitoring compliance with U.S. state law on an ongoing basis, outline internal compliance procedures and provide a positive statement indicating that the issuer is in compliance with U.S. state law and the related licensing framework. Promptly disclose any non-compliance, citations or notices of violation which may have an impact on the issuer's license, business activities or operations.	*Regulatory Overview – Compliance with Applicable State Laws in the United States (pp. 38 – 55)* *Regulatory Overview – Compliance with Applicable State Laws in the United States – Compliance Program (pp. 53 – 55)* *Risk Factors – U.S. state regulatory uncertainty (p. 58)*
U.S. Marijuana Issuers with indirect involvement in cultivation or distribution	Outline the regulations for U.S. states in which the issuer's investee(s) operate.	*Regulatory Overview – Compliance with Applicable State Laws in the United States (pp. 38 – 55)* *Risk Factors – U.S. state regulatory uncertainty (p. 58)*
	Provide reasonable assurance, through either positive or negative statements, that the investee's business is in compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state. Promptly disclose any non-compliance, citations or notices of violation, of which the issuer is aware, that may have an impact on the investee's licence, business activities or operations.	*Regulatory Overview – Compliance with Applicable State Laws in the United States (pp. 38 – 55)* *Regulatory Overview – Compliance with Applicable State Laws in the United States – Compliance Program (pp. 53 – 55)*
U.S. Marijuana Issuers with material ancillary involvement	Provide reasonable assurance, through either positive or negative statements, that the applicable customer's or investee's business is in compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state.	*Regulatory Overview – Compliance with Applicable State Laws in the United States (pp. 38 – 55)* *Regulatory Overview – Compliance with Applicable State Laws in the United States – Compliance Program (pp. 53 – 55)*

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GENERAL

Reference is made in this annual information form (the "**AIF**") to the audited consolidated financial statements (the "**Financial Statements**") and management's discussion and analysis (the "**MD&A**") for DionyMed Brands Inc. (the "**Company**") for the financial period ended December 31, 2018, together with the auditors' report thereon.

The Financial Statements and MD&A are available for review on SEDAR located at www.sedar.com and on the Company's website at www.dionymed.com.

Unless otherwise noted herein, information in this AIF applies to the business activities and operations of the Company for the financial period ended December 31, 2018, as updated to May 31, 2019. Unless otherwise indicated, the information in this AIF is given as of May 31, 2019 and references to "$" are to United States dollars.

All references in this AIF to the Company also include references to all subsidiaries of the Company as applicable, unless the context requires otherwise.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION

This AIF includes "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities laws and United States securities laws. All information, other than statements of historical facts, included in this AIF that address activities, events or developments that the Company expects or anticipates will or may occur in the future is forward-looking information. Forward-looking information is often identified by the words "may", "would", "could", "should", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" or similar expressions and includes, among others, information regarding: the Company's ability to obtain licenses; statements relating to the business and future activities of, and developments related to, the Company after the date of this AIF, including such things as future business strategy, strategic framework, competitive strengths, goals, expansion and growth of the Company's business, operations and plans, including new revenue streams, the completion of contemplated acquisitions by the Company, roll out of new dispensaries, the implementation by the Company of direct-to-consumer delivery services and in-store pickup, the introduction of new delivery formats, the implementation of marketing and promotional initiatives, the introduction of new, differentiated products, the implementation of a research and development division, the application for additional licenses and the grant of licenses that have been applied for, the expansion of existing cultivation and production facilities, the completion of cultivation and production facilities that are under construction, the construction of additional cultivation and production facilities, the expansion of retail distribution, the expansion into additional states and international markets, any potential future legalization of adult-use and/or medical marijuana under U.S. federal law; expectations of market size and growth in the United States and the states in which the Company operates; expectations for other economic, business, regulatory and/or competitive factors related to the Company or the cannabis industry generally; the timing of the introduction of new products; and other events or conditions that may occur in the future.

Readers are cautioned that forward-looking information and statements are not based on historical facts but instead are based on reasonable assumptions and estimates of management of the Company at the time they were provided or made, including: that the Company's supply chain is operating; that new product and brands have sufficient consumer appeal to be stocked by third party retailers; that the Company's manufacturing and packaging operations do not face any input constraints and that products can be produced in an efficient and scalable manner; the ability to complete the transaction with Pioneer Valley Extracts, LLC, on favorable terms or at all; the ability to leverage the strategic partnership with Acres Cannabis in order to access the Nevada market; the ability to draw or secure future commitments under the Inventory Finance Facility (as defined below); the ability to make repayments under the Inventory Finance Facility and Early Draw Facility, the ability to complete the transaction with MMAC (as defined below) on favorable terms or at all, the ability to exercise the option to acquire Waterside (as defined below) on favorable terms or at all, the ability to acquire Blue Kudu (as

defined below) on favorable terms or at all, the market for home delivery maintaining the same level of growth in California; the Company being able to obtain profits from Hometown (as defined below) under the MSA (as defined below); the revenue from Hometown continuing on its current trajectory; Hometown maintaining its market share in the cannabis industry in California; the Company maintaining its market share in the cannabis industry in which it operates; the Company's expectations for initiatives in U.S. markets outside of those already within the Company's platform; the Company's expectations with respect to raising additional capital.

Forward-looking information and statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, as applicable, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information and statements. Such factors include, among others: the inability to complete the transaction with Pioneer Valley Extracts, LLC, on favorable terms or at all; the inability to leverage the strategic partnership with Acres Cannabis in order to access the Nevada market; the inability to draw or secure future commitments under the Inventory Finance Facility; the inability to make repayments under the Inventory Finance Facility and Early Draw Facility, the inability to complete the transaction with MMAC on favorable terms or at all, the inability to exercise the option to acquire Waterside on favorable terms or at all, the inability to acquire Blue Kudu on favorable terms or at all, material changes in the market for home delivery in California; the Company not being able to obtain profits from Hometown under the management services agreement; the revenue from Hometown deviating materially from its current trajectory; Hometown losing significant market share in the cannabis industry in California; and the Company losing significant market share in the cannabis industry in which it operates; the Company not being able to raise additional capital; and the risk factors discussed in the "*Risk Factors*" section of this AIF below. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such forward-looking information and statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such information and statements. Accordingly, readers should not place undue reliance on forward-looking information and statements. Forward-looking information and statements are provided and made as of the date of this AIF and the Company does not undertake any obligation to revise or update any forward-looking information or statements other than as required by applicable law.

CORPORATE STRUCTURE

Name, Address and Incorporation

The Company is a reporting issuer in British Columbia, Alberta, and Ontario. The Company's subordinate voting shares (the "**Subordinate Voting Shares**") have been listed for trading on the Canadian Securities Exchange ("**CSE**") under the trading symbol "DYME" since November 29, 2018. The head office of the Company is located at 885 W Georgia Street, Suite #2200, Vancouver, British Columbia, and the registered office of the Company is located at 885 W Georgia Street, Suite #2200, Vancouver, British Columbia.

The Company was incorporated under the *Canada Business Corporations Act* (the "**CBCA**") as "Chrysalis Capital IV Corporation" on October 12, 2006. On February 29, 2008, the Company changed its name to "Homeland Energy Group Ltd.", and on March 22, 2017, the Company was continued into British Columbia under the *Business Corporations Act* (British Columbia) (the "**BCBCA**") and changed its name to "Sixonine Ventures Corp." ("**Sixonine**"). On November 27, 2018, the Company completed a reverse take-over of Sixonine by DionyMed Holdings Inc. ("**DHI**") (the "**Reverse Take-Over**").

Intercorporate Relationships

The Company currently owns 100%, directly and/or indirectly, of the issued and outstanding shares or membership interests, as applicable, of six active and operating subsidiaries: (i) DionyMed Inc.; (ii)

Herban Industries, Inc. ("**Herban**"); (iii) Herban Industries CA LLC dba Rise Logistics ("**Herban CA**"); (iv) Herban Industries OR LLC dba Winberry Farms ("**Herban OR**"); (v) Herban Industries NJ LLC ("**Herban NJ**"); (vi) Herban Industries NV LLC ("**Herban NV**"). The Company, Herban and the sole shareholder of Hometown Heart ("**Hometown**") have entered into an A&O Agreement (as defined below) and an MSA (as defined below) through which Herban manages Hometown.

DionyMed Inc. was formed by articles of incorporation under the laws of Canada and extra-provincially registered in Ontario on October 19, 2017. DionyMed Inc. has its head and registgered office at 40 King Street West, Suite 2100, Toronto, Ontario, M5H 3C2. DionyMed Inc. is an active corporation but does not currently have any operations.

Herban was formed by a certificate of incorporation as a stock corporation under the laws of the State of Delaware on February 28, 2016, with its head office located at 1999 S Bascom Ave, Campbell, CA, 95008, and its registered office located at 2711 Centerville Road, Suite 400, Wilington, New Castle, DE, 19808. Herban is a wholly-owned subsidiary of the Company.

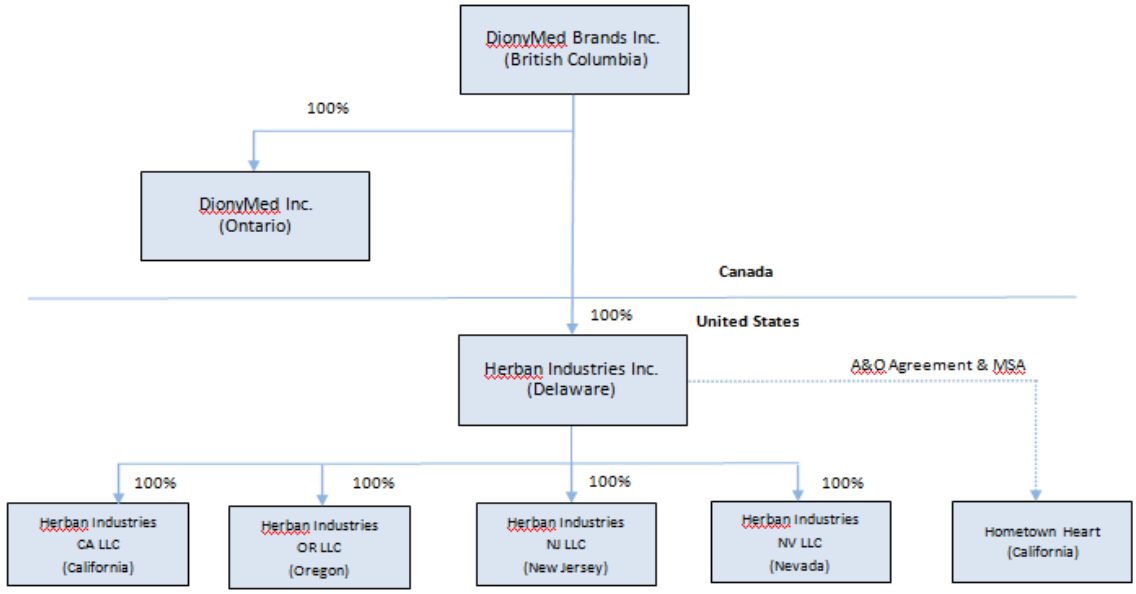
Herban CA was formed by articles of organization as a limited liability company under the laws of the State of California on October 10, 2017, with its registered office located at 360 Grand Ave. #396, Oakland, CA 94610. Herban CA is a wholly-owned subsidiary of Herban.

Herban OR was formed by articles of organization as a domestic limited liability company under the laws of the State of Oregon on October 31, 2017, with its registered office located at 280 SW Moonridge PL, Portland, OR 97225. Herban OR is a wholly-owned subsidiary of Herban.

Herban NJ was formed by articles of organization as a domestic limited liability company under the laws of the State of New Jersey on July 24, 2018, with its registered office located at 1100 Valley Brook Ave, Lyndhurst, NJ, 07071. Herban NJ is a wholly-owned subsidiary of Herban.

Herban NV was formed by articles of organization as a domestic limited liability company under the laws of the State of Nevada on January 17, 2019, with its registered office located at 950 E. Anvil Road, Amargosa Valley, NV 89010. Herban NJ is a wholly-owned subsidiary of Herban.

Hometown was formed as a nonprofit mutual benefit corporation under the laws of the State of California. Effective January 1, 2018, it converted to a corporation under the laws of the State of California. Hometown's registered office is located at 414 Lesser Street, Oakland CA 94601. Effective as of December 5, 2018, the Company entered into the A&O Agreement. In connection with the A&O Agreement, Herban and Hometown entered into the MSA through which Herban manages Hometown. See *"General Development of the Business – Acquisitions, Partnerships and Investments – Hometown".*


DionyMed Brands Inc.
(British Columbia)
100%
DionyMed Inc.
(Ontario)
Canada
100%
United States
Herban Industries Inc.
(Delaware)
A&O Agreement & MSA
100%
100%
100%
100%
Herban Industries
CA LLC
(California)
Herban Industries
OR LLC
(Oregon)
Herban Industries
NJ LLC
(New Jersey)
Herban Industries
NV LLC
(Nevada)
Hometown Heart
(California)

GENERAL DEVELOPMENT OF THE BUSINESS

General Development

DHI was incorporated on January 11, 2018 under the CBCA, and continued into the Province of British Columbia immediately before closing of the Reverse Take-Over. DHI is a multi-state, vertically integrated operating platform that designed, developed, marketed and sold a portfolio of branded cannabis products. DHI also provides distribution, logistics and value-added manufacturing services on behalf of cannabis cultivators, distributors, processors and retailers. DHI's operations were located in California, Oregon and Nevada.

DHI's focus is on building and supporting a global, diversified portfolio of branded cannabis consumer products sold online, delivered direct-to-consumer and via retail dispensaries.

DHI generates revenue from:

- the sale of wholly-owned branded products online and through retail dispensaries;
- manufacturing and processing branded cannabis products for delivery to retail dispensaries and direct-to-consumers; and
- wholesale distribution and logistics management on behalf of cultivators, manufacturers and third-party brands.

DHI's operating platform provides accounting, capital markets, compliance, human resources, licensing, marketing, technology and regulatory support for its operating entities.

Acquisitions, Partnerships and Investments

Acquisition of DionyMed Inc., Herban and Subsidiaries

On February 28, 2018, DHI completed the acquisition of all issued and outstanding equity interests of entities under common control: DionyMed Inc. and Herban (and its subsidiaries) through a share exchange and contribution arrangement.

Acquisition of Certain Assets of Rise Brands, Inc. dba Rise Logistics

On June 14, 2018, DHI, through Herban CA, acquired certain assets from Rise Brands, Inc. dba Rise Logistics ("**Rise Logistics**") to contribute to the growth of the DHI's logistics management and technological infrastructure for distributing cannabis products. The transaction was completed for a total purchase price of $8,000,000 plus a $4,000,000 earn-out, which will be paid subject to the Rise Logistics assets achieving certain performance metrics. To date, the initial $5,625,000 and one earnout payment of $666,666 have been paid by way of cash and 1,486,418 Subordinate Voting Shares to the principals of Rise Logistics for the acquisition.

Acquisition of Certain Assets of JDK Holdings, LLC dba Winberry Farms

On August 31, 2018, DHI, through Herban OR, acquired certain assets from JDK Holdings, LLC dba Winberry Farms ("**Winberry**" or "**Winberry Farms**"), a cannabis concentrate and vape cartridge brand that holds licenses in the State of Oregon for the cultivation, distribution and manufacturing of medicinal and adult-use cannabis. The transaction was completed for a total purchase price of $7,500,000 plus a $4,000,000 earn-out, which will be paid subject to the Winberry Farms assets achieving certain performance metrics. To date, $5,250,000 of the initial amount and two earnout payments totaling $1,000,000 in cash have been paid to JDK Holdings for the acquisition.

Cascade Distribution

On September 27, 2018, DHI through Herban OR acquired certain assets of Cascade Cannabis Distribution, Inc. ("**Cascade**"). Cascade holds a recreational wholesale license in the State of Oregon for the distribution of adult-use cannabis and provides product processing, packaging and distribution services in Oregon. The State of Oregon approved the transfer of the recreational wholesale license to Herban OR in February 2019.

The transaction closed on March 1, 2019, for a total purchase price of $150,000, paid in cash, plus an earnout of $100,000 based on certain performance targets. The Company is now distributing third party products and its brands through Cascade.

HomeTown

On October 1, 2018, DionyMed invested $2,000,000 in unsecured convertible notes of Hometown, a California corporation that engages in the business of direct-to-consumer cannabis sales and delivery, that included the right, but not the obligation, to purchase the outstanding shares of Hometown for $6,000,0000 plus a $12,000,000 earn-out, which would be paid subject to Hometown achieving certain performance metrics.

On December 5, 2018, the Company exercised its option to purchase the outstanding shares of Hometown (the "**Hometown Shares**"). The transaction closed on December 13, 2018. Effective December 5, 2018, the Company transferred all of the Hometown Shares to a single individual who was a former owner of shares of Hometown in consideration for the grant of an irrevocable option (the "**A&O Agreement**") to re-acquire the Hometown Shares for a nominal amount following the receipt of all required regulatory approvals. In connection with the foregoing, the Company's subsidiary Herban and Hometown entered into a Master Services Agreement (the "**MSA**") pursuant to which Herban exercises control over Hometown and provides Hometown with management, labor administration, marketing, branding, professional, banking, record-keeping, intellectual property, governance, and other support services. The Company has consolidated the accounts of Hometown in its consolidated financial accounts since December 13, 2018 as a result of the MSA and the A&O Agreement.

Acres Cannabis

On January 10, 2019, the Company signed a strategic partnership agreement with Acres Cannabis ("**Acres**"), a vertically integrated cannabis retailer based in Las Vegas, Nevada. The partnership grants the Company's brands and services immediate access to the highly coveted Nevada market, which services more than 39 million tourists each year, and represents another significant step in the Company's national expansion plans.

Acres operates one of the largest cannabis cultivation and manufacturing sites in the state of Nevada, as well as a 20,000 square foot dispensary in the heart of Las Vegas. As part of the partnership agreement, the Company's infused products and edible brands, including its award-winning Winberry Farms, will be manufactured in Acres' facilities and sold state-wide, providing the Company with a scalable platform to penetrate the Nevada market.

Financing Activities

DionyMed Inc. Notes

Between November 2017, and January 2018, DionyMed Inc. completed a non-brokered financing of DionyMed Inc. Notes for aggregate gross proceeds of CAD$4,107,011. The DionyMed Inc. Notes were issued at a price of CAD$1,000 per note, were convertible into DionyMed Inc. common shares (for non-US purchasers) or DionyMed Inc. series A preferred shares at a conversion price of CAD$1.00 per

DionyMed Inc. common share and CAD$100 per DionyMed Inc. series A preferred share, as applicable, bore interest at a rate of 1.75% per annum, and were to mature three years following the issuance date.

On February 28, 2018, DHI entered into a share contribution and exchange agreement with each of the shareholders of DionyMed Inc. and each of the shareholders of Herban, whereby each share in the capital stock of DionyMed Inc. and each share in the capital stock of Herban was exchanged for shares of DHI. In connection with the share contribution and exchange agreement, DionyMed Inc. assigned all its rights and obligations under the DionyMed Inc. Notes to DHI pursuant to an agreement for the assignment and assumption of notes. See *"– Acquisitions, Partnerships and Investments – Acquisition of DionyMed Inc., Herban and Subsidiaries".*

DHI Common Share Placement

On March 2, 2018, DHI completed a private placement financing of common shares of DHI ("**DHI Common Shares**") to non-US investors, and Series A Preferred Shares of DHI ("**DHI Series A Preferred Shares**") to United States investors, at an issue price of CAD$1.00 per DHI Common Shares or CAD$100 per DHI Series A Preferred Shares, for gross proceeds of CAD$1,897,498. Upon the completion of the March 2, 2018, private placement, the DionyMed, Inc. Notes automatically converted into DHI Common Shares and DHI Series A Preferred Shares, as applicable.

DHI Convertible Debenture Private Placement

Between June 14, 2018 and August 28, 2018, DHI completed a non-brokered private placement by issuing an aggregate of 13,240 common share convertible debentures (the "**DHI Common Share Convertible Debentures**") and an aggregate of 4,940 series A convertible debentures (the "**DHI Series A Convertible Debentures**", together with the DHI Common Share Convertible Debentures, the "**DHI Convertible Debentures**") at a price of CAD$1,000 per convertible debenture for gross proceeds of CAD$18,180,000 ($13,925,699). The DHI Common Share Convertible Debentures, which (following the Reverse Take-Over) convert into Subordinate Voting Shares of the Company at CAD$2.06 per Subordinate Voting Share and the DHI Series A Convertible Debentures, which (following the Reverse Take-Over) convert at CAD$206 per series A multiple/subordinate voting share of the Company (the "**Series A Multiple/Subordinate Voting Shares**"), bear interest at 14% per annum and have a maturity date of June 30, 2020. At December 31, 2018, CAD$4,950,000 of the DHI Convertible Debentures (which are now convertible debentures of DionyMed Brands Inc.) had been converted.

DHI Term Loan

On September 24, 2018, DHI entered into a term loan agreement with certain lenders in the aggregate principal amount of $4,000,000 (the "**Term Loan**"). The Term Loan matured on the first to occur of: (i) an event of default which has not been cured or waived, (ii) thirty (30) business days after the Company is publicly listed and tradable on a recognized securities exchange and (iii) September 24, 2019, when the principal amount of the Term Loan, the unpaid interest thereon, and all other obligations relating to the Term Loan and the loan documents was immediately due and payable.

The Term Loan included a repayment premium equal to $2,000,000 payable in the Company's Subordinate Voting Shares with the number of Subordinate Voting Shares calculated as $2,000,000 divided by the price per share at the listing event. The Term Loan was fully repaid during the first quarter of 2019 and the Company issued 611,765 Subordinate Voting Shares in consideration of the repayment premium.

Early Draw Facility and Mandate Letter

On November 12, 2018, DHI entered into a mandate letter (the "**Mandate Letter**") with a lender (the "**Arranger**") to arrange a hybrid asset-based loan facility of up to $40,000,000 to provide working capital funding for the Company, including a $3,000,000 early draw facility (the "**Early Draw Facility**").

The Early Draw Facility is secured by a general security agreement over the assets of DHI in favor of certain credit funds managed by the Arranger, bears interest at a rate of LIBOR plus 8% per annum, plus an anniversary fee of 2.5% in the first year and 3.75% in the second year, and matures on February 12, 2020. Under the Early Draw Facility, DHI made one drawdown on November 13, 2018 for gross proceeds of $3,000,000. Fees of $877,650 were withheld from the gross proceeds for various fees, including a mandate fee, due diligence fee and legal fees, resulting in net proceeds of $2,147,350. Neither the Company nor its subsidiaries may dispose of any asset, incur any indebtedness or create or permit any security over its assets other than as permitted by the Early Draw Facility.

On November 27, 2018, as part of the consideration to the lenders, the Company issued 27,795 Subordinate Voting Shares at a price of CAD$4.25 and 744,000 warrants with an exercise price of CAD$5.31 expiring three years from the date of issue.

DHI Subscription Receipt Private Placement

On November 1, 2018, the Company completed a private placement of 8,115,297 subscription receipts (the "**Subscription Receipts**") at a price of CAD$4.25 (the "**SR Offering Price**") per Subscription Receipt for aggregate gross proceeds of approximately CAD$34,490,012. Each Subscription Receipt automatically converted into one DHI Common Share (the "**SR Shares**") and one DHI Common Share purchase warrant (the "**SR Warrants**") immediately prior to and in connection with the completion of the Reverse Take-Over, without payment of additional consideration or further action on the part of the holder. The SR Warrants were exercisable at a price of CAD$6.37 per DHI Common Share for a period of 24 months from the date certain escrow release conditions, including the completion of the Reverse Take-Over, were satisfied.

As part of the Reverse Take-Over, each SR Share was exchanged for a Subordinate Voting Share of the Company and each SR Warrant was exchanged for a Subordinate Voting Share purchase warrant of the Company. The Subordinate Voting Share purchase warrants had the same terms as the SR Warrants, except that they are exercisable for the Company's Subordinate Voting Shares.

Inventory Finance Facility

On January 17, 2019, the Company signed a definitive agreement (the "**Credit Agreement**") for a two-year, up to $40 million senior secured credit facility from a syndicate of investors (the "**Inventory Finance Facility**"). The Inventory Finance Facility consists of a $15 million term loan facility and a $25 million asset-backed loan facility. On January 30, 2019 the Company drew approximately $13 million of the Inventory Finance Facility following the completion of certain conditions to the satisfaction of the investors. Net proceeds in the amount of $9,614,795 were received by the Company, net of the repayment of a $3,000,000 early draw facility and $385,205 in capitalized transaction costs. $27 million of the Inventory Finance Facility remains undrawn. Currently, the syndicate of investors have committed to provide $13 million of the Inventory Finance Facility. Future commitments from existing or future lenders are expected for the full amount.

The Inventory Finance Facility will be used for acquisitions, capital expenditures, refinancing existing debt, working capital and general corporate purposes. The Inventory Finance Facility provides the Company an efficient capital structure as it continues to expand its U.S. operational footprint and product portfolio, through both inorganic and organic growth opportunities. The Inventory Finance Facility includes up to an aggregate of 7.1 million warrants with warrants issued to investors based on the amount drawn on the Inventory Finance Facility proportionate to the maximum Inventory Finance Facility size of $40 million. Each warrant provides the investor the right to purchase one Subordinate Voting Share and the warrants expire after 36 months. If the Inventory Finance Facility is fully drawn, the warrants would have a weighted average exercise price of CAD$5.16 per share.

Bought Deal Private Placement of Units

On May 7, 2019, the Company closed a bought deal private placement financing with a syndicate of agents co-led by Canaccord Genuity Corp. and Cormark Securities Inc. (the "**Underwriters**"), for 3,822,055 units of the Company at a price of CAD$2.75 per unit for aggregate gross proceeds to the Company of CAD$10,510,651.

Each unit was comprised of one Subordinate Voting Share and one Subordinate Voting Share purchase warrant exercisable into one Subordinate Voting Share at price of CAD$3.80 per share for a period of 36 months following the closing of the offering. The net proceeds from the offering will be used primarily towards the Company's strategic growth initiatives and for general working capital purposes.

Other Subsequent Events

On February 14, 2019, the Company signed a membership interest purchase agreement, subject to satisfaction of certain customary conditions, to acquire Pioneer Valley Extracts, LLC, a manufacturer and emerging cannabis brand in Massachusetts. At close, the total purchase price will be $550,000, consisting of $150,000 in cash and $400,000 in Subordinate Voting Shares priced at the 15 day volume-weighted average price at closing of the transaction. Currently, the Company owns and sells its award-winning brand family, including the Winberry Farms concentrates and vape cartridges throught California, Nevada and Oregon. The acquisition of Pioneer Valley Extracts, LLC expands the Company's national footprint in Massachusetts, the fastest growing and first recreational cannabis market on the East Coast. As of the date of this AIF, this transaction has not yet closed.

On March 18, 2019, the Company announced that its Subordinate Voting Shares were approved to be quoted on the OTCQB Venture Market, and now trade under the symbol "DYMEF". The OTCQB trading provides early direct access for U.S. investors to participate in the exciting growth of the Company as it continues to expand into new U.S. markets from the primary markets in California and Oregon.

On March 20, 2019, the Company signed a binding term sheet, subject to satisfaction of due diligence performed by the Company and other customary conditions to close, with MM Esperanza 2 LLC, doing business as "**MMAC**", to acquire select MMAC assets, including the 1.83 acre Los Angeles cannabis campus that includes a dispensary storefront, distribution facility, manufacturing hub and direct-to-consumer fulfillment center. The acquisition includes all property, leaseholds, equipment and licenses for a purchase price of $19,000,000 and, if completed. would enhance the Company's brands distribution and direct-to-consumer footprint in southern California. Completion of this arms-length acquisition is subject to several conditions, including, but not limited to, the execution and delivery of definitive documentation mutually agreeable to the parties, completion of due diligence on MMAC to the Company's sole satisfaction and receipt of all necessary board, shareholder, regulatory and third-party approvals for the acquisition. As of the date of this AIF, this transaction has not yet closed.

On March 29, 2019, Hometown, a licensed California delivery service managed by the Company, terminated its relationship with customer acquisition provider Eaze Technologies, Inc., formerly Eaze Solutions, Inc. ("**Eaze**"). Following a review of certain of Eaze's business practices, the Company was unable to confirm that Eaze's credit card payment processing methodology met regulatory compliance requirements. The Company now utilizes the Company's Chill platform to acquire and service customers and is expected to achieve higher margins on product sales generated through the platform, as it includes house brands. The Company is focusing its efforts on scaling its online delivery platform, Chill, through aggressive marketing and customer acquisition. Since the Company began to actively market Chill in early April 2019, Chill has increased to a $10.6 million annual run-rate, based on the week ending May 26, 2019 results with a substantially improved contribution margin relative to revenue earned under the Eaze relationship.

The Company announced an exclusive licensing and distribution agreement with Défoncé Chocolatier ("**Défoncé**"). Created and distributed exclusively in California, fine chocolate maker Défoncé is expanding

its popular line of premium cannabis-infused chocolate products. In addition to the brand's acclaimed selection of full-size chocolate bars, new single-serving squares and low-dose bites are now available. All new offerings are gluten free (gf), with vegan (v) options available as well.

The Company announced the expansion of its wholly-owned, award-winning brand, Winberry Farms, to offer consumers an even more comprehensive, diversified product portfolio with 12 new CBD-focused products. With these new additions, the Winberry Farms product line will encompass 75 high-quality distillate and full-spectrum THC and CBD concentrates, currently available in 300 retail locations in Oregon and 50 locations in California. One of the first recreational cannabis farms to be licensed by the state of Oregon, Winberry Farms specializes in expertly-cultivated, naturally sun-grown product. The launch of the new Winberry Farms CBD line in California includes 16 SKUs, which will be available in multiple flavors and configurations, offering both 3:1 and 1:1 CBD to THC ratios.

In addition to Winberry Farms, the Company's wholly-owned brand portfolio includes Gardener's and Afterglow, and the Company has established relationships with premier cannabis brands to offer its direct-to-consumer and retail distribution capabilities and further enhance and build upon the Company's position as a "house of brands." These brands include F/ELD, CBDAlive, Défoncé, Lemon Tree, Fire King, Higher Veda Medicinals, Lifestyle Delivery Systems, Lola Lola, and Zkittlez, amongst others.

On April 2, 2019, the Company signed a definitive agreement with an irrevocable option to acquire Waterside Warehousing ("**Waterside**"), a premium manufacturer and indoor craft cultivator located in Oakland, California. The Company agreed to provide $1,000,000 in cash by way of a secured preferred note carrying a 6% interest rate per annum, paid quarterly, $600,000 of the loan has been advanced to date and the balance is to be paid during the second quarter of 2019. The agreement provides the Company with an option to acquire Waterside for an additional $5 million payment. The Company has not exercised this option.

On April 5, 2019, the Company signed a term sheet to acquire Virginia's Kitchen, LLC d/b/a Blue Kudu ("**Blue Kudu**"), an award-winning edibles brand and wholesale platform based in Denver, Colorado. The total consideration for the deal is expected to be $5,500,000, consisting of $5,000,000 at close comprised of $4,000,000 in cash and $1,000,000 in Subordinate Voting Shares and the remaining $500,000 payable post closing upon achieving certain performance conditions. Closing of the transaction is subject to satisfaction of certain customary conditions, including the entrance into of definitive agreements with respect to the transaction. Blue Kudu's products include award-winning chocolate bars, cookies and gummies. Under the term sheet, the Company will manufacture and distribute Blue Kudu products to its customer network of more than 850 dispensaries across California, Oregon, Nevada and Massachusetts. In addition, Blue Kudu products will be available on the Company's Chill direct-to-consumer delivery platform. Further, Blue Kudu will license and distribute the Company's brands to its more than 200 dispensary customers, including the award-winning Winberry Farms vape cartridges. Completion of the distribution and licensing agreements are subject to several conditions, including, but not limited to, execution and delivery of definitive documentation mutually agreeable to the parties, and the Company's completion of due diligence on Blue Kudu.

The Company announced an exclusive distribution agreement with CBDAlive to expand the Company's award-winning cannabis brand portfolio with one of California's highest-quality, premium CBD product lines. Grown exclusively in natural sunlight, using sustainable farming practices in California, CBDAlive products are all based on full-spectrum oil and are available in varying ratios that appeal to multiple consumer segments for a variety of uses. The product line, with over 40 products, is available in drops, capsules, topicals and raw oil.

The Company has restated its previously reported consolidated financial statements as of February 28, 2018 and for the period from January 11, 2018 to February 28, 2018, and all related disclosures. In addition, the financial statements of DHI for July 31, 2018 (as included in the Company's listing statement and for the quarters ended May 31, 2018, August 31, 2018 and November 30, 2018 financial statements are also being restated. The restatement of the Company's consolidated financial statements followed a

review of the Company's consolidated financial statements and accounting records that was undertaken as part of the audit of the consolidated financial statements for the period ended December 31, 2018. That review identified that an incorrect application of fair value methodology was used in the valuation of the DionyMed, Inc. and Herban Industries, Inc. common control business combinations. A pooling of interest was deemed more appropriate under the circumstances. The effects of the restatement are reflected in the Company's Financial Statements and accompanying notes. The corrections relate to removing the previously-recognized fair value adjustments, consisting of the associated intangible assets and goodwill recognized upon acquisition. The total cumulative impact of the restatement decreases shareholders' equity as at February 28, 2018 by $29,825,489. This total cumulative impact on shareholders' equity as at February 28, 2018 comprises a decrease in share capital in the amount of $25,846,410 and a decrease in other reserves against equity in the amount of $3,979,079.

Reverse Take-Over

On November 27, 2018, DHI closed the Reverse Take-Over with Sixonine, a public company that traded on the NEX Board of the TSX Venture Exchange. In connection with the Reverse Take-Over, Sixonine changed its name to "DionyMed Brands Inc." and consolidated its common shares on an 8.43295184 old to 1 new basis.

To effect the Reverse Take-Over, DHI amalgamated with 1180820 B.C. Ltd., a wholly-owned subsidiary of Sixonine, which was formed solely for the purpose of facilitating the Reverse Take-Over. Pursuant to this amalgamation, the shareholders of DHI received one Subordinate Voting Share, one Series A Multiple/Subordinate Voting Share, or one series F multiple voting share (the "**Series F Multiple Voting Shares**"), as applicable, of the Company for each DHI Common Share, DHI Series A Preferred Shares or DHI Series F Share registered in the name of such shareholders. Holders of DHI's options and warrants (including all holders of units) outstanding at the time of closing of the Reverse Take-Over also received equivalent instruments of the Company exercisable for, or convertible into, the Company's Subordinate Voting Shares. As part of the Reverse Take-Over, the corporation resulting from the amalgamation of DHI and 1180820 B.C. Ltd. was amalgamated with DionyMed Brands Inc.

Following closing of the Reverse Take-Over, the Company had 12,932,388 Subordinate Voting Shares, 31,353 Series A Multiple/Subordinate Voting Shares, and 6,598 Series F Multiple Voting Shares issued and outstanding. The Series A Multiple/Subordinate Voting Shares and Series F Multiple Voting Shares are "compressed". The 31,353 Series A Multiple/Subordinate Voting Shares can be converted into 100 Subordinate Voting Shares per Series A Multiple/Subordinate Voting Shares, equating to 3,135,300 Subordinate Voting Share equivalents. The Series F Multiple Voting Shares can be converted into 5,000 Subordinate Voting Shares per Series F Multiple Voting Share, equating to 32,990,000 Subordinate Voting Share equivalents. The Company also had convertible debentures convertible into 8,825,242 Subordinate Voting Share equivalents and 8,825,242 warrants exercisable for 8,825,242 Subordinate Voting Share equivalents at a conversion price of CAD$2.06. In addition, an aggregate 20,766,130 Subordinate Voting Share equivalents of the Company were reserved for issuance upon exercise of outstanding options, warrants, broker warrants, and upon conversion of outstanding convertible debentures. Therefore, as of November 30, 2018, on a fully diluted basis there were 84,928,588 Subordinate Voting Share equivalents issued and outstanding.

The Subordinate Voting Shares commenced trading on the CSE on November 29, 2018 under the symbol "DYME".

Effective upon the closing of the Reverse Take-Over, to align the financial years of DHI to that of the Company, the financial year of the Company has been changed from February 28 of each year to December 31 of each year.

Upon the completion of the Reverse Take-Over in accordance with the terms of Definitive Agreement, the Company began carrying on the business of DHI as described herein.

DESCRIPTION OF THE BUSINESS

General Business of the Company

Prior to the Reverse Take-Over, Sixonine had no active business operations aside from seeking business opportunities. Upon affecting the Reverse Take-Over, the business of Sixonine became the business of the Company.

The Company, through its subsidiaries, operates a distribution, manufacturing services and online retail platform for cannabis cultivators, distributors and processors with current operations in California and Oregon. The Company generates returns from the revenue sources below:

- the sale of wholly-owned branded products online and through retail dispensaries;
- manufacturing and processing branded cannabis products for delivery direct-to-consumers and to retail dispensaries; and
- wholesale distribution and logistics management on behalf of cultivators, manufacturers and third-party brands.

Strategic Framework

The Company's mission is to build safe, trusted cannabis brands for medical and recreational consumers worldwide.

The Company plans to build and sustain recognizable cannabis brands that play a positive role in society. In each market, the Company serves its primary customer sets, consisting of consumers, cultivators, manufacturers, and dispensaries.

We seek to make access to cannabis safe, convenient and easy for both recreational and medical use customers. We deliver products directly through our own e-commerce sites and partner sites, as well as through dispensary retail partners. In addition, we support other brands and retailers by providing distribution, logistics, manufacturing and technology services. We strive to offer our customers products at price points that meets their needs, ranging from value priced offerings to luxury products, together with fast and reliable fulfilment and timely customer service.

The Company uses state and local operating teams determining how to best apply our guiding strategic principles. This model provides greater ability to meet the diverse needs of our consumers and customers, while allowing for the speed of execution required in the dynamic cannabis market.

The Company aims to drive the sharing of best practices and enhance efficiency. Our standards for governance, compliance and ethics are set company-wide.

As a vertically-integrated provider and with a focus on data and technology, we can identify and act on consumer trends to support growth. Local market expertise is used to identify and deliver against the most valuable growth opportunities.

We use consumer insights and marketing to drive product development and innovation at scale and develop relationships with our customers through distribution and sales. Our supply capabilities enable us to manufacture and distribute our brands efficiently and effectively.

The Company's standards for governance, compliance and ethics are set company-wide. We are committed to using business as a force for good, a catalyst for innovation and to support the communities we serve. The Company weighs business decisions with consideration for how its efforts affect its

employees, customers, the environment, and the communities where its employees live and where it does business, while strengthening its brands.

We focus on supporting communities and non-profits that can utilize the wellness aspects of our products (i.e. military veterans, medical foundations, university research, etc.). We believe this will ultimately have a positive impact on our customers, employees and shareholders.

History and Key Milestones

Set out below are the key events and milestones which have influenced the general development of the Company's business:

Activity	Company	Date(s)	Company Entity	Description
Acquisition	DIONYMED	February 28, 2018	DHI	Acquires DionyMed Inc. and Herban and its subsidiaries, providing DHI with licenses to distribute and manufacture in the State of California, as well as several brands and key operating personnel.
Financing		November, 2017 to March, 2018	DHI	Completes financings for aggregate gross proceeds of CAD$6,004,509 in DionyMed Inc. and DHI.(1)
Acquisition	RISE	June 14, 2018	Herban CA	Acquires the licenses, customer lists, personnel and technology of Rise Logistics to provide wholesale distribution, manufacturing and processing services to cultivators, manufacturers, retail dispensaries and delivery services.
Financing		June, 2018 to August, 2018	DHI	Completes CAD$18,180,000 DHI Convertible Debenture raise.
Acquisition	W WINBERRY FARMS	August 31, 2018	Herban OR	Acquires the brand, customer lists, intellectual property and personnel of Winberry Farms providing DHI with a license to cultivate and distribute in the State of Oregon. Winberry Farms self-distributes to more than 350 dispensaries in Oregon.
Product Launch	CHILL	August 31, 2018	Herban CA	Launches CaliChill.com e-commerce and mobile site to sell wholly-owned and third-party products.
Financing		September 24,	DHI	Closes $4,000,000 Term Loan.

Activity	Company	Date(s)	Company Entity	Description
		2018		
Acquisition		March 1, 2019	Herban OR	Acquires the wholesale license and facility lease of Cascade to provide processing, packaging and distribution services in Oregon.
Financing		November 1, 2018	DHI	Completes Subscription Receipt financing for aggregate gross proceeds of CAD$34,490,012.
Reverse Take-Over		November 27, 2018	DHI, DionyMed Brands Inc.	Completes Reverse Take-Over.
CSE Listing		November 29, 2019	DionyMed Brands Inc.	Commences trading on the CSE under the symbol “DYME”.
Acquisition	HOME TOWN	December 13, 2018	DionyMed Brands Inc.	Exercises its option and transfers all of the Hometown Shares to a single individual who was a former owner of shares of Hometown in consideration for the A&O Agreement. Executes the MSA with Hometown and expands direct-to-consumer fulfillment capabilities with existing volume of more than 1,500 customers each day.
Partnership		January 10, 2019	DionyMed Brands Inc.	Signs strategic partnership agreement with Acres, a vertically integrated cannabis retailer based in Las Vegas, Nevada.
Financing		January 17, 2019	DionyMed Brands Inc.	Enters into Credit Agreement for the Inventory Finance Facility.
Financing		May 7, 2019	DionyMed Brands Inc.	Completes unit offering.

Notes:

1) The financing that occurred between November, 2017, to March, 2018, consisted of the issuance of DionyMed, Inc. Notes, DHI Common Shares and DHI Series A Preferred Shares.

Lines of Business

Branded Product Sales

The Company's products are currently sold online through the Company's website (www.calichill.com), third-party e-commerce sites and brick and mortar dispensary retailers. The Company continues to expand the range of offerings in all significant and emerging product categories, including flower, pre-polls, vape pens, concentrates and edibles. The Company's products vary in price points, targeting specific customer segments with their brand messaging and position and with a deliberate bias to serving new cannabis consumers. The range of products is designed to be specific consumer segment focused with perceived value for the price point.

See "*Operations -- Product and Brand Portfolio Development*" below for additional detail.

Wholesale Distribution and Third-Party Logistics

In addition to the Company's wholly-owned brands, the Company provides distribution, fulfillment, warehousing and inventory management services for third-party brands. Some of these products may be sold by the Company's sales team, while others may be sold by the third party brands' sales teams. Distribution and logistics services may involve warehousing, facilitation of product testing, tax-collection and/or compliant transport, depending on a market's regulatory requirements.

Providing distribution services to third-party brands allows us provide cost-effective sales and delivery services for the third-party brand's products, gain retail shelf-space, and collect data about market, sales, and product trends.

Value-Added Manufacturing Services

The Company provides co-packing services, filling services, supply chain management and sourcing on behalf of cultivators, manufacturers and brands. The co-packing services include manicuring services, packaging and labeling dry bulk-flower from cultivators, as well as filling and packaging vape cartridges and other concentrates. We expect to expand this service line to include extraction and additional finished goods production capabilities.

Direct-to-Consumer Retail and Delivery Fulfillment

In August 2018, in partnership with HomeTown, the Company launched a direct-to-consumer e-commerce storefront for same-day delivery in the San Francisco Bay Area. The e-commerce storefront includes both our products and well-established third-party brands. The Company provides the software and technology on behalf of HomeTown through a services agreement and HomeTown is the retailer-of-record, providing the delivery fulfilment service.

Overview

Industrial Strength Platform Operating at Scale in Multiple States

The Company operates in California and Oregon actively servicing more than 750 dispensaries each month and can fulfil more than 1,500 deliveries each day. We are focused on increasing our operational scale to drive cost efficiencies to enable a competitive combination of price and quality in our branded products.

Technology Powered and Data Driven

The Company designs, develops and deploys technology empowering end-to-end compliant delivery, sales and cash logistics.

The Company's technology has easy-to-use functionality for consumers and enables fast, reliable fulfilment, and timely customer service. The Company plans to invest in proprietary technological infrastructure.

Growth Strategy

The following are the principal strategies the Company plans to employ:

Investment in Direct-to-Consumer Retail

The Company's products are currently sold online through the Company's website (www.calichill.com), third-party e-commerce sites and brick and mortar dispensary retailers. We will continue to invest in our direct-to-consumer e-commerce sites, as well as sell products through partner sites and offer delivery services for brick and mortar dispensary retailers.

Key to this approach is the ability to reach new consumers and to drive reorders from existing customers. The Company is concentrating its activities in digital and out-of-home (i.e., outdoor billboard and street-level advertising) media in 2018 and plans to continue focusing on the following initiatives through 2019:

- Search Engine Optimization: A collaborative, integrated effort with content and public relations teams optimizing search engine results in the category for those seeking both general education on cannabis and availability to purchase cannabis.

- Outdoor Advertising: Developing outdoor billboard and street-level advertising strategy for reaching broad audiences in select geographies.

- Referral: Utilizing third party marketing campaigns to amplify brand and product awareness.

- Consumer Web Experience: Optimizing the customers web experience to convert browsers into buyers and driving repeat purchases.

- Email: Growing the current subscriber list and delivering relevant and personalized content.

Introduction of New Delivery Formats

We are planning new delivery formats to meet customer needs, including membership and subscriptions available online through our e-commerce sites with same-day, next-day and scheduled delivery offerings.

Membership and subscription programs are expected to encourage enrolment with a similar structure to online "subscribe and save" models. This is expected to deliver demand and repeat purchases from existing customers by enabling scheduled monthly reorders and improved continuity in consumption. Consumers will be able to set their frequency and reorder patterns, along with preferred product mixes.

Building Brand Awareness of Existing Portfolio through Marketing and Public Relations Initiatives

The Company supports its products with advertising, promotions and other marketing vehicles to build awareness and trial of its brands and products in conjunction with its sales force.

The Company intends to drive brand recognition in several ways, including: (i) in-market promotion and brand ambassadors; (ii) media and event promotion; (iii) community and social engagement; (iv) legislative participation; and (vi) public relations and speaking engagements at key industry events. In addition to these active outlets to build brand awareness, we plan to support endorsements and testimonials from our customers who are advocates for our brands and products.

Our marketing mix is being optimized to connect with consumers and convert them to purchasers at the lowest cost possible. A collaborative, integrated effort with content and public relations teams is underway with the objective to optimize search engine result and leverage targeted advertisements to enhance awareness of our products and services. The Company analyzes customer data to enhance the customers' experience to convert both in-store and online shoppers into buyers and drive repeat purchases.

Introduction of New, Differentiated Products

The Company currently markets a product portfolio consisting of flower, concentrates, CBD and THC distillates and edible confections. We have prioritized several new primary and secondary product categories, including soft-gel tablets, sublinguals, tinctures, capsules, powders, sports performance products, topical/cosmetic products, infused beverages and pet products.

Expanded Retail Distribution for Both Wholly-Owned and Third-Party Brands

The Company employs a sales team of 17 persons. We expect to continue to hire, train and develop both an inside and outside sales team to increase the penetration and in-store purchases of our distributed and wholly-owned products in both existing and new markets.

Our sales representatives provide hands-on support at the store level to ensure products are correctly labelled and merchandised. This sales team is managed by key management personnel within the Company.

Currently, the majority of retail orders are fulfilled through our distribution centers under the Rise Logistics brand. We will target new distribution channels as laws and regulations evolve in each market.

Acquisition of Strategic Complementary Companies

The Company intends to leverage its network of industry participants and advisors to actively source and identify acquisition opportunities. We expect to pursue acquisitions that leverage and complement our strengths in sales, marketing, new product development, quality, production and distribution.

Certain criteria are employed in pursuing potential acquisition candidates including: (i) quality of brand; (ii) quality and type of product; (iii) attractiveness of product sector; (iv) integration potential; (v) production capabilities; (vi) distribution network; (vii) geographic reach; and (viii) financial performance.

Management will seek both small and large acquisition and investment opportunities across the cannabis supply chain. We expect to fund these acquisitions through a combination of cash, debt and/or equity, if available.

International Expansion

The Company believes that international expansion is paramount to long-term growth, with near-term focus on Canada and the European Union. To achieve this international reach, we are planning to either partner with distributors and/or manufacturers in these international locations or create foreign licensed subsidiaries to transact business in the regions. Expansion into additional jurisdictions will be done in

compliance with applicable regulatory requirements in such jurisdictions and the cost and complexity of such compliance will form part of the strategic evaluation process for any proposed expansion.

Operations

Product and Brand Portfolio Development

The Company's approach to branded products focuses on having products at different price points in all significant and emerging product categories, with a particular bias on new cannabis consumers.

Our current product categories include flower, pre-rolls, vape pens, concentrates, and edible confections.

- Flower: There are currently two brands in our flower portfolio, Poetry and Gardener's. Poetry brand is a premium indoor flower targeting consumers looking for unique strains. Gardener's is our outdoor flower offering. The focus with both brands is to identify and partner with cultivators to develop consistently high quality products.

- Vapes: This is a growing space for the new cannabis consumer, given the appeal of convenience and discretion. Our current range of products, Alexander Fields, AJA, My Ananda, Swell and Winberry Farms, are unique and provide positive experiences for consumers.

- Pre-Roll: This category also caters to consumers looking for convenience and the experience of combusting flower. The Holy Smokes brand has been designed to provide outdoor flower in a single use format. The Company will look to expand into multi packs as the brand builds recognition with consumers.

- Edibles: This is a growing category which allows consumers to have a controlled experience. The Moon Cookies brand is available in 10mg pieces with specific instruction for consumers. As this category evolves under new regulations that are intended to allow consumers to have greater control, brand expansion into mints and other formats is planned.

Research and Development

Due to the research and development vacuum created by the current political climate and federal restrictions on cannabis in the United States, product development in the past had often occurred without the benefit of traditional scientific research and evidence-based results. Product development has largely been driven by immediate market demands.

There is opportunity for professional and scientifically rational cannabis product development. The Company intends to develop intellectual property in the areas of cannabis-related novel small molecule compounds, formulation development, and in materials and methods.

Marketing and Promotion

Data collection and customer analysis from direct-to-consumer sales will be a significant input into the Company's marketing strategy. Direct-to-consumer sales give an opportunity to gain insight into how to better support the customer based on data, including buying habits and purchase frequency.

Consumer segmentation is being used to transform the Company's consumer activities during 2018 through both valuable understanding of its customer base, as well as the ability to activate and invest in core consumer segments that will assist in developing a value proposition for customers.

Key elements of the segmentation efforts include:

- Driving ability to more effectively motivate trial orders, improve overall product trial experience, promote repeat purchasing patterns and ensure customer retention through targeted messaging;

- Differentially investing in core segments to attract new users at attractive conversion rates; and

- Maximizing customization of email and other messaging channels to improve initial experiences and promote repeat buying.

The Company is working with an advertising agency to solidify brand identity, packaging design, communications, and continuously improve on both aesthetic and overall functionality of its direct-to-consumer e-commerce experience.

Cultivation, Production and Supply Chain

The Company has established a global supply chain to source cost-effective packaging, hardware and equipment, as well as local supply chains for cannabis biomass and distillate. We use a mix of in-house cultivation and production together with contract growers and manufacturers to support our production needs. We require cultivation and manufacturing specifications be followed and have quality control procedures to ensure product safety, consistency and quality.

The Company operates a limited cultivation site in Oregon used for whole-plant extraction into distillate oil for the Winberry Farms brand. Management believes that in the California and Oregon markets the supply of quality cannabis will continue to increase due to favorable outdoor and greenhouse growing conditions, creating downward pressure on prices. We believe this trend is evidenced in mature markets like Oregon, which have seen significant price declines in 2018 due to oversupply.

The Company plans to scale its production capacity. Management plans to invest in expanded production capacity to address new product opportunities, take control of the supply chain and proactively define the competitive landscape. We may expand our cultivation activities in future markets or markets that require vertical integration.

We are developing products internally with a scalable methodology that focuses on controlling the supply chain and lowering cost of manufacturing.

Inventory Management

The Company has comprehensive inventory management procedures, which are compliant with the rules set forth by the California Department of Consumer Affairs' Bureau of Cannabis Control ("**BCC**"), the Oregon Liquor Control Commission (**"OLCC"**), the Nevada Department of Taxation ("**DOT**") and all other applicable state and local laws, regulations, ordinances, and other requirements in jurisdictions in which the Company operates.

These procedures ensure control over the Company's cannabis and cannabis product inventory, from delivery by a licensed distributor to sale or delivery to a consumer, or disposal as cannabis waste. The Company understands its responsibility to the greater community and the environment and is committed to providing consumers with a safe, consistent, and high-quality supply of cannabis.

Facilities and Security

The Company has comprehensive security policies and procedures for its operations, which address measures to prevent unauthorized entrance into areas containing cannabis and cannabis products to deter theft, or loss, of cannabis and cannabis products. The Company's security policies and procedures are compliant with the rules set forth by the applicable regulatory agencies of the states in which it operates. Onsite security managers ensure all employees follow policies and procedures regarding the

security of the Company's facilities. The security manager, in coordination with the human resources manager, implements and maintains employee training policies and procedures for security training. All employees aid in maintaining the security of the facility through prevention, awareness, reporting, and responsible incident management. All employees are required to immediately report security breaches and incidents of non-compliance to their supervisor. The security manager meets periodically with state and local law enforcement to discuss alarm response, criminal activity statistics, patrol frequency, and other pertinent matters.

The Company's security measures ensure that the Company's facilities are adequately secured against internal and external threats. Facilities are equipped with physical and technological features that minimize the risk of diversion, loss, or theft of cannabis and cannabis products. The Company implements security measures designed to prevent unauthorized entrance into areas containing cannabis or cannabis products and theft of cannabis or cannabis products from the premises. These security measures include, but are not limited to, all the following:

- Prohibiting individuals from remaining on the licensed premises if they are not engaging in activity expressly related to the distribution operations.
- Establishing limited access areas.
- Implementing procedures to ensure limited access areas are accessible only to authorized personnel.
- Limiting employee access to sensitive spaces within the facility, such as areas containing surveillance recordings and large amounts of cannabis goods.
- Facilities are designed to maximize security and minimize risks. Facility access points include safety and security mechanisms to prevent unauthorized entry.

The Company contracts with an outside security consultant to conduct annual audits, facility inspections, and procedure review to ensure regulatory compliance and best practice policies are in place.

The Company recognizes that cyberattacks, network breaches, and malware can create serious problems for current operations as well as affect business relationships and future operations. The Company deploys best practices for data and cyber security utilized by businesses working with government contracts and technology sector leaders, including the following security requirements:

1. Access Control
2. Awareness and Training
3. Audit and Accountability
4. Configuration Management
5. Identification and Authentication
6. Incident Response
7. Information System Maintenance
8. Media Protection
9. Personnel Security

10. Physical Protection of Data Systems

11. Risk Assessment

12. Security Assessment

13. System and Communications Protection

14. System and Information Integrity

See the "*Systems and Technology*" section below for further discussion.

Banking and Credit Card Processing

The Company deposits funds from its operations with its banking partners in each of its markets. The banks are fully aware of the nature of our business and continue to remain supportive of our growth plans. We currently accept only cash and debit card payments from customers and do not process credit card payments. See "*Risk Factors – Restricted access to banking*" below.

Systems and Technology

The Company's systems architecture was designed for scalability and increasing distribution efficacy. Logistics and distribution management software continues to grow in importance in the cannabis industry. Organizations are challenged to develop their applications in compliance with cannabis rules, as well as state and local laws and regulations.

The Company pairs a cloud-based enterprise resource planning ("**ERP**") system for manufacturing, shipping and receiving, inventory control, supply chain management, sales, accounting and finance with proprietary application programming interfaces ("**API**"). These systems reduce unnecessary communication and the learning curves found in monolithic ERP systems. Supplemental peripheral software applications are used for specialized activities in finance, human resources, customer support, manufacturing, distribution and marketing.

We recognize that custom applications need to evolve as rapidly as cannabis regulations and support custom regulatory implementations to support hyper-growth across multiple locales. Proprietary microservice APIs were designed to provide this flexibility and extendibility. Custom API connectors sync ERP, warehouse management systems, transportation management systems, customer support, accounting, and track-and-trace systems. These connectors dramatically improve accuracy and compliance tracking, while reducing double-entry, human error, and friction to market.

The Company is collecting data from its brand marketing, direct-to-consumer channel and distribution/logistics activity to drive the insights to power our brand development and customer acquisition efforts.

Databases are routinely tested for extrapolating insights and producing demand-based analytics. The Company considers technology and related data science to be one of our core competencies.

Competition and Competitive Dynamics

The primary markets in which the Company currently operates (California and Oregon) have fewer barriers to entry than states (such as New Jersey, Florida and Ohio) that limit the number of licenses issued, and more closely reflect free market dynamics typically seen in mature retail and manufacturing industries. The growth of these markets poses a risk of increased competition, but are currently characterized by numerous sub-scale operators and a few well-capitalized competitors.

Today, our wholly-owned branded products compete with Select, Absolute Extracts, Guild Extracts, Moxie and Kiva Confections, among others. According to sales data from BDS Analytics as of September 2018, no company has a market share of more than 5% in any product category (including flower, concentrates, vape pens or edibles), in California and throughout the United States.

Our wholesale logistics and distribution business competes with RVR (a subsidiary of CannaRoyalty) and BlackBird Logistics, along with brands that self-distribute. We believe that as the number of retail dispensaries grow, the industry will consolidate around a few at-scale distribution companies. Our value-added manufacturing business competes with Moxie and The Werc Shop, as well as other contract manufacturers. Our direct-to-consumer retail and fulfillment business competes with both legal and illegal brick-and-mortar dispensaries like MedMen, as well as other online delivery services, such as Eaze and Bud.com.

Aside from the direct competition listed above, out-of-state operators that may enter these markets are also considered part of the competitive landscape. Similarly, as the Company executes its national U.S. growth strategy, operators in our future state markets will inevitably become direct competitors.

Employees

The Company currently has 480 employees. The employees are distributed among the following departments:

General and Administration	35
Operations	98
Delivery	316
Research and Development	5
Marketing and Sales	26
Total	**480**

The Company's hiring strategy focuses on individuals with a complementary mix of professional experience and industry knowledge.

Employee culture is centred around four pillars:

- **Inclusiveness**: The Company welcomes and is respectful of everyone from all walks of life regardless of race, ethnicity, religion, colour, sex, gender, gender identity or expression, sexual orientation, national origin, ancestry, citizen status, uniform service member and veteran status, marital status, pregnancy, age, medical condition, genetic information disability, etc.

- **Integrity**: The Company's employees should act with integrity, inspiring trust and confidence.

- **Teamwork**: The Company's employees are a collective of talented people who can depend on each other to play each role and assist/lean on each other as necessary.

- **Tenacity**: The Company's employees should strive to exceed the expectations of all its stakeholders.

The Company believes in investing in each of its employees and devotes the necessary resources to ensure all employees are given the proper tools and resources to grow in their respective fields. As an employer, the Company is committed to:

- Providing equal employment opportunities to all employees and applicants who pass a background check;

- Providing policies that extend to all aspects of our employment practices, including but not limited to recruiting, hiring, discipline, termination, promotions, transfers, compensation, benefits, training, leaves of absence, and other terms and conditions of employment;

- Providing a work environment that is free of harassment of any kind, discrimination, and retaliation;

- Complying with all laws protecting qualified individuals with disabilities, as well as employees', independent contractors' and vendors' religious beliefs and observances;

- A culture of inclusiveness where we are committed to our staff without regard to race, ethnicity, religion, color, sex, gender, gender identity or expression, sexual orientation, national origin, ancestry, citizen status, uniform service member and veteran status, marital status, pregnancy, age, protected medical condition, genetic information, disability, or any other protected status in accordance with all applicable federal, state, provincial or local laws; and

- The safety of our employees and the prevention of illness and injury through the provision and maintenance of a healthy workplace. We take reasonable steps to ensure staff are appropriately informed and trained to ensure the safety of themselves and others.

Specialized Skill and Knowledge

The cannabis industry requires access to employees with specialized skills and knowledge in order to maximize harvest quality and yield in addition to having the capacity for developing new varieties. Product formulation and product manufacturing each require their own specific sets of specialized skill and knowledge to ensure maximization of yields and quality from extraction and to create consistent, high quality products. Each of these operations requires extensive knowledge and understanding of the applicable state regulatory landscape to ensure compliance with all local and state laws and regulations.

The Senior Vice President of Product and Manufacturing of Herban OR has gained important skills and knowledge through experience with all areas needed to run a successful cultivation operation. With these skills and knowledge, the Company expects to continue to develop unique, new strains that are only available to the Company and will build on the current knowledge of the organization through testing new techniques and technologies.

In addition, the previous experience of the management team of the Company, along with independent consultation, is the basis for the Company's proprietary standard operating procedures that we believe will ensure consistent quality and yield performance. The Company's employees are extremely talented, with a wide range of educational achievements and work experience. Above all, we strive to enable our employees to do what they do best every day and to act in the best interest of the Company.

The leadership at the Company is knowledgeable in all the products available in the United States market. The Company conducts ongoing training to ensure compliance with all laws and regulations. The leadership of each business unit attends regular compliance training conducted by local and state officials, which provides content and updates for internal training. The management team also has significant professional expertise in distribution, cultivation, sales, technology, marketing, data science,

finance, customer service, human resources, consumer packaged goods, business development, acquisitions, capital markets and market analysis. Our management team includes executives with many years of experience in their respective fields. In addition to the Company's internal resources, there is a broad market of skilled employees with cannabis knowledge and experience in California, Oregon, Nevada, Colorado and Massachusetts to facilitate growth of the labor force.

See "*Risk Factors – Risks associated with travelling across borders*" below.

Intellectual Property

The Company's intellectual property and proprietary rights are important to its business. Efforts to secure intellectual property protection are complicated by conflicting international, federal and state regulations. Protection of intellectual property is necessary for securing a sustainable competitive advantage and we rely on a combination of trademarks, copyrights, trade secret laws, secrecy and confidentiality agreements to do so.

Trademarks

As of the date hereof, Winberry has registered the following four trademarks in the United States, including the "WINBERRY FARMS" name itself and related logos and distinctive to the Company's brand:

WINBERRY FARMS

"WINBERRY FARMS" was registered under registration number 87877429 on April 15, 2018. This mark consists of standard characters, without claim to any font style, size or color.

The Winberry Farms' logo consisting of "The mark consisting of a square containing the letter W" was registered under registration number 87877430 on April 15, 2018. This mark consists of standard characters, without claim to any font style, size or colour.

The Winberry Farms' logo consisting of "The mark consisting of a square containing the letter W" was registered under registration number 87877427 on April 15, 2018 for the use on goods and/or services identified by "Beanies; Caps being headwear; Coats; Hats; Hoodies; Jackets; Stocking caps; Sweatshirts; T-shirts." This mark consists of standard characters, without claim to any font style, size or colour.

The Winberry Farms' logo consisting of "The mark consisting of a square containing the letter W" was registered under registration number 87877431 on April 15, 2018 for the use on goods and/or services identified by "Oral vaporizers for smoking purposes; Electronic cigarette lanyards." This mark consists of standard characters, without claim to any font style, size or colour.

All federal registered trademarks in the United States described above are subject to renewal ten (10) years from the date of registration.

The Company is subject to certain risks related to its intellectual property. For more information, see "*Risk Factors—Risks Related to the Company's Business and Industry*".

Ability to Access Public and Private Capital

Due to the present state of the laws and regulations governing financial institutions in the United States, banks often refuse to provide banking services to businesses involved in the marijuana industry. Consequently, the Company is not able to obtain bank financing in the United States or financing from other United States federally regulated entities.

The Company has historically, and continues to have, access to equity and debt financing from prospectus exempt (private placement) markets in the United States and Canada. The Company's executive team and board have extensive relationships with sources of private capital (such as funds and high net worth individuals).

There can be no assurance that additional financing will be available to the Company when needed or on terms which are acceptable. See "*Risk Factors – Restricted access to banking*" and "*Risk Factors – Newly established legal regime*" below.

Trends, Commitments, Events or Uncertainties

United States Industry Background and Trends

The emergence of the legal cannabis sector in the United States, both for medical and adult-use, has been rapid as more states adopt regulations for its production and sale. Today 60% of Americans live in a state where cannabis is legal in some form and almost a quarter of the population lives in states where it is fully legalized for adult use under state law.[1]

The use of cannabis and cannabis derivatives to treat or alleviate the symptoms of a wide variety of chronic conditions has a growing acceptance by the medical community. A review of the research, published in 2015 in the Journal of the American Medical Association, found solid evidence that cannabis can treat pain and muscle spasms.[2] The pain component is particularly important, because other studies have suggested that cannabis can replace pain patients' use of highly addictive, potentially deadly opiates.[3]

It is estimated that 94% of U.S. voters support legalizing cannabis for medical use.[4] In addition, 64% of the U.S. public supports legalizing cannabis for adult recreational use.[5] These represent large increases in public support over the past 40 years in favour of legal cannabis use.

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[1] Ripley, Eve. (2016 November 30). Nearly 60 percent of U.S. population now lives in states with marijuana legalization. Retrieved from https://news.medicalmarijuanainc.com/nearly-60-percent-u-s-population-now-lives-states-marijuana-legalization/.

[2] Grant, Igor MD (2015). Medical Use of Cannabinoids. Journal of American Medical Association, 314: 16, 1750-1751. doi: 10.1001/jama.2015.11429.

[3] Bachhuber, MA, Saloner B, Cunningham CO, Barry CL. (2014). Medical Cannabis Laws and Opioid Analgesic Overdose Mortality in the United States, 1999-2010. JAMA Intern Med. 174(10):1668-1673. doi: 10.1001/jamainternmed.2014.4005.

[4] Quinnipiac University. (2017 April 20). U.S. Voter Support For Marijuana Hits New High; Quinnipiac University National Poll Finds; 76 Percent Say Their Finances Are Excellent Or Good. Retrieved from https://poll.qu.edu/national/release-detail?ReleaseID=2453.

[5] Gallup. (2017 October 25). Record-High Support for Legalizing Marijuana Use in U.S. Retrieved from http://news.gallup.com/poll/221018/record-high-support-legalizing-marijuana.aspx.

Notwithstanding that 32 states and the District of Columbia have now legalized adult-use and/or medical marijuana, marijuana remains illegal under U.S. federal law with marijuana listed as a Schedule I drug under the Controlled Substances Act.

Currently the Company only operates in the states of California and Oregon. The Company plans to begin operations in Nevada (See – *Acquisitions, Partnerships and Investments – Acres Cannabis)*, Massachusetts (See – *Other Subsequent Events* with respect to Pioneer Valley Extracts, LLC*)* and Colorado (See – *Other Subsequent Events* with respect to Blue Kudu*)* during the financial year ended December 31, 2019.

Current U.S. Cannabis Market

Sales of legal cannabis flowers and cannabis-infused derivative and edible products totaled $6.1 billion in 2017, and are expected to reach $8.8 billion in 2018 with approximately 36% of sales for medical use and 64% for full adult use.[6] The U.S. market for direct legal cannabis sales alone is projected to grow to $17 billion by 2021[7] and the total addressable market for direct cannabis sales in the U.S. today is estimated at $45-50 billion if every state legalized full adult recreational consumption.[8]

New Frontier Data, a data analytics firm, found that the 2017 U.S. legal cannabis market was worth an estimated $8.3 billion, and forecasts the legal cannabis market to grow to approximately $25 billion by 2025 with a compound annual growth rate (CAGR) of 14.7%.[9] New Frontier Data also projected that the medical market will grow at a CAGR of 11.8% through 2025, growing from $5.1 billion in 2017 to an estimated $12.5 billion in 2025.[10] During the same period, the firm projects that the adult use market will grow at a CAGR of 18.4%, growing from $3.2 billion in 2017 to $12.5 billion in 2025 (through projections based on the markets having passed medical and adult use legalization initiatives as of January 2018, but not including assumptions for additional states which may yet pass legalization measures before 2025).[11]

REGULATORY OVERVIEW

Issuers with U.S. Marijuana-Related Assets

Nature of Involvement

The Company, through Herban OR and Herban CA, currently has "direct industry involvement" (as defined in the CSA Staff Notice) in the production, cultivation, distribution and sale of marijuana in the States of California and Oregon. The Company does not currently have any involvement in the Nevada, Colorado and Massachusetts markets but has included disclosure required for "indirect industry involvement" (as defined in the CSA Staff Notice) for these states as it intends to commence operations in

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[6] Marijuana Business Daily. (2017). *Marijuana Business Factbook, 2017*. Available from https://mjbizdaily.com/factbook/.

[7] Arcview Market Research & New Frontier Data. (2016). *The State of Legal Marijuana Markets* (4th ed.), pp. 11. Available from https://www.arcviewmarketresearch.com/4th-edition-legal-marijuana-market/.

[8] Marijuana Business Daily. (2017). *Marijuana Business Factbook, 2017*. Available from https://mjbizdaily.com/factbook/.

[9] Globe Newswire. (2018 April 20). New Frontier Data Projects U.S. Legal Cannabis Market to Grow to $25 Billion by 2025. Retrieved from https://globenewswire.com/news-release/2018/04/20/1482418/0/en/New-Frontier-Data-Projects-U-S-Legal-Cannabis-Market-to-Grow-to-25-Billion-by-2025.html.

[10] Globe Newswire. (2018 April 20). New Frontier Data Projects U.S. Legal Cannabis Market to Grow to $25 Billion by 2025. Retrieved from https://globenewswire.com/news-release/2018/04/20/1482418/0/en/New-Frontier-Data-Projects-U-S-Legal-Cannabis-Market-to-Grow-to-25-Billion-by-2025.html.

[11] Globe Newswire. (2018 April 20). New Frontier Data Projects U.S. Legal Cannabis Market to Grow to $25 Billion by 2025. Retrieved from https://globenewswire.com/news-release/2018/04/20/1482418/0/en/New-Frontier-Data-Projects-U-S-Legal-Cannabis-Market-to-Grow-to-25-Billion-by-2025.html.

Nevada (See – *Acquisitions, Partnerships and Investments – Acres Cannabis)*, Massachusetts (See – *Other Subsequent Events* with respect to Pioneer Valley Extracts, LLC*)* and Colorado (See – *Other Subsequent Events* with respect to Blue Kudu*)* during the financial year ended December 31, 2019.

Financial Exposure to U.S. Cannabis-Related Activities

All the Company's operations are in the United States. Therefore, the Company's balance sheet and operating statement exposure to U.S. marijuana-related activities is 100%.

United States Regulatory Environment

Under U.S. federal law, marijuana is currently a Schedule I drug. The Controlled Substances Act has five different tiers or schedules. A Schedule I drug means the Department of Justice ("**DOJ**") and U.S. Food and Drug Administration ("**FDA**") consider it to have a high potential for abuse, no accepted medical treatment, and lack of accepted safety for the use of it even under medical supervision.

Given that 33 states plus the District of Columbia, the Commonwealth of the Northern Mariana Islands, Puerto Rico, U.S. Virginia Islands and Guam that have legalized medical marijuana and approximately 10 states plus the District of Columbia and the Commonwealth of Northern Marina Islands who have legalized recreational marijuana, the federal government sought to provide guidance to enforcement agencies and banking institutions with the introduction of the United States Department of Justice Memorandum drafted by former Deputy Attorney General James Michael Cole in 2013 (the "**Cole Memo**")[12] and the Department of the Treasury Financial Crimes Enforcement Network ("**FinCEN**") guidance in 2014.[13]

The Cole Memo offered guidance to federal enforcement agencies as to how to prioritize civil enforcement, criminal investigations and prosecutions regarding marijuana in all states. The memo put forth eight prosecution priorities:

1. Preventing the distribution of marijuana to minors;
2. Preventing revenue from the sale of marijuana from going to criminal enterprises, gangs and cartels;
3. Preventing the diversion of marijuana from states where it is legal under state law in some form to other states;
4. Preventing the state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity;
5. Preventing the violence and the use of firearms in the cultivation and distribution of marijuana;
6. Preventing the drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use;
7. Preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands; and
8. Preventing marijuana possession or use on federal property.

[12] U.S. Dept. of Justice. (2013). *Memorandum for all United States Attorneys re: Guidance Regarding Marijuana Enforcement.* Washington, DC: US Government Printing Office. Retrieved from https://www.justice.gov/iso/opa/resources/3052013829132756857467.pdf.

[13] Department of the Treasury Financial Crimes Enforcement Network. (2014). *Guidance re: BSA Expectations Regarding Marijuana-Related Businesses* (FIN-2014-G001). Retrieved from https://www.fincen.gov/resources/statutes-regulations/guidance/bsa-expectations-regarding-marijuana-related-businesses.

In January 2018, former United States Attorney General, Jeff Sessions, rescinded the Cole Memo and thereby removed its guidance for enforcement agencies and the Department of Justice. The FinCEN memo was not rescinded by Treasury Secretary Steven Mnuchin and still remains in effect.

Due to the CSA categorization of marijuana as a Schedule I drug, U.S. federal law makes it illegal for financial institutions that depend on the Federal Reserve's money transfer system to take any proceeds from marijuana sales as deposits. Banks and other financial institutions could be prosecuted and possibly convicted of money laundering for providing services to cannabis businesses under the United States Currency and Foreign Transactions Reporting Act of 1970 (the "**Bank Secrecy Act**"). Under U.S. federal law, banks or other financial institutions that provide a cannabis business with a checking account, debit or credit card, small business loan, or any other service could be found guilty of money laundering or conspiracy.

While there has been no change in U.S. federal banking laws to account for the trend towards legalizing medical and recreational marijuana by U.S. states, the DOJ issued guidance advising prosecutors of money laundering and other financial crimes not to focus their enforcement efforts on banks and other financial institutions that serve marijuana-related businesses in compliance with the FinCEN memo, so long as that business is legal in their state and none of the federal enforcement priorities are being violated (such as keeping marijuana away from children and out of the hands of organized crime). Although the original FinCEN Memorandum is still in place, this supplementary DOJ guidance that accompanied the FinCEN Memorandum was rescinded when former Attorney General Sessions rescinded the Cole Memo. The FinCEN guidance also clarifies how financial institutions can provide services to marijuana-related businesses consistent with their Bank Secrecy Act obligations, including thorough customer due diligence, but makes it clear that they are doing so at their own risk. The customer due diligence steps include:

1. verifying with the appropriate state authorities whether the business is duly licensed and registered;
2. reviewing the license application (and related documentation) submitted by the business for obtaining a state license to operate its marijuana-related business;
3. requesting from state licensing and enforcement authorities available information about the business and related parties;
4. developing an understanding of the normal and expected activity for the business, including the types of products to be sold and the type of customers to be served (e.g., medical versus recreational customers);
5. ongoing monitoring of publicly available sources for adverse information about the business and related parties;
6. ongoing monitoring for suspicious activity, including for any of the red flags described in the FinCEN guidance; and
7. refreshing information obtained as part of customer due diligence on a periodic basis and commensurate with the risk. With respect to information regarding state licensure obtained in connection with such customer due diligence, a financial institution may reasonably rely on the accuracy of information provided by state licensing authorities, where states make such information available.

Due to the fear by financial institutions of being implicated in or prosecuted for money laundering, marijuana businesses are often unable to secure stabling banking relationships and forced into becoming "cash-only" businesses. As banks and other financial institutions in the U.S. are generally unwilling to risk a potential violation of federal law without guaranteed immunity from prosecution, most refuse to provide any kind of services to marijuana businesses. Recently, some banks that have been servicing marijuana businesses have been closing accounts operated by marijuana businesses and are now refusing to open accounts for new marijuana businesses for the reasons enumerated above.

The few credit unions that have agreed to work with marijuana businesses are limiting those accounts to no more than 5% of their total deposits to avoid creating a liquidity risk. Since the federal government

could enforce its banking laws as they relate to marijuana businesses at any time and without notice, these credit unions must keep sufficient cash on hand to be able to return the full value of all deposits from marijuana businesses in a single day, while also servicing the needs of their other customers.

The U.S. Treasury Department, headed by Steven Mnuchin, has publicly stated they were not informed of former Attorney General Sessions' desire to rescind the Cole Memo and do not have a desire to rescind the FinCEN guidance for financial institutions.[14] Multiple legislators believe that Sessions' rescinding of the Cole Memo invites an opportunity for Congress to pass more definitive protections for marijuana businesses in states with legal marijuana programs during this Congress, but there is no guarantee that this will occur.[15]

Both Congress and marijuana-related businesses recognize that guidance is not law and thus have worked to continually renew the Rohrabacher Blumenauer Appropriations Amendment (originally the Rohrabacher Farr Amendment) since 2014. This amendment prevents the DOJ from using congressional funds to prosecute cannabis businesses in states that have medical marijuana laws and programs. In 2017, Senator Patrick Leahy (D-Vermont) introduced a similar amendment to H.R.1625 (a vehicle for the Consolidated Appropriations Act of 2018), preventing federal prosecutors from using federal funds to impede the implementation of medical cannabis laws enacted at the state level, subject to Congress restoring such funding ("**Leahy Amendment**"). The Leahy Amendment remained in effect through September 30, 2018, the end of the federal government's 2018 fiscal year, at which point Congress was to reauthorize its extension. As the government was not able to negotiate a budget at the end of the fiscal year, the government partially shut down at the end of 2018. On January 25, 2019, a three-week continuing resolution was enacted to reopen the government. In February congress passed, and the president signed, full appropriations for the remaining seven appropriations bills for the rest of fiscal year 2019. The Leahy Amendment was included in these most recent budget appropriations bills and will remain in effect through the end of the 2019 fiscal year. For the remainder of fiscal year 2019, the strategy amongst the Congressional Marijuana Working Group is to introduce numerous marijuana-related appropriations amendments in the Appropriations Committee in both the House and Senate, similar to the strategy employed in fiscal year 2018.[16] The amendments will include protections for marijuana-related businesses in states with medical and adult use marijuana laws, as well as protections for financial institutions that provide banking services to state-legal marijuana businesses.[17] However it should be noted that there is no assurance that such amendments will be passed into law.

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[14] Angell, Tom. (2018 February 6). Trump Treasury Secretary Wants Marijuana Money In Banks. Retrieved from https://www.forbes.com/sites/tomangell/2018/02/06/trump-treasury-secretary-wants-marijuana-money-in-banks/#2848046a3a53; see also Mnuchin: Treasury is reviewing cannabis policies. (2018 February 7). Retrieved from http://www.scotsmanguide.com/News/2018/02/Mnuchin--Treasury-is-reviewing-cannabis-policies/.

[15] Jackson, Cherese. (2018 January 30). State-by-State Analysis of Sessions Move to Rescind Cole Memo. Retrieved from http://guardianlv.com/2018/01/state-state-analysis-sessions-move-rescind-cole-memo/; see also Velasquez, Josefa. (2018 January 23). NY Lawmarker Asks US Attorneys to Keep Hands Off State's Med Marijuana Programs. Retrieved from https://www.law.com/newyorklawjournal/sites/newyorklawjournal/2018/01/22/ny-lawmaker-asks-us-attorneys-to-keep-hands-off-states-med-marijuana-programs/?slreturn=20180205182803; see also "This is Outrageous": Politicians react to news that A.G. Sessions is rescinding Cole Memo. (January 4 2018). Retrieved from https://www.thecannabist.co/2018/01/04/sessions-marijuana-cole-memo-politicians/95890/.

[16] Congress of the United States. (2018 January 12). Letter to The Honorable Paul Ryan, The Honorable Nancy Pelosi, Chairman Rodney P. Frelinghuysen and Ranking Member Nita Lowey. Retrieved from https://polis.house.gov/uploadedfiles/marijuana_appropriations_mcclintock-polis_language_1-12-18.pdf.

[17] Congress of the United States. (2018 January 17). Letter to Director Kenneth Blanco of the Financial Crimes Enforcement Network of the Department of the Treasury. Retrieved from https://dennyheck.house.gov/sites/dennyheck.house.gov/files/FINCEN%20MJ%20Guidance%20Letter%20FINAL.pdf ; see also United States Senate. (2018 January 11). Letter to Director Kenneth Blanco of the Financial Crimes Enforcement Network of the Department of the Treasury. Retrieved from https://www.documentcloud.org/documents/4347431-368944892-Letter-Urging-FinCEN-to-

Since 2014, Congress has made immense strides in marijuana policy. The bipartisan Congressional Cannabis Caucus launched in 2017 and is headed by Representatives Dana Rohrabacher (CA-48), Earl Blumenauer (OR-03), Don Young (AK-At Large), and Jared Polis (CO-02). The group is "dedicated to developing policy reforms that bridge the gap between federal laws banning marijuana and the laws in an ever-growing number of states that have legalized it for medical or recreational purposes"[18] Additionally, each year more Representatives and Senators sign on and co-sponsor marijuana legalization bills including the CARERS Act, REFER Act and others. While there are different perspectives on the most effective route to end federal marijuana prohibition, Congressman Blumenauer and Senator Wyden introduced the three-bill package, Path to Marijuana Reform which would have fixed the 280E provision, eliminated civil asset forfeiture and federal criminal penalties for businesses complying with state law, reduced barriers to banking, and would have de-scheduled, taxed and regulated marijuana in 2017.[19] Senator Booker has also introduced the Marijuana Justice Act, which would de-schedule marijuana, and in 2018 Congresswoman Barbara Lee introduced the House companion. In 2018, Senator Gardner and Senator Warren introduced the STATES Act, ostensibly supported by President Trump, which would exempt state-legal marijuana activities from being violations of the Controlled Substances Act, but there is no guarantee that this will occur.[20]

Notwithstanding the foregoing, there is no guarantee that the current presidential administration will not change the stated policy of the previous administration regarding the low-priority enforcement of U.S. federal laws that conflict with state laws.

An additional challenge to marijuana-related businesses is that the provisions of the Internal Revenue Code, Section 280E, are being applied by the IRS to businesses operating in the medical and adult use marijuana industry. Section 280E of the Code prohibits marijuana businesses from deducting their ordinary and necessary business expenses, forcing them to pay higher effective federal tax rates than similar companies in other industries. The effective tax rate on a marijuana business depends on how large its ratio of non-deductible expenses is to its total revenues. Therefore, businesses in the legal cannabis industry may be less profitable than they would otherwise be.

The following sections describe the legal and regulatory landscape in the states in which the Company operates. While the Company's operations are in full compliance with all applicable state laws, regulations and licensing requirements, for the reasons described above and the risks further described in below, there are significant risks associated with the business of the Company. Readers are strongly encouraged to carefully read all the risk factors contained in this AIF.

Maintain.html#document/p1; see also United States Senate. (2018 January 18). Letter to Director Kenneth Blanco of the Financial Crimes Enforcement Network of the Department of the Treasury. Retrieved from https://www.documentcloud.org/documents/4356160-18-01-18-FinCEN-LTR-Cannabis-Banking.html; see also Congress of the United States. (2018 January 25). Letter to The Honorable Donald Trump. Retrieved from https://www.warren.senate.gov/files/documents/2018_01_25%20Letter%20to%20Trump%20on%20Sessions%20withdrawal%20of%20the%20Cole%20memo.pdf.

[18] Huddleston, Tom Jr. (2017 February 17). Pro-Pot Lawmakers Launch a Congressional Cannabis Caucus. Retrieved from http://fortune.com/2017/02/16/congress-cannabis-caucus/.

[19] Wyden, Blumenauer. (2017 March 30). Wyden, Blumenauer announce bipartisan path to marijuana reform. Retrieved from https://blumenauer.house.gov/media-center/press-releases/wyden-blumenauer-announce-bipartisan-path-marijuana-reform.

[20] Seung Min Kim (April 13, 2018), "Trump, Gardner strike deal on legalized marijuana, ending standoff over Justice nominees", The Washington Post.

Compliance with Applicable State Laws in the United States

California

California Regulatory Landscape

In 1996, California was the first state to legalize medical cannabis through Proposition 215, the Compassionate Use Act of 1996 ("**CUA**"). This legalized the use, possession and cultivation of medical cannabis by patients with a physician recommendation for treatment of cancer, anorexia, AIDS, chronic pain, spasticity, glaucoma, arthritis, migraine, or any other illness for which cannabis provides relief.

In 2003, Senate Bill 420 was signed into law establishing an optional identification card system for medical cannabis patients.

In September 2015, the California legislature passed three bills collectively known as the "Medical Cannabis Regulation and Safety Act" ("**MCRSA**"). The MCRSA established a licensing and regulatory framework for medical cannabis businesses in California. The system created multiple license types for cultivators, manufacturers, distributors, testing laboratories and dispensaries. Infused product manufacturers would require either volatile solvent or non-volatile solvent manufacturing licenses depending on their specific extraction methodology. Multiple agencies would oversee different aspects of the program and businesses would require a state license and local approval to operate. However, in November 2016, voters in California overwhelmingly passed Proposition 64, the "Adult Use of Marijuana Act" ("**AUMA**") creating an adult-use cannabis program for adult-use 21 years of age or older. AUMA had some conflicting provisions with MCRSA, so in June 2017, the California State Legislature passed Senate Bill No. 94, known as Medicinal and Adult-Use Cannabis Regulation and Safety Act ("**MAUCRSA**"), which amalgamates MCRSA and AUMA to provide a set of regulations to govern medical and adult-use licensing regime for cannabis businesses in the State of California. The three agencies that regulate commercial cannabis activity at the state level are the California Department of Food and Agriculture ("**CDFA**"), the California Department of Public Health's Manufactured Cannabis Safety Branch ("**MCSB**") and the California Department of Consumer Affairs' Bureau of Cannabis Control ("**BCC**").

To legally operate a medical or adult-use cannabis business in California, the operator must have both a local and state license. This requires operators to operate in cities with cannabis licensing programs. Cities in California can determine the number of licenses they will issue to cannabis operators or can choose to outright ban cannabis businesses, though they cannot prohibit deliveries made by operators based in other cities.

MAUCRSA went into effect on January 1, 2018. The Company began receiving its medical and adult-use cannabis licenses on January 1, 2018 in Oakland, CA. The Company currently operates two licensed distribution facilities and operates two distribution licenses and a manufacturing license, as well as operates two non-retail storefront delivery licenses under a management services agreement.

In California, there are four U.S. Attorneys covering the Central, Eastern, Northern, and Southern regions of the state, respectively. Below is a brief summary of each U.S. Attorney's enforcement priorities related to state-legal cannabis.

In the Central District, current U.S. Attorney Nicola T. Hanna is a former Assistant U.S. Attorney who has prosecuted cases involving money laundering, narcotics trafficking, as well as violent and economic crimes. Hanna has not yet taken a public stance on his office's enforcement priorities related to state-legal cannabis.

The U.S. Attorney for the Eastern District, McGregor Scott, previously served in the same position from 2003 to 2009. During his first tenure in the role, Scott prosecuted several people in California's medical cannabis industry, including one case in which two of the individuals prosecuted each received prison sentences of 20 years or more.[21] After the rescission of the Cole Memo in January 2018, Scott's office issued the following statement: "The cultivation, distribution and possession of cannabis has long been and remains a violation of federal law for all purposes. We will evaluate violations of those laws in accordance with our district's federal law enforcement priorities and resources." In May 2018, Scott stated that his cannabis enforcement priorities would be focused on illegal cultivation on federal land, cartels dealing in cannabis, and interstate trafficking.[22] Scott also said, "The reality of the situation is that there is so much black-market marijuana in California that we could go after just the black market and never get [to state-licensed operations]." He explained that this black market is made up of "people who have no intent of ever entering the legal system that has been created and California has attempted to establish."

In the Northern District, U.S. Attorney Alex G. Tse was previously the First Assistant U.S. Attorney in the same district. Earlier in his career, Tse spent time working in the San Francisco City Attorney's Office. Though the U.S. Attorney's office in this district has previously targeted medical cannabis businesses,[23] Tse has not yet issued a public statement on the issue.

The U.S. Attorney for the Southern District, Robert S. Brewer, Jr., has been a litigator in private practice since 1982. Before that he served as a Deputy District Attorney in Los Angeles County from 1975 to 1977, and as an Assistant US Attorney in the Central District of California from 1977 to 1982 where he prosecuted a variety of cases including espionage, bank robbery, murder for hire and aircraft hijacking. Brewer's views on medical marijuana have been raised as he previously underwent aggressive chemotherapy and radiation treatment to fight non-Hodgkin lymphoma in the late 1990s. He mentioned to the media that he would have considered using marijuana had it been available at that time.

Licenses

The Company and its subsidiaries are licensed to operate as Medical and Adult-Use Retailers and Distributors under applicable California and local jurisdictional law. The Company's licenses permit it to possess, process, distribute, dispense and sell medical and adult-use cannabis in the State of California pursuant to the terms of the various licenses issued by the MCSB and BCC under the provisions of the MAUCRSA and California Assembly Bill No. 133. The Company obtained the rights to the entities that were ultimately licensed pursuant to several acquisitions in the form of stock and/or asset purchase agreements.

The licenses are independently issued for each approved activity for use at the Company facilities in California. Please see the table below for a list of the licenses issued to the Company in respect of its operations in California.

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[21] Branan, Brad. (2018 January 4). Sessions' weed decision puts spotlight on new U.S. attorney for eastern California. Retrieved from https://www.sacbee.com/news/state/california/california-weed/article193086764.html.

[22] Miller, Cheryl. (2018 May 29). McGregor Scott's Pot Policies Track Obama-Era 'Cole Memo.' Retrieved from https://www.law.com/therecorder/2018/05/29/mcgregor-scotts-pot-policies-track-obama-era-cole-memo/?slreturn=20180916155413.

[23] Adlin, Ben. (2016 August 16). Federal Court Bars Justice Department From Prosecuting Medical Cannabis. Retrieved from https://www.leafly.com/news/politics/federal-court-bars-justice-department-from-prosecuting-medical-ca.

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description
Herban Industries CA, LLC dba Rise Logistics	M11-18-0000061-Temp	Oakland, CA	7/26/19[1]	Adult-Use and Medicinal Type 11 Distributor License[2]
	C11-18-0000024-Temp	Santa Rosa, CA	7/17/19[1]	Medicinal Type 11 Distributor License
	CDPH-10002509	Oakland, CA	4/17/20[4]	Adult-Use and Medicinal Type N (Infusion) Manufacturer License[3]
Hometown Heart Inc.	A9-18-0000032-TEMP	San Francisco, CA	8/19/19	Adult-Use and Medicina Type 9 Non-Storefront Retail
	A9-17-0000005-TEMP	Oakland, CA	7/25/19	Adult-Use and Medicina Type 9 Non-Storefront Retail

Notes:

1) The Company is currently working with external counsel to renew its temporary licenses and secure annual licenses.
2) A Type 11 Distribution License is a broader license that allows the holder to store product, whereas Type 13 would only allow the holder to transport the product.
3) A Type N Manufacturing License allows for infusion but not extraction.
4) This is a provisional license.

California state and local licenses are renewed annually. Each year, licensees are required to submit a renewal application per the applicable licensing body's regulations. Additionally, in respect of the renewal process, provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner, and there are no material violations noted against the applicable license, the Company would expect to receive the applicable renewed license in the ordinary course of business. While the Company's compliance controls have been developed to mitigate the risk of any material violations of a license arising, there is no assurance that the Company's licenses will be renewed in the future in a timely manner. Any unexpected delays or costs associated with the licensing renewal process could impede the ongoing or planned operations of the Company and have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

License and Regulations

The Adult-Use Retailer licenses permit the sale of cannabis and cannabis products to any individual age 21 years of age or older without a physician's recommendation. Under the terms of such licenses that it holds, the Company is permitted to sell adult-use cannabis and cannabis products provided that the customer presents a valid government-issued photo identification. The Company maintains an open and collaborative relationship with the BCC and city level cannabis regulators.

The Medicinal Retailer licenses permit the sale of medicinal cannabis and cannabis products for use by a medicinal cannabis patient in California 18 years or older who possesses a physician's recommendation. The Company maintains an open and collaborative relationship with the BCC and city level cannabis regulators.

The Adult-Use and Medicinal Distribution licenses permit cannabis-related distribution activity which means the procurement, sale, and transportation of cannabis and cannabis products between licensed entities. Distribution activity is permissible to and from the Company and certain non-Company licensees.

In the state of California, only cannabis that is grown in the state can be sold in the state. Although California's framework does not require that all retailers must also cultivate and process all of their own cannabis sold at retail (commonly referred to as a vertically integrated system), the Company is vertically integrated and has the capabilities to process and sell/dispense/deliver cannabis and cannabis products. The state also allows the Company to make wholesale purchase of cannabis from, or a distribution of cannabis and cannabis product to, another licensed entity within the state.

Reporting Requirements

The state of California has selected Franwell Inc.'s METRC solution ("**METRC**") as the state's track-and-trace ("**T&T**") system used to track commercial cannabis activity and movement across the distribution chain ("**seed-to-sale**"). The METRC system is in the process of being implemented state-wide but has not been released. When operational, the system will allow for other third-party system integration via application programming interfaces ("**API**"). The Company currently utilizes an electronic T&T system independent of METRC that will integrate with METRC via API. The Company's T&T system currently captures required data points for cultivation, distribution and retail as stipulated in BCC regulations. Certain processes remain manual, with proper control and oversight, in anticipation of METRC and greater integration of processes.

Storage and Security

To ensure the safety and security of cannabis business premises and to maintain adequate controls against the diversion, theft, and loss of cannabis or cannabis products, the Company is required to do the following:

1) maintain a fully operational security alarm system;

2) contract for security guard services;

3) maintain a video surveillance system that records continuously 24 hours a day;

4) ensure that the facility's outdoor premises have sufficient lighting;

5) not dispense from its premises outside of permissible hours of operation;

6) store cannabis and cannabis product only in designated areas per the premises diagram submitted to the state of California during the licensing process;

7) store all cannabis and cannabis products in a secured, locked room or a vault;

8) report to local law enforcement within 24 hours after being notified or becoming aware of the theft, diversion, or loss of cannabis; and

9) to ensure the safe transport of cannabis and cannabis products between licensed facilities, maintain a delivery manifest in any vehicle transporting cannabis and cannabis products. Only vehicles registered with the BCC, that meet BCC distribution requirements, are to be used to transport cannabis and cannabis products.

California Compliance Summary

As of the date hereof, the Company and its subsidiaries are in full compliance with California law. The Company maintains several layers of compliance and internal checks and balances in order to ensure ongoing compliance with California law.

Compliance Team: While the executive management and operational management team members are well versed on the most current cannabis regulations, we also leverage outside counsel and consultants as resources for the development of standard operating procedures and answer day-to-day questions as they come up.

Our primary counsel for California regulation and licensing is one of the most respected and notable law firms for the cannabis industry. For the development of our contract with supply chain partners, we also work closely with a leading law firm in beverage law for more than 25 years and for the past several years as a trusted firm for the cannabis industry as well.

For the development of operating procedures and ongoing day-to-day compliance questions, we primarily depend on our Director of Compliance, Andy Shelley. Mr. Shelley is a former Law Enforcement Officer, Crime Scene Investigator and Oregon State Marijuana Inspector. He was one of the first cannabis compliance inspectors hired by the state of Oregon and has personally inspected and licensed over 300 locations. Andy is also the owner of CannXperts, which oversees the compliance needs of approximately 25 other licensees in the state. The Director of Compliance is responsible for documenting all operating procedures and keeping them up to date, and is responsible for auditing each position in the company to ensure these procedures are being followed and all documentation properly maintained. Additionally, he is responsible for evaluating each department for training opportunities, and scheduling and facilitating trainings as needed. The company also works with a compliance consultant, Lauren Fraser. Ms. Fraser is also the Executive Director for the Cannabis Distribution Association. She has been a key stakeholder in California cannabis policy since May 2015.

The Director of Compliance performs regular inspections at the licensed facilities in order to identify risks and to insure all employees and facilities are compliant with California laws and rules. Each location is subject to inspection by the state at any time, without warning. Therefore, surveillance equipment, security, product storage and products themselves must be compliant at all times. Inventories are routinely performed on all products to ensure quantities match those reported to the state's cannabis tracking system. Product labeling is also scrutinized to ensure that all products meet the strict packaging and labeling requirements for each state.

We maintain a Client Services Team with over six full-time personnel and growing. This team serves as the primary points of contact between licensed producer clients and the internal operational team. As that bridge, it is important that this team also be well versed on cannabis regulations. This team has direct access to our compliance officers for in-the-moment questions, maintains a database of responses to commonly asked questions, and receives regular compliance training.

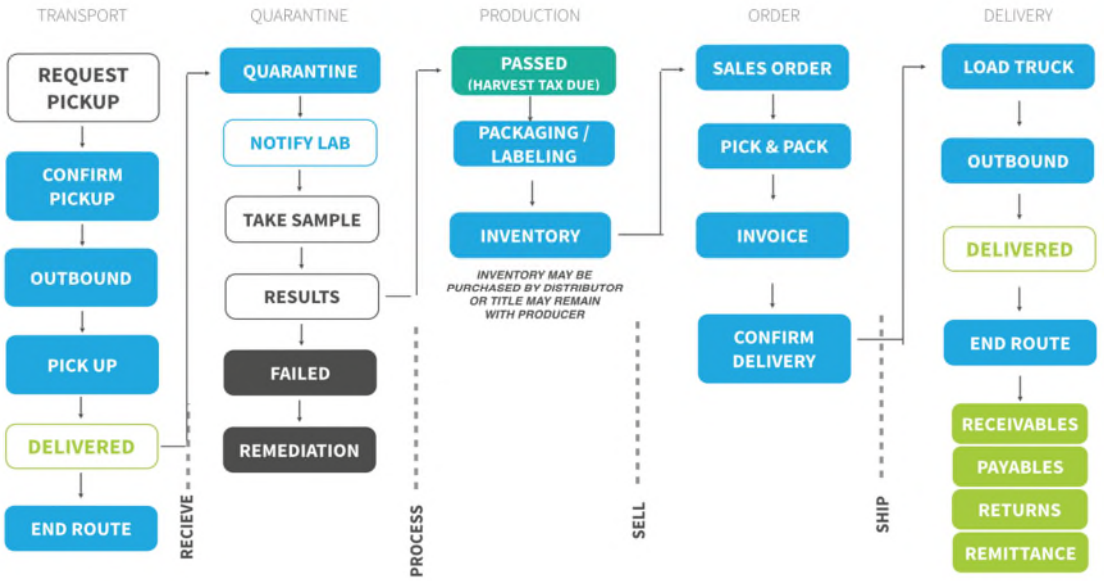
Our Product Safety Manager is responsible for ensuring all product flowing through our distribution network undergoes mandatory state lab testing procedures before entering the commercial market. Additionally, a dedicated Track and Trace Administrator maintains a chain of custody on all products.

Our three-person Accounting Team is responsible for, among several duties, ensuring all cultivation and excise taxes are collected and remitted to the Department of Tax and Fee Administration and that all cannabis transactions are properly accounted for.

Compliance Technology Systems**:** Our custom developed technology platform tracks and maintains a database of every movement of product flowing into or out of our distribution network, and internally between facilities. The system safeguards the company by limiting pick-ups and deliveries to only addresses of licensed facilities, pulling licensee data directly from the agencies' approved license

databases. Our drivers, for example, can never be routed to a non-licensed premise as the system would recognize this as not matching an approved state licensed facility. Furthermore, the technology time-stamps each transaction and tracks the user who initiated the movement.

To illustrate the process flow, please find the illustration below:



Each step in the workflow diagram is accompanied by a series of physical processes and technology enabled procedures. Each vertical column represents a department or division within the organization's warehouse and transportation operations.

Our law firm has launched a compliance platform called Simplifya, which provides three core compliance functions: a) documented standard operating procedures up-to-date with latest state and local regulations, b) learning management system for initiating regular or ad hoc training for specific employees on specific regulation tests most relevant to their position, and c) document storage for all compliance documentation. The Company is in the process of onboarding this new tool, which will become the basis for our companywide compliance and quality management system of record. Maintaining this system will be the responsibility of the Company's compliance manager (the "**Compliance Manager**").

Nevada

Regulatory Landscape

Nevada has a medical marijuana program and passed adult-use legalization through the ballot box in November 2016. Previously, in 2000, Nevada voters passed a medical marijuana initiative allowing physicians to recommend cannabis for an inclusive set of qualifying conditions including chronic pain, and created a limited non-commercial medical marijuana patient/caregiver system. Senate Bill 374, which was passed by the state legislature and signed by the Governor in 2013, expanded this program and established a for-profit regulated medical marijuana industry in Nevada.

The Nevada Division of Public and Behavioral Health licensed medical marijuana establishments up until July 1, 2017 when the state's medical marijuana program merged with adult-use marijuana enforcement under the Nevada Department of Taxation. In 2014, Nevada accepted medical marijuana business applications and a few months later the Division approved 182 cultivation licenses, 118 licenses for the production of edibles and infused products, 17 independent testing laboratories, and 55 medical marijuana dispensary licenses. The number of dispensary licenses was then increased to 66 by

legislative action in 2015. The application process is merit-based and competitive, and is currently closed. Residency is not required to own or invest in a Nevada medical cannabis business. In addition, vertical integration is neither required nor prohibited. Nevada's medical law includes patient reciprocity, which permits medical patients from other states to purchase marijuana from Nevada dispensaries. Nevada also allows for dispensaries to deliver medical marijuana to patients.

After merging medical and adult-use marijuana regulation and enforcement, the single regulatory agency became the "Marijuana Enforcement Division of the Department of Taxation." Under Nevada's adult-use marijuana law, the Department of Taxation licenses marijuana cultivation facilities, product manufacturing facilities, distributors, retail stores and testing facilities. Retail marijuana licenses are issued within each county and unincorporated area proportionally based on the population of each jurisdiction. As of August 16, 2018 Nevada had 64 licenses yet to be allocated and conducted an application period for recreational licenses between October 30, 2018 and November 13, 2018. Currently, only medical marijuana establishments that hold a registration certificate(s) or ones that hold a provisional registration certificate(s) may apply. Any medical marijuana establishment that currently holds a retail marijuana license is not permitted to apply. In December 2018, the DOT issued 61 conditional adult-use dispensary permits. There are currently at least 24 licensed distributors that are medical marijuana establishments and at least six licensed distributors that are liquor distributors.

In the summer of 2017, the Department of Taxation began issuing "early start" recreational marijuana establishment licenses. These licenses expired at the end of 2017 but marijuana establishments holding both a retail marijuana store and dispensary license were allowed to sell their existing medical marijuana inventory as either medical or adult-use marijuana. In January 2018, the Nevada Department of Taxation approved permanent regulations to govern the industry. The adopted regulations included 66 new licenses and allowed for home delivery. Additionally, the new regulations included information on how the Department of Taxation will rank competing applications and break any ties. Included in the tiebreaking calculation will be, among other things, an applicant's (including owners, officers, or board members): (1) prior business experience that is applicable to the marijuana establishment; and (2) amount of taxes paid or philanthropic involvement within the state.

Currently, The Department of Taxation has approved 126 Dispensaries, 121 Cultivation licenses, 84 Production licenses, and 10 laboratory licenses. The issue of allowing social use faculties to operate is gaining some traction within the state and is expected to be taken up by the legislature in 2019. Medical and adult-use marijuana incurs a 15% excise tax on the first wholesale sale (calculated on the fair market value) and adult-use cannabis incurs and additional 10% special retail marijuana sales tax in addition to any general state and local sales and use taxes.

Although Dayle Elieson, U.S. Attorney for the District of Nevada, has been relatively quiet on the issue of marijuana enforcement priorities,[24] Nevada's Governor, Brian Sandoval, stated in January 2018 that he would like to see Nevada's U.S. Attorney take the same approach as Colorado's U.S. Attorney by not enforcing federal laws against the legalized industry in the state.[25] In February 2018, Nevada's Attorney General Adam Laxalt stated, "I don't really see a scenario where a U.S. Attorney is actually going to go down and shutdown recreational marijuana or legalized facilities that are recognized by the state."[26] Laxalt also added in regard to the ballot initiative to legalize recreational marijuana, "While I was opposed

[24] Dehaven, James and Kane, Jenny. (2018 January 12). With pot shops' fate in their hands, Nevada's new U.S. Attorney remains mum on marijuana. Retrieved from https://www.rgj.com/story/news/politics/2018/01/12/pot-shops-fate-her-hands-nevadas-new-u-s-attorney-remains-mum-marijuana/1029001001/.

[25] Marroquin, Art. (2018, January 8). Sandoval wants Nevada to follow Colorado plan on marijuana Retrieved from https://www.reviewjournal.com/news/pot-news/sandoval-wants-nevada-to-follow-colorado-plan-on-marijuana/.

[26] Joecks, Victor. (2018 February 7). Laxalt talks education, Medicaid work requirements and what's next for marijuana in Nevada. Retrieved from https://www.reviewjournal.com/opinion/opinion-columns/victor-joecks/laxalt-talks-education-medicaid-work-requirements-and-whats-next-for-marijuana-in-nevada/.

to the ballot initiative, I have done exactly what I promised… If voters want this, we're going to do our job and support it." Sandoval and Laxalt have each had meetings with Elieson.[27] After his meeting, Sandoval would not disclose what was discussed but said, "There's going to be a continuing dialogue with the U.S. Attorney's office." U.S. Senator Catherine Cortez Masto also met with Elieson, calling it a "positive conversation" in which Cortez Masto encouraged Elieson to "respect the spirit of the [Cole Memo]."[28]

Compliance with Nevada Regulatory Framework

The Company has not recived a formal legal opinion but obtains ongoing legal advice from external counsel regarding (a) compliance with applicable state regulatory frameworks in Nevada and (b) potential exposure and implications arising from U.S. federal law.

The Company does not currently have operations in Nevada but it intends to commence operations in Nevada (See – *Acquisitions, Partnerships and Investments – Acres Cannabis)* during the financial year ended December 31, 2019 if the transaction with Acres progresses. The Company is not aware of any noncompliance, citations or notices of violation, that may have an impact on any licence, business activities or operations of Acres.

Oregon

Oregon Regulatory Landscape

Oregon has both medical and adult-use marijuana programs. In 1998, Oregon voters passed a limited non-commercial patient/caregiver medical marijuana law with an inclusive set of qualifying conditions that include chronic pain. In 2013, the legislature passed, and governor signed, House Bill 3460 to create a regulatory structure for existing unlicensed medical marijuana businesses. However, the original regulations created by the Oregon Health Authority after the passage of House Bill 3460 were minimal and only regulated storefront dispensaries, leaving cultivators and infused-product manufacturers within the unregulated patient/caregiver system.

On June 30, 2015, Governor Kate Brown signed House Bill 3400 into law, which improved on the existing regulatory structure for medical marijuana businesses and created a licensing process for cultivators and processors. In November of 2014, Oregon voters passed Measure 91, "Control, Regulation, and Taxation of Marijuana and Industrial Hemp Act", creating a regulatory system for individuals 21 years of age and older to purchase marijuana for personal use from licensed marijuana businesses.

The Oregon Health Authority licenses and regulates medical marijuana businesses and the OLCC licenses and regulates adult-use marijuana businesses. There are six distinct types of license types available for medical and adult-use businesses: cultivation, manufacturing ("processing"), wholesaling, dispensing, testing and research. Vertical integration between cultivation, processing, and sales is permissible, but not required, for both medical and adult-use.

The law does not impose a limit on the number of licenses and applications are currently being accepted for both medical and adult-use businesses on a rolling basis. Local governments may restrict the number

[27] Rindels, Michelle. (2018 March 6). Sandoval, Laxalt meet with new U.S. attorney, but won't say how conversations about marijuana went. Retrieved from https://thenevadaindependent.com/article/sandoval-laxalt-meet-with-new-u-s-attorney-but-wont-say-how-conversations-about-marijuana-went.

[28] Sanchez, Humberto. (2018 March 22). Cortez Masto urged hands-off approach to marijuana with Nevada U.S. attorney in February. Retrieved from https://thenevadaindependent.com/article/cortez-masto-urged-hands-off-approach-to-marijuana-with-nevada-u-s-attorney-in-february.

of both medical or adult-use marijuana businesses. Laws passed during the 2016 legislative session removed the two-year residency requirement that existed within House Bill 3400.

On May 18, 2018, Billy J. Williams, U.S. Attorney for the District of Oregon, issued a memorandum outlining his office's enforcement priorities related to marijuana.[29] Williams listed the following primary enforcement priorities in the memorandum: (1) overproduction and interstate trafficking; (2) protecting Oregon's children; (3) violence, firearms, or other public safety threats; (4) organized crime; and (5) protecting federal lands, natural resources, and Oregon's environment. As to overproduction in particular, Williams stated, "there can be no doubt that there is significant overproduction of marijuana in Oregon[, and a]s a result, a thriving black market is exporting marijuana across the country, including to states that have not legalized marijuana under their state laws." He also made clear that he "will not make broad proclamations of blanket immunity from prosecution to those who violate federal law," but added that his "office's resources are finite" and that they "must use appropriate discretion before prosecuting any federal case." He went on to explain that his office will explore the use of civil law enforcement mechanisms, coordinate closely with partners in state, tribal, and local governments around the state, and "focus enforcement efforts on federal violations implicating one or more of the priority elements of this [memorandum]." Williams has told Oregon Governor Kate Brown's senior policy advisor that he would like to see limits on licenses for marijuana producers and retailers.[30]

In June 1999, the White House Office of National Drug Control Policy created the Oregon-Idaho High Intensity Drug Trafficking Area program ("**HIDTA**") to "facilitate, support and enhance collaborative drug control efforts among law enforcement agencies and community-based organizations; thus significantly reducing the impacts of illegal trafficking and use of drugs throughout Oregon and Idaho."[31] In August 2018, HIDTA released a report entitled "An Initial Assessment of Cannabis in Oregon." In response to this report's findings, U.S. Attorney Williams issued the following statement:

> The recent HIDTA Insight Report on marijuana production, distribution, and consumption in Oregon confirms what we already know—it is out of control. The industry's considerable and negative impacts on land use, water, and underage consumption must be addressed immediately. State officials should respond quickly and in a comprehensive manner to address the many concerns raised by this assessment. To date, we've seen insufficient progress from our state officials. We are alarmed by revelations from industry representatives, landowners, and law enforcement partners describing the insufficient and underfunded regulatory and enforcement structure governing both recreational and medical use. A weakly-regulated industry will continue to detract from the livability and health of communities throughout the state.
>
> What is often lost in this discussion is the link between marijuana and serious, interstate criminal activity. Overproduction is rampant and the illegal transport of product out of state—a violation of both state and federal law—continues unchecked. My ask continues to be for transparency, responsible regulation, adequate funding, and a willingness to work together. It's time for the state to wake up, slow down, and address these issues in a responsible and thoughtful manner.[32]

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[29] The United States Attorney for the District of Oregon. (2018 May 18). Priorities in Enforcement of Federal Laws Involving Marijuana in the District of Oregon. Retrieved from http://media.oregonlive.com/marijuana/other/2018/05/18/USAOR-Marijuana%20Enforcement%20Priorities-Final%20(1).pdf.

[30] Crombie, Noelle. (2018 May 18). Feds will target marijuana black market, overproduction in Oregon. Retrieved from https://www.oregonlive.com/marijuana/index.ssf/2018/05/black_market_overproduction_am.html.

[31] Oregon-Idaho High Intensity Drug Trafficking Area Program Overview. Retrieved from http://oridhidta.org/.

[32] The United States Attorney for the District of Oregon. (2018 August 2). U.S. Attorney Statement on Release of 2018 HIDTA Marijuana Insight Report. Retrieved from https://www.justice.gov/usao-or/pr/us-attorney-statement-release-2018-hidta-marijuana-insight-report.

In late August 2018, federal prosecutors made six arrests related to marijuana allegedly being trafficked from Oregon to Florida, Texas, and Virginia.[33] Those arrested were not affiliated with licensed recreational or medical programs in Oregon. In response to these arrests, Williams said, "These cases provide clear evidence of what I have repeatedly raised concerns over: Oregon's marijuana industry is attracting organized criminal networks looking to capitalize on the state's relaxed regulatory environment."

Licenses

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description
Herban Industries OR LLC dba Winberry Farms	No.020 1011442A893	Fall Creek, OR	08/16/19	Recreational Producer
	No. 060 1011452FFD4	Eugene, OR	08/16/19	Recreational Wholesaler

Regulatory Management and Reporting Requirements

The state of Oregon has selected Franwell Inc.'s METRC system as the state's T&T system used to track commercial cannabis activity and movement across the distribution chain. The system allows for third-party system integrations via API. The Company currently utilizes an electronic T&T system independent of METRC that integrates with METRC via API. The Company's T&T system currently captures required data points for cultivation, distribution and retail as stipulated in OLCC regulations. Certain processes remain manual, with proper control and oversight, in anticipation of greater integration of processes within METRC.

Storage, Security and Compliance

To ensure the safety and security of cannabis business premises and to maintain adequate controls against the diversion, theft, and loss of cannabis or cannabis products, the Company is required to do the following:

1) maintain a fully operational security alarm system;

2) contract for security guard services;

3) maintain a video surveillance system that records continuously 24 hours a day;

4) ensure that the facility's outdoor premises have sufficient lighting;

5) not dispense from its premises outside of permissible hours of operation;

6) store cannabis and cannabis product only in designated areas per the premises diagram submitted to the state of Oregon during the licensing process;

7) store all cannabis and cannabis products in a secured, locked room or a vault;

[33] Flaccus, Gillian. (2018 August 29). 6 arrests in pot trafficking case. Retrieved from https://www.bendbulletin.com/localstate/6483494-151/6-arrests-in-pot-trafficking-case.

8) report to local law enforcement within 24 hours after being notified or becoming aware of the theft, diversion, or loss of cannabis; and

9) to ensure the safe transport of cannabis and cannabis products between licensed facilities, maintain a delivery manifest in any vehicle transporting cannabis and cannabis products.

Oregon Compliance Summary

As of the date hereof, the Company is in full compliance with Oregon law. The Company maintains several layers of compliance and internal checks and balances in order to ensure ongoing compliance with Oregon law.

Compliance Team: While the executive management and operational management team members are well versed on the most current cannabis regulations, we also leverage outside counsel and consultants as resources for the development of standard operating procedures and to answer day-to-day questions as they come up.

Our primary counsel for Oregon regulation and licensing is one of the most respected and notable law firms for the cannabis industry. For the development of our contract with supply chain partners, we also work closely with a leading law firm in beverage law for more than 25 years and for the past several years as a trusted firm for the cannabis industry as well.

For the development of operating procedures and ongoing day-to-day compliance questions, we primarily depend on our Director of Compliance, Andy Shelley. Mr. Shelley is a former Law Enforcement Officer, Crime Scene Investigator and Oregon State Marijuana Inspector. He was one of the first marijuana compliance inspectors hired by the state of Oregon and has personally inspected and licensed over 300 locations. Andy is also the owner of CannXperts, which oversees the compliance needs of approximately 25 other licensees in the state. The Director of Compliance is responsible for documenting all operating procedures and keeping them up to date, and is responsible for auditing each position in the company to ensure these procedures are being followed and all documentation properly maintained. Additionally, he is responsible for evaluating each department for training opportunities, and scheduling and facilitating trainings as needed. The company also works with a compliance consultant, Lauren Fraser. Ms. Fraser is also the Executive Director for the Cannabis Distribution Association. She has been a key stakeholder in California cannabis policy since May 2015.

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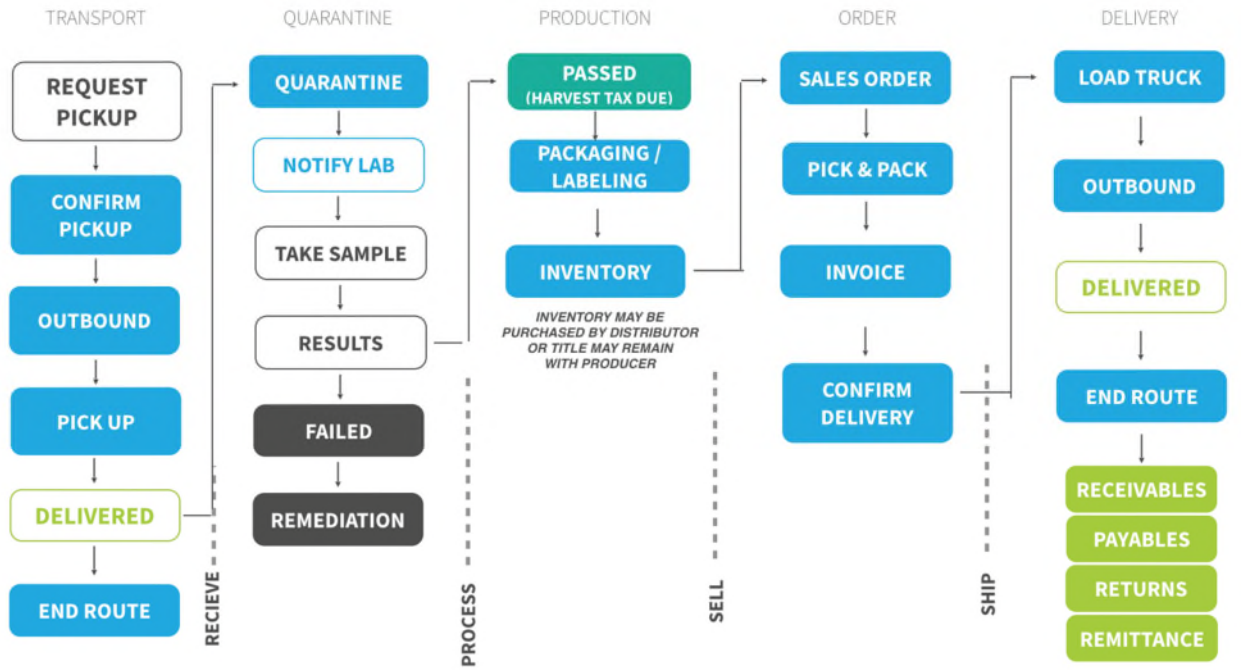
We maintain a Client Services Team with over six full-time personnel and growing. This team serves as the primary points of contact between licensed producer clients and the internal operational team. As that bridge, it is important that this team also be well versed on cannabis regulations. This team has direct access to our compliance officers for in-the-moment questions, maintains a database of responses to commonly asked questions, and receives regular compliance training.

Our Product Safety Manager is responsible for ensuring all product flowing through our distribution network undergoes mandatory state lab testing procedures before entering the commercial market. Additionally, a dedicated Track and Trace Administrator maintains a chain of custody on all products.

Our three-person Accounting Team is responsible for, among several duties, ensuring all cultivation and excise taxes are collected and remitted to the Department of Tax and Fee Administration and that all cannabis transactions are properly accounted for.

Compliance Technology Systems and Inspection of Pick-Up and Delivery Facilities**:** Our custom developed technology platform tracks and maintains a database of every movement of product flowing into or out of our distribution network, and internally between facilities. The system safeguards the company by limiting pick-ups and deliveries to only addresses of licensed facilities, pulling licensee data directly from the agencies' approved license databases. Our drivers, for example, can never be routed to a non-licensed premise as the system would recognize this as not matching an approved state licensed facility. Furthermore, the technology time-stamps each transaction and tracks the user who initiated the movement.

To illustrate the process flow, please find the illustration below:



Each step in the workflow diagram is accompanied by a series of physical processes and technology enabled procedures. Each vertical column represents a department or division within the organization's warehouse and transportation operations.

Our law firm has launched a compliance platform called Simplifya, which provides three core compliance functions: a) documented standard operating procedures up-to-date with latest state and local regulations, b) learning management system for initiating regular or ad hoc training for specific employees on specific regulation tests most relevant to their position, and c) document storage for all compliance documentation. The Company is in the process of on boarding this new tool, which will become the basis for our companywide compliance and quality management system of record. Maintaining this system will be the responsibility of the Compliance Manager.

Massachusetts

Massachusetts Regulatory Landscape.

Massachusetts became the eighteenth state to legalize medical marijuana when voters passed a ballot measure in 2012. Adult-use (recreational) marijuana is legal in Massachusetts as of December 15, 2016, following the passage of a ballot initiative in November of that year. The Cannabis Control Commission (the "Commission"), a regulatory body created in 2016, oversees both the Medical Use of Marijuana Program and the Adult Use of Marijuana Program. Until December 23, 2018 the Department of Public Health was responsible for the Medical Use of Marijuana Program, but through statutory mandate the Commission assumed regulatory control of the medical program.

Under the Medical Use of Marijuana Program, a Registered Marijuana Dispensary ("**RMD**") is required to be vertically integrated, such that a single RMD license holder must cultivate, process, and dispense marijuana. For each RMD license, an RMD can carry out these three activities at up to two different locations. Some RMDs elect to do cultivation, processing, and retail operations all in one location. An RMD may also choose to have a retail dispensary in one location and grow marijuana at a remote cultivation location; in which case it may conduct the processing of the marijuana at either the retail dispensary location or the remote cultivation location. The remote cultivation location need not be in the same municipality or even the same county as the retail dispensary. RMDs may only wholesale purchase up to forty-five percent (45%), and may only wholesale sell up to forty-five percent (45%), of their annual inventory of marijuana and marijuana products from third-party RMDs (which percentage is calculated separately as to marijuana flower and marijuana infused products). RMDs with multiple licenses may designate a single cultivation and production facility to supply marijuana and marijuana products to their dispensary locations. Pursuant to the Commission's regulations, no executive, member, or entity owned or controlled by such executive or member, may directly or indirectly control more than three (3) RMDs (the "**MA Control Limitation**").

During the RMD application process, an RMD applicant must receive from the Commission a Provisional Certificate of Registration ("**PCR**"), a Final Certificate of Registration ("**FCR**"), and an Approval to Sell. The PCR is awarded by the Commission following the RMD applicant's successful completion of the first three stages of the RMD application process (Application of Intent, Management and Operations Profile, and Siting Profile). An RMD applicant receives an FCR following its successful completion of Architectural Review and a series of facility and operations-related inspections. Upon receipt of an FCR, an RMD is permitted to begin cultivation operations. Subsequent to receipt of an FCR, an RMD must successfully complete further inspections from the Commission in order to receive Approval to Sell, after which time the RMD may begin sales to registered, qualifying patients. As of February 12, 2019, Massachusetts had forty-nine (49) medical retail dispensaries open for sales to over 59,000 registered and active patients across the state.

Under the Adult Use of Marijuana Program, vertical integration is not required, and therefore multiple license-types exist. The Marijuana Cultivator, Marijuana Product Manufacturer, Marijuana Retailer licenses cover the three main operational license types (cultivation, processing, and retail sales). Licenses are also available for Independent Testing Laboratories, Research Laboratories, Transporters,[34] Craft Marijuana Cooperatives, and Microbusinesses. All license-types are described generally as Marijuana Establishments. No individual or entity can be a "controlling person" or have "decision-making

[34] There are two Transporter license types: Third-Party Transporter and Existing Licensee Transporter. Both licenses allow for the transportation of product between third-parties; the distinction between the two license-types is that the Existing Licensee Transporter License is what would be obtained by an entity that already holds another Marijuana Establishment license, whereas the Third-Party Transporter license would be held by an entity that only holds such license type. A Transporter license is not necessary for a Marijuana Establishment (such as a Marijuana Cultivator, Marijuana Product Manufacturer, or Marijuana Retailer) to transport product to or from its own facility.

authority" over more than three licenses in a particular class of license. Controlling Person is defined as an officer, board member, or other individual who has a financial or voting interest of 10% or greater in a Marijuana Establishment. Decision-making authority is defined as having (a) actual control of more than 50% of the voting equity of the power to appoint more than 50% of the directors, (b) contract rights to control, or (c) a right to veto significant events.

Marijuana Establishment applications are received and reviewed by the Commission on a rolling basis; however, applications submitted by Registered Marijuana Dispensaries that applied for and received "Priority" status, as well as applicants that successfully applied for status as Economic Empowerment Priority applicants, are reviewed prior to applications submitted by other applicants. The Marijuana Establishment application process includes, among other things, questions regarding site location, ownership, and control, as well as significant operational questions and background check submissions. Prior to submission of an application for a marijuana establishment license, an applicant must have completed a properly-noticed community outreach meeting in the municipality where the applicant is proposing its marijuana establishment operations, and the applicant must also enter into a host community agreement with that municipality.

Once a Marijuana Establishment application is submitted to the Commission, the Commission reviews the application before marking such application as complete. During that review, the Commission may issue Requests for Information, at which point an applicant must supplement the information previously provided. Once the application is marked complete by the Commission, the Commission must grant or deny a Provisional License not later than 90 days following notification to the applicant that the application was considered complete. The Commission makes determinations on Provisional Licenses for marijuana establishments in public hearings.

After a Provisional License is awarded, the licensee must begin registering agents and submit Architectural Review for the provisionally-licensed facility, which must be approved prior to facility build-out.[35] After build-out, the licensee must formally request an inspection, and presuming such inspection does not uncover additional items to be completed, the licensee will be scheduled for another public hearing before the Commission to receive a Final License. After receiving a Final License, the Licensee must successfully complete another series of inspections to receive approval to commence operations. The series of inspections between receiving a Final License and receiving Commence Operations from the Commission includes, among other things, ensuring appropriate packaging and labeling; registering with the Department of Revenue for tax purposes; and receiving/entering adult-use product into METRC[36] and complying with all METRC requirements. Once the licensee receives the commence operations designation from the Commission, the licensee may begin sales to other marijuana establishments or to consumers (as the license type dictates).

Compliance with Massachusetts Regulatory Framework

The Company has not recived a formal legal opinion but obtains ongoing legal advice from external counsel regarding (a) compliance with applicable state regulatory frameworks in Massachusetts and (b) potential exposure and implications arising from U.S. federal law.

The Company does not currently have operations in Massachusetts but it intends to commence operations in Massachusetts (See – *Other Subsequent Events* with respect to Pioneer Valley Extracts,

[35] If the Marijuana Establishment facility is already substantially built-out, such as in the case of an RMD facility that is having an adult-use license applied to such facility, the architectural review process may be truncated or waived entirely.

[36] Metrc is the Commission required seed-to-sale tracking system for marijuana establishments. Licensees may also integrate a third-party seed-to-sale tracking software with Metrc as long as that third-party seed-to-sale tracking software is an approved vendor in Massachusetts by Metrc.

LLC) during the financial year ended December 31, 2019 if the transaction with Pioneer Valley Extracts, LLC progresses. The Company is not aware of any noncompliance, citations or notices of violation, that may have an impact on any licence, business activities or operations of Pioneer Valley Extracts, LLC.

Colorado

Colorado Regulatory Landscape

Current State of Law in Colorado. Colorado has both medical and adult-use marijuana programs. In 2000, voters passed Amendment 20 to the Colorado Constitution, a medical marijuana law creating a patient/caregiver system that permits physicians to recommend cannabis for an inclusive set of qualifying conditions including chronic pain and allows cultivation of a limited number of plants by patients and caregivers for medical use. In 2010, Colorado became the first state in the country to establish a commercial state and local licensing and regulatory structure for medical marijuana centers, cultivators, and manufacturers. Colorado voters subsequently passed adult-use marijuana legalization by voter initiative in 2012 with Amendment 64 of the Colorado Constitution, and the first adult-use marijuana businesses opened in 2014. The laws governing medical and adult-use marijuana businesses are codified in C.R.S. §12-43.3-101 *et. seq*, C.R.S. §12-43.4-101 *et. seq*, and rules and regulations adopted thereto (the "**Colorado Regulations**").

The Marijuana Enforcement Division, a subdivision of the Colorado Department of Revenue (the "**Colorado Regulators**"), regulates and licenses both medical and adult-use marijuana businesses in the state along with applicable local regulatory authorities. Separate medical and adult-use licenses are issued for: cultivation, product manufacturing and extraction, retail sales, off-storage premises facilities, transportation, and testing. In addition, the state issues occupational licenses for owners and employees of marijuana businesses. There are no limits on the number of licenses issued statewide, but localities can prohibit or otherwise regulate the number of establishments within their jurisdiction. Vertical integration is required for medical cultivation and dispensing businesses but is not required or prohibited for medical products manufacturers or any adult-use business types. The Colorado Regulators have a rolling non-competitive application process and business operations require both a state and local license.

Compliance with Colorado Regulatory Framework

The Company has not recived a formal legal opinion but obtains ongoing legal advice from external counsel regarding (a) compliance with applicable state regulatory frameworks in Colorado and (b) potential exposure and implications arising from U.S. federal law.

The Company does not currently have operations in Colorado but it intends to commence operations in Colorado (See – *Other Subsequent Events* with respect to Blue Kudu) during the financial year ended December 31, 2019 if the transaction with Blue Kudu progresses. The Company is not aware of any noncompliance, citations or notices of violation, that may have an impact on any licence, business activities or operations of Blue Kudu.

Compliance Program

The Company has placed a high priority on compliance. Compliance procedures are interwoven into all phases of company operations to include revenue, employee onboarding, training and auditing. The Company's compliance program has been implemented in both California and Oregon, and will be similarly implemented in Nevada, Colorado and Massachusetts once its operations commence in each state, respectively. An ongoing review of compliance requirements takes place and has resulted in the following policies and procedures which are summarized below:

Operational, Employee Training and Onboarding

Two on site employees work directly with the Compliance Manager to ensure that compliance procedures are followed within the organization. The Compliance Manager has overall responsibility for local operations and works with the operations team to ensure that compliance procedures are correctly applied and implemented. The Product Safety Manager is assigned to screen all incoming products for state compliant labelling and warnings. The Safety Manager also monitors the laboratory testing requirements and ensures that all product transferred into the Company facility meets the applicable compliance testing and safety standards.

All employees are required to participate in periodic compliance reviews to maintain a current knowledge of the regulations they must follow. In addition, time is allotted for employee training during the Company all hands meetings, and employees are trained in regulations that pertain to their state. After the training, a review period occurs where employees may familiarize themselves with the regulations covered in the training. As a means of emphasizing the importance of compliance to employees, each is then required to sit for a short exam that requires them to cite the relevant regulation in their answers. The resultant score is used to determine which employees if any, need remedial education on the subject matter.

Additional training highlights the importance of proper conduct and the regulatory knowledge expected of every employee. Compliance, personal integrity and personal responsibility are stressed as a means of measuring each individual's performance.

Inspection of Downstream Retail Facilities

The controlling regulations in both Oregon and California require that the sale of cannabis products can only be between licensees except for a retailer who can sell direct to a consumer. However, California and Oregon approach how to maintain compliance with this rule differently. In Oregon, all sales and transfers are entered into METRC. Each current and valid licensee is assigned an account on METRC. METRC is monitored by the Oregon Liquor Control Commission (OLCC), the state agency appointed to oversee cannabis compliance. When the OLCC revokes a license or when a license expires, the licensee's METRC account immediately becomes inactive. Once a licensees account is inactive, the licensee can no longer conduct cannabis sales or transfers in the state.

In California, compliance procedures have been in place since January 1, 2018, the beginning of the current licensing scheme in California, to ensure that all the Company's retail customers maintain a current state license. Before a product is ordered and delivered to a retailer, a Company representative requests a copy of the license and verifies the licensee is active through the Bureau of Cannabis Control portal. A copy of the license and expiration date is kept on file in the Company's sales software and continuously monitored.

Legislative Advocacy

The cannabis industry in the United States is complex. There are commonly 2 to 3 levels of regulatory oversight with some markets having more. It is important to understand how local, county, state and even federal prohibition laws relate to each other to safely and compliantly conduct business in legal markets. The complexity of each market is highly dependent on local political support as well as state lawmakers' initiatives that are tied to federal lawmakers attempting to remove cannabis as a Schedule 1 drug. It is imperative that the Company leads the conversation at every possible level of regulatory oversight to enable safe and compliant expansion. Navigating this regulatory maze is a strategic and competitive advantage and places the Company in a leadership position. Having regulators consult with the Company leadership in new markets, allows for best business practices to be implemented and written into law, maximizing value creation.

The Company has deployed a team of seasoned professionals, enlisted from highly regulated industries with decades of experience, to engage the complex, highly regulated cannabis industry. This team is also

comprised of current and past public officials that are well versed in public policy and regulatory demands. This team is responsible for relationships at all regulatory levels, providing appointed and elected officials access to the Company's thought leadership, especially during the adoption and creation of new and expanding laws. The Company sees the effort in creating and maintaining these relationships as an important business advantage.

RISK FACTORS

The following are certain factors relating to the business of the Company. These risks and uncertainties are not the only ones facing the Company. Additional risks and uncertainties not presently known to the Company or currently deemed immaterial by the Company may also impair the business, operations or value of the Company. If any such risks actually occur, shareholders of the Company could lose all or part of their investment and the business, financial condition, liquidity, results of operations and prospects of the Company could be materially adversely affected and the ability of the Company to implement its growth plans could be adversely affected.

The acquisition of securities of the Company is speculative, involves a high degree of risk and should be undertaken only by persons whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the securities of the Company should not constitute a major portion of an individual's investment portfolio and should only be made by persons who can afford a total loss of their investment. Current and prospective Shareholders should evaluate carefully the following risk factors associated with the Company's securities, along with the risk factors described elsewhere in this AIF.

Risks Related to the Business of the Company

Founder voting control

As a result of the Series F Multiple Voting Shares, Edward Fields, the Company's Co-Founder & Chief Executive Officer, exercises approximately 41.9% of the voting power of the Company's outstanding shares and Daniel Fields exercises approximately approximately 21.9% of the voting power in respect of the Company's outstanding shares. The Subordinate Voting Shares are entitled to one vote per share and the Series F Multiple Voting Shares are entitled to 5,000 votes per share. As a result, subject to applicable law and the Company's articles, Mr. Fields and Mr. Fields have the ability to control the outcome of all matters submitted to the Company's shareholders for approval, including the election and removal of directors and any arrangement or sale of all or substantially all of the assets of the Company. If Edward Fields' employment with the Company is terminated or he resigns from his positions with the Company, he will continue to have the ability to exercise the same significant voting power. Accordingly, upon a transfer by a holder of some or all of his Series F Shares to the other Initial Holder, the other founder could individually control nearly all of the voting power of the Company's outstanding shares.

The concentrated control through the Series F Multiple Voting Shares could delay, defer, or prevent a change of control of the Company, arrangement involving the Company or sale of all or substantially all of the assets of the Company that its other shareholders support. Conversely, this concentrated control could allow the founders to consummate such a transaction that the Company's other shareholders do not support. In addition, the founders may make long-term strategic investment decisions and take risks that may not be successful and may seriously harm the Company's business.

Marijuana remains illegal under U.S. federal law

Marijuana is a Schedule I controlled substance and is illegal under federal U.S. law. Even in those states in which the use of marijuana has been legalized, its use, cultivation, sale and distribution remains a violation of federal law. Any person connected to the marijuana industry in the U.S. may be at risk of federal criminal prosecution and civil liability in the United States. Any investments may be subject to civil or criminal forfeiture and total loss. Since federal law criminalizing the use of marijuana is not preempted by state laws that legalize its use, strict enforcement of federal law regarding marijuana would harm the

Company's business, prospects, results of operation, and financial condition. Due to the federal illegality of cannabis and the charged political climate surrounding the cannabis industries of various states, political risks are inherent in the cannabis industry. It remains to be seen whether policy changes at the federal level will have a chilling effect on the cannabis industry.

Federal regulation of marijuana in the United States

Unlike in Canada, which has federal legislation governing the cultivation, distribution, sale and possession of medical cannabis and the regulation of recreational cannabis under the *Cannabis Act* (Canada), investors are cautioned that in the United States, cannabis is largely regulated at the State level. To date, a total of 33 states, plus the District of Columbia, the Commonwealth of the Northern Mariana Islands, Puerto Rico, U.S. Virginia Islands and Guam that have legalized medical marijuana and approximately 10 states plus the District of Columbia and the Commonwealth of Northern Marina Islands who have legalized recreational marijuana.

Notwithstanding the permissive regulatory environment of cannabis at the state level, cannabis continues to be categorized as a Schedule I controlled substance under the Controlled Substances Act in the United States and as such, remains illegal under federal law in the United States.

As a result of the conflicting views between state legislatures and the federal government regarding cannabis, investments in cannabis businesses in the United States are subject to inconsistent legislation and regulation. The response to this inconsistency was addressed in August 2013 when then Deputy Attorney General, James Cole, authored the Cole Memo addressed to all federal United States district attorneys acknowledging that, notwithstanding the designation of cannabis as a controlled substance at the federal level in the United States, several states had enacted laws relating to cannabis for medical purposes.

In March 2017, former Attorney General Jeff Sessions again noted limited federal resources and acknowledged that much of the Cole Memo had merit. However, on January 4, 2018, Mr. Sessions issued a new memorandum that rescinded the Cole Memo effective immediately (the "**Sessions Memorandum**")[37]. The Sessions Memorandum stated, in part, that current law reflects "Congress' determination that cannabis is a dangerous drug and cannabis activity is a serious crime", and Mr. Sessions directed all U.S. Attorneys to enforce the laws enacted by Congress and to follow well-established principles when pursuing prosecutions related to marijuana activities. The inconsistency between federal and state laws and regulations remains a major risk factor.

As a result of the Sessions Memorandum, federal prosecutors are no longer guided to utilize their prosecutorial discretion to deprioritize enforcement of federal law with respect to cannabis activities which are lawful at the State level. Instead, the Sessions Memorandum instructs prosecutors to follow existing principals, specifically chapter 9-27.000 of the U.S. Attorneys' Manual, that govern all federal prosecutions. As described in the Sessions Memorandum, "These principles require federal prosecutors deciding which cases to prosecute to weigh all relevant considerations, including federal law enforcement priorities set by the Attorney General, the seriousness of the crime, the deterrent effect of criminal prosecution, and the cumulative impact of particular crimes on the community." Under current DOJ guidance there can be no assurance that the federal government will not seek to prosecute cases involving cannabis businesses that are otherwise compliant with state law.

Federal law is not preempted by state law in these circumstances, so the federal government can assert criminal violations of federal law against members of the marijuana industry despite state law. The U.S. Attorneys' Manual lists, among the factors to be utilized by prosecutors when exercising their

[37] U.S. Dept. of Justice. (2018). *Memorandum for all United States Attorneys re: Marijuana Enforcement*. Washington, DC: US Government Printing Office. Retrieved from https://www.justice.gov/opa/press-release/file/1022196/download.

prosecutorial discretion, federal law enforcement priorities set by the Attorney General (presently William Barr). If the Department of Justice policy were to aggressively pursue financiers or equity owners of cannabis-related business, and United States Attorneys followed such Department of Justice policies through pursuing prosecutions, then the Company could face (i) seizure of its cash and other assets used to support or derived from its cannabis subsidiaries, (ii) the arrest of its employees, directors, officers, managers and investors, and charges of ancillary criminal violations of the Controlled Substances Act for aiding and abetting and conspiring to violate the Controlled Substances Act by virtue of providing financial support to cannabis companies that service or provide goods to state-licensed or permitted cultivators, processors, distributors, and/or retailers of cannabis.

Notably, current federal law (in the form of budget appropriations measures) prevents the Department of Justice from expending funds to prevent certain states from implementing their own laws that establish medical marijuana programs.. In the event Congress fails to renew this federal law for the 2020 budget appropriations cycle, the foregoing protection for medical cannabis operators will be disappear.

The Department of Justice under the current administration or an aggressive federal prosecutor could allege that the Company and its Board and, potentially its shareholders, "aided and abetted" violations of federal law by providing finances and services to its portfolio cannabis companies. Under these circumstances, it is possible that the federal prosecutor would seek to seize the assets of the Company, and to recover the "illicit profits" previously distributed to shareholders resulting from any of the foregoing financing or services. In these circumstances, the Company's operations would cease, shareholders may lose their investment and directors, officers and/or shareholders may be left to defend any criminal charges against them at their own expense and, if convicted, be sent to federal prison.

On January 12, 2018, the Canadian Securities Administrators issued a statement that they were considering whether the disclosure-based approach for issuers with U.S. marijuana-related activities remains appropriate in light of the rescission of the Cole Memo.

Additionally, there can be no assurance as to the position any new administration may take on marijuana and a new administration could decide to enforce the federal laws strongly. Any enforcement of current federal laws could cause significant financial damage to the Company and its shareholders. Further, future presidential administrations may want to treat marijuana differently and potentially enforce the federal laws more aggressively.

Violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. This could have a material adverse effect on the Company, including its reputation and ability to conduct business, its holding (directly or indirectly) of cannabis licenses in the United States, the listing of its securities on various stock exchanges, its financial position, operating results, profitability or liquidity or the market price of its publicly traded Subordinate Voting Shares. In addition, it is difficult to estimate the time or resources that would be needed for the investigation of any such matters or its final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial.

Risks associated with travelling across borders

News media have reported that United States immigration authorities have increased scrutiny of Canadian citizens involved in cannabis business in the United States who are crossing the United States–Canada border with respect to persons involved in cannabis businesses in the United States. There have been a number of Canadians barred from entering the United States as a result of an investment in or act related to United States cannabis businesses. In some cases, entry has been barred for extended periods of time and lifetime bans have been imposed.

Admissibility to the United States may be denied to any person working or 'having involvement in' the marijuana industry according to United States Customs and Border Protection. Additionally, legal experts

have indicated that if the admission criteria are applied broadly, this may result in a determination that the act of investing in or working or collaborating with a U.S. cannabis company is considered trafficking in a Schedule I controlled substance or aiding, abetting, assisting, conspiring or colluding in the trafficking of a Schedule I controlled substance. Inadmissibility in the United States implies a lifetime ban for entry as such designation is not lifted unless an individual applies for and obtains a waiver.

Company directors, officers or employees traveling from Canada to the United States for the benefit of the Company may encounter enhanced scrutiny by United States immigration authorities that may result in the employee not being permitted to enter the United States for a specified period of time. If this happens to Company directors, officers or employees, then this may reduce the Company's ability to manage its business effectively in the United States.

U.S. state regulatory uncertainty

The rulemaking process for cannabis operators at the state level in any state is ongoing and result in frequent changes. As a result, a compliance program is essential to manage regulatory risk. All operating policies and procedures implemented by the Company will be compliance-based and derived from the state regulatory structure governing cannabis businesses and their relationships to state-licensed or permitted cannabis operators, if any. Notwithstanding the Company's efforts, regulatory compliance and the process of obtaining regulatory approvals can be costly and time-consuming. No assurance can be given that the Company will receive the requisite licenses, permits or cards to operate its businesses.

In addition, local laws and ordinances could restrict the Company's business activity. Although cannabis is legal under the laws of the states in which the Company's business currently operates or will operate, local governments have the ability to limit, restrict, and ban cannabis businesses from operating within their jurisdiction. Land use, zoning, local ordinances, and similar laws could be adopted or changed, and have a material adverse effect on the Company's business.

The Company is aware that multiple states are considering special taxes or fees on businesses in the marijuana industry. Other states may be in the process of reviewing such additional fees and taxation. If such taxes or fees are implemented in the states in which the Company operates, it could have a material adverse effect upon the Company's business, results of operations, financial condition or prospects.

In addition, it is possible that new regulations may be enacted in the future that will be directly applicable to the Company's business, including, but not limited to, regulations or laws impacting the amount of production that the Company's licensed entities are authorized to produce. The Company cannot predict the nature of any future laws, regulations, interpretations or applications, nor can the Company determine what effect additional governmental regulations or administrative policies and procedures, if promulgated, could have on the Company's business.

The Company's business is dependent on permissive laws pertaining to the cannabis industry, and further legislative development is not guaranteed

The Company's business plan involves the cultivation, distribution, manufacture, storage, transportation and/or sale of medical and adult use cannabis products in compliance with applicable state law. Continued development of the cannabis industry is dependent upon continued legislative and regulatory authorization of cannabis and cannabis operations at the state level. Any number of factors could slow or halt progress in this area. Further progress is not assured. While there may be ample public support for legislative action, numerous factors impact the legislative and regulatory process. Any one of these factors could slow or halt business operations relating to cannabis or the current tolerance for the use of cannabis by consumers, which would negatively impact the Company's business.

Risks associated with young industries

The cannabis industries in those states which have legalized such activity are not yet well-developed, and many aspects of these industries' development and evolution cannot be accurately predicted. While the Company has attempted to identify many risks specific to the cannabis industry, prospective investors

should note that there will be other risks that the Company has not foreseen or has not mentioned in this document, which may cause investors to lose some, or all, of such investor's investment. Given the limited history, it is difficult to predict which or whether, local cannabis market will continue to grow or current market sizes will be it can be maintained. For example, as a result of the Company's limited operating history in a new industry, it is difficult to identify meaningful or established trends with respect to the purchase activity of the Company's customers.

The Company expects that the market will evolve in ways which may be difficult to predict. For example, the Company anticipates that over time it will reach a point in most markets where the Company has achieved a market penetration such that investments in new customer acquisition are less productive and the continued growth of the Company's revenue will require more focus on increasing the rate at which the Company's existing customers purchase products. In the event of these or any other changes to the market, the Company's continued success will depend on the Company's ability to successfully adjust the Company's strategy to meet the changing market dynamics. If the Company is unable to successfully adapt to changes in the Company's markets, the Company's business, financial condition and results of operations could suffer a material negative impact.

The legality of cannabis could be reversed in one or more states of operation

The voters or legislatures of states in which cannabis has been legalized could potentially repeal applicable laws which permit the operation of medical or retail cannabis businesses. These actions might force the Company to cease some or all of the Company's business.

If no additional states, U.S. territories or countries allow the legal use of cannabis, or if one or more jurisdictions which currently allow it were to reverse position, the Company may not be able to grow, or the market for the Company's products and services may decline. There can be no assurance that the number of jurisdictions which allow the use of cannabis will grow, and if it does not, there can be no assurance that the existing jurisdictions will not reverse position and disallow such use. If either of these events were to occur, not only would the growth of the Company's business be materially impacted in an adverse manner, but the Company may experience declining revenue as the market for the Company's products and services declines.

The cannabis industry faces strong opposition

Many believe that several large, well-funded businesses may have a strong economic opposition to the cannabis industry. Specifically, there is reason to believe that the pharmaceutical industry does not want to cede control of any product that could generate significant revenue. For example, medical cannabis will likely adversely impact the existing market for the current "cannabis pill" sold by mainstream pharmaceutical companies. Further, the medical cannabis industry could face a material threat from the pharmaceutical industry should cannabis displace other drugs or encroach upon the pharmaceutical industry's products. The pharmaceutical industry is well funded with a strong and experienced lobby that eclipses that of the medical and retail cannabis industries. Any inroads the pharmaceutical industry made in halting or impeding the cannabis industry could have a detrimental impact on the Company's business.

The Company is dependent upon the acquisition and retention of various licenses

The Company is dependent upon obtaining and keeping various licenses from various municipalities and state licensing agencies. There can be no assurance that any or all licenses necessary to operate the Company's business will be obtained or kept. If a licensing body were to determine that the Company had violated the applicable regulations, such licenses could be revoked. Further, there is no guarantee that the Company will be able to obtain any additional licenses necessary for its business operations.

Heightened scrutiny by Canadian regulatory authorities

For the reasons set forth above, the Company's existing operations in the United States, and any future operations or investments, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. As a result, the Company may be subject to significant direct

and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Company's ability to operate or invest in the United States or any other jurisdiction, in addition to those described herein.

It had been reported in Canada that the Canadian Depository for Securities Limited is considering a policy shift that would see its subsidiary, CDS Clearing and Depository Services Inc. ("**CDS**"), refuse to settle trades for cannabis issuers that have investments in the United States. CDS is Canada's central securities depository, clearing and settling trades in the Canadian equity, fixed income and money markets. The TMX Group, the owner and operator of CDS, subsequently issued a statement on August 17, 2017 reaffirming that there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the United States, despite media reports to the contrary and that the TMX Group was working with regulators to arrive at a solution that will clarify this matter, which would be communicated at a later time.

On February 8, 2018, following discussions with the Canadian Securities Administrators and recognized Canadian securities exchanges, the TMX Group announced the signing of a Memorandum of Understanding ("**MOU**") with Aequitas NEO Exchange Inc., the CSE, the Toronto Stock Exchange, and the TSXV.[38] The MOU outlines the parties' understanding of Canada's regulatory framework applicable to the rules, procedures, and regulatory oversight of the exchanges and CDS as it relates to issuers with cannabis-related activities in the United States. The MOU confirms, with respect to the clearing of listed securities, that CDS relies on the exchanges to review the conduct of listed issuers. As a result, there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the United States. However, there can be no guarantee that this approach to regulation will continue in the future. If such a ban were to be implemented at a time when the Subordinate Voting Shares are listed on a stock exchange, it would have a material adverse effect on the ability of holders of Subordinate Voting Shares to make and settle trades. In particular, the Subordinate Voting Shares would become highly illiquid until an alternative was implemented, and investors would have no ability to affect a trade of the Subordinate Voting Shares through the facilities of the applicable stock exchange.

Restricted access to banking

In February 2014, FinCEN, a bureau of the U.S. Treasury Department, issued guidance (which is not law) with respect to financial institutions providing banking services to cannabis businesses, including burdensome due diligence expectations and reporting requirements.[39] This guidance does not provide any safe harbours or legal defences from examination or regulatory or criminal enforcement actions by the Department of Justice, FinCEN or other federal regulators. Thus, most banks and other financial institutions in the United States do not appear to be comfortable providing banking services to cannabis-related businesses, or relying on this guidance, which can be amended or revoked at any time by the Trump Administration. In addition to the foregoing, banks may refuse to process debit card payments and credit card companies generally refuse to process credit card payments for cannabis-related businesses. As a result, the Company may have limited or no access to banking or other financial services in the United States. In addition, federal money laundering statutes and Bank Secrecy Act regulations discourage financial institutions from working with any organization that sells a controlled substance, regardless of whether the state in which it resides permits cannabis sales. The inability or limitations on the Company's ability to open or maintain bank accounts, obtain other banking services and/or accept credit card and debit card payments may make it difficult for the Company to operate and conduct its business as planned or to operate efficiently.

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[38] Memorandum from The Canadian Depository for Securities, Aequitas NEO Exchange Inc., CNSX Markets Inc., TSX Inc., and TSX Venture Exchange Inc. (8 February 2018). Retrieved from https://www.cds.ca/resource/en/249/.

[39] Department of the Treasury Financial Crimes Enforcement Network. (2014). *Guidance re: BSA Expectations Regarding Marijuana-Related Businesses* (FIN-2014-G001). Retrieved from https://www.fincen.gov/resources/statutes-regulations/guidance/bsa-expectations-regarding-marijuana-related-businesses.

Newly established legal regime

The Company business activities will rely on newly established and/or developing laws and regulations in the states in which it operates. These laws and regulations are rapidly evolving and subject to change with minimal notice. Regulatory changes may adversely affect the Company's profitability or cause it to cease operations entirely. The cannabis industry may come under the scrutiny or further scrutiny by the FDA, Securities and Exchange Commission, the Department of Justice, the Financial Industry Regulatory Advisory or other federal or applicable state or nongovernmental regulatory authorities or self-regulatory organizations that supervise or regulate the production, distribution, sale or use of cannabis for medical or nonmedical purposes in the United States. It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any proposals will become law. The regulatory uncertainty surrounding the industry may adversely affect the business and operations of the Company, including without limitation, the costs to remain compliant with applicable laws and the impairment of its business or the ability to raise additional capital.

Regulatory scrutiny of the Company's interests in the United States

For the reasons set forth above, the Company's interests in the United States cannabis market, and future licensing arrangements, may become the subject of heightened scrutiny by regulators, stock exchanges, clearing agencies and other authorities in Canada. As a result, the Company may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Company's ability to carry on its business in the United States.

The Company's management team or other owners could be disqualified from ownership in the Company

The Company's business is in a highly regulated industry. Many states have enacted extensive rules for ownership of a participant company. The Company's owners (which could include the investors in the Company) could become disqualified from having an ownership stake in the Company or operating companies under relevant laws and regulations of applicable state and/or local regulators, if the applicable owner is convicted of a certain type of felony or fails to meet the requirements for owning equity in a company like the Company.

Constraints on marketing products

The development of the Company's business and operating results may be hindered by applicable restrictions on sales and marketing activities imposed by law or government regulatory bodies. The regulatory environment in the United States limits the Company's ability to compete for market share in a manner similar to many other industries. If the Company is unable to effectively market its products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for its products, the Company's sales and operating results could be adversely affected.

Unfavourable tax treatment of cannabis businesses

Under Section 280E ("**Section 280E**") of the United States Internal Revenue Code of 1986 as amended (the "**U.S. Tax Code**"), "no deduction or credit shall be allowed for any amount paid or incurred during the taxable year in carrying on any trade or business if such trade or business (or the activities which comprise such trade or business) consists of trafficking in controlled substances (within the meaning of schedule I and II of the Controlled Substances Act) which is prohibited by Federal law or the law of any State in which such trade or business is conducted." This provision has been applied by the U.S. Internal Revenue Service to cannabis operations, prohibiting them from deducting expenses directly associated with the sale of cannabis. Section 280E therefore has a significant impact on the retail side of cannabis, but a lesser impact on cultivation and manufacturing operations. A result of Section 280E is that an otherwise profitable business may, in fact, operate at a loss, after taking into account its U.S. income tax expenses.

Risk of civil asset forfeiture

Because the cannabis industry remains illegal under U.S. federal law, any property owned by participants in the cannabis industry which are either used in the course of conducting such business, or are the proceeds of such business, could be subject to seizure by law enforcement and subsequent civil asset forfeiture. Even if the owner of the property were never charged with a crime, the property in question could still be seized and subject to an administrative proceeding by which, with minimal due process, it could be subject to forfeiture.

Risk of RICO prosecution or civil liability

The Racketeer Influenced Corrupt Organizations Act ("**RICO**") criminalizes the use of any profits from certain defined "racketeering" activities in interstate commerce. While intended to provide an additional cause of action against organized crime, due to the fact that marijuana is illegal under U.S. federal law, the production and sale of marijuana qualifies marijuana-related businesses as "racketeering" as defined by RICO. As such, all officers, managers and owners in the Company could be subject to criminal prosecution under RICO, which carries substantial criminal penalties.

RICO can create civil liability as well: persons harmed in their business or property by actions which would constitute racketeering under RICO often have a civil cause of action against such "racketeers," and can claim triple their amount of estimated damages in attendant court proceedings. The Company as well as its officers, managers and owners could all be subject to civil claims under RICO.

Proceeds of crime statutes

The Company is subject to a variety of laws and regulations in Canada and in the United States that involve money laundering, financial recordkeeping and proceeds of crime, including the Currency and Foreign Transactions Reporting Act of 1970 (commonly known as the Bank Secrecy Act), as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), Sections 1956 and 1957 of Title 18, U.S.C., the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada), as amended and the rules and regulations thereunder, the Criminal Code (Canada) and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the United States and Canada.

In the event that any of the Company's proceeds of operations in the United States were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. While there have been no recent prosecutions of investors in cannabis-related businesses for violation of Sections 1956 or 1957 of Title 18, U.S.C., this could change along with federal enforcement priorities. This could be materially adverse to the Company and, among other things, could restrict or otherwise jeopardize the ability of the Company to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada.

Competition

The Company will face intense competition from other companies, some of which have longer operating histories and more financial resources and manufacturing and marketing experience than the Company. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the Company.

Because of the early stage of the industry in which the Company operates, the Company expects to face additional competition from new entrants. If the number of users of recreational cannabis in the states in which the Company will operate its business increases, the demand for products will increase and the Company expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, the Company will require a continued high level of investment in research and development, marketing, sales and client support. The

Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of its operations.

A decline in the price of the Company Shares could affect its ability to raise further working capital and adversely impact its ability to continue operations.

A prolonged decline in the price of the Company Shares could result in a reduction in the liquidity of its Company Shares and a reduction in its ability to raise capital. Because a significant portion of the Company's operations have been and will be financed through the sale of equity securities, a decline in the price of its common stock could be especially detrimental to the Company's liquidity and its operations. Such reductions may force the Company to reallocate funds from other planned uses and may have a significant negative effect on the Company's business plan and operations, including its ability to develop new products and continue its current operations. If the Company's stock price declines, it can offer no assurance that the Company will be able to raise additional capital or generate funds from operations sufficient to meet its obligations. If the Company is unable to raise sufficient capital in the future, the Company may not be able to have the resources to continue its normal operations.

United States tax classification of the Company

The Company, which is and will continue to be a Canadian corporation as of the date of this AIF, generally would be classified as a non-United States corporation under general rules of United States federal income taxation. Section 7874 of the U.S. Tax Code, however, contains rules that can cause a non-United States corporation to be taxed as a United States corporation for United States federal income tax purposes. Under section 7874 of the U.S. Tax Code, a corporation created or organized outside the United States. (i.e., a non-United States corporation) will nevertheless be treated as a United States corporation for United States federal income tax purposes (such treatment is referred to as an "Inversion") if each of the following three conditions are met (i) the non-United States corporation acquires, directly or indirectly, or is treated as acquiring under applicable United States Treasury Regulations, substantially all of the assets held, directly or indirectly, by a United States corporation, (ii) after the acquisition, the former stockholders of the acquired United States corporation hold at least 80% (by vote or value) of the shares of the non-United States corporation by reason of holding shares of the United States acquired corporation, and (iii) after the acquisition, the non-United States corporation's expanded affiliated group does not have substantial business activities in the non-United States corporation's country of organization or incorporation when compared to the expanded affiliated group's total business activities (clauses (i) – (iii), collectively, the "**Inversion Conditions**").

For this purpose, "expanded affiliated group" means a group of corporations where (i) the non-United States corporation owns stock representing more than 50% of the vote and value of at least one member of the expanded affiliated group, and (ii) stock representing more than 50% of the vote and value of each member is owned by other members of the group. The definition of an "expanded affiliated group" includes partnerships where one or more members of the expanded affiliated group own more than 50% (by vote and value) of the interests of the partnership.

The Company intends to be treated as a United States corporation for United States federal income tax purposes under section 7874 of the U.S. Tax Code and is expected to be subject to United States federal income tax on its worldwide income. However, for Canadian tax purposes, the Company is expected, regardless of any application of section 7874 of the U.S. Tax Code, to be treated as a Canadian resident company (as defined in the Income Tax Act (Canada) (the "***ITA***") for Canadian income tax purposes. As a result, the Company will be subject to taxation both in Canada and the United States which could have a material adverse effect on its financial condition and results of operations.

It is unlikely that the Company will pay any dividends on the Company Shares in the foreseeable future. However, dividends received by shareholders who are residents of Canada for purpose of the ITA will be subject to U.S. withholding tax. Any such dividends may not qualify for a reduced rate of withholding tax

under the Canada-United States tax treaty. In addition, a foreign tax credit or a deduction in respect of foreign taxes may not be available.

Dividends received by U.S. shareholders will not be subject to U.S. withholding tax but will be subject to Canadian withholding tax. Dividends paid by the Company will be characterized as U.S. source income for purposes of the foreign tax credit rules under the U.S. Tax Code. Accordingly, U.S. shareholders generally will not be able to claim a credit for any Canadian tax withheld unless, depending on the circumstances, they have an excess foreign tax credit limitation due to other foreign source income that is subject to a low or zero rate of foreign tax.

Dividends received by shareholders that are neither Canadian nor U.S. shareholders will be subject to U.S. withholding tax and will also be subject to Canadian withholding tax. These dividends may not qualify for a reduced rate of U.S. withholding tax under any income tax treaty otherwise applicable to a shareholder of the Company, subject to examination of the relevant treaty.

Because the Company Shares will be treated as shares of a U.S. domestic corporation, the U.S. gift, estate and generation-skipping transfer tax rules generally apply to a non-U.S. shareholder of Company Shares.

EACH SHAREHOLDER SHOULD SEEK TAX ADVICE, BASED ON SUCH SHAREHOLDER'S PARTICULAR CIRCUMSTANCES, FROM AN INDEPENDENT TAX ADVISOR.

Security risks

The business premises of the Company's operating locations are targets for theft. While the Company has implemented security measures at each location and continues to monitor and improve its security measures, its cultivation, processing and distribution facilities could be subject to break-ins, robberies and other breaches in security. If there was a breach in security and the Company fell victim to a robbery or theft, the loss of cannabis plants, cannabis oils, cannabis flowers and cultivation and processing equipment could have a material adverse impact on the business, financial condition and results of operation of the Company.

As the Company's business involves the movement and transfer of cash which is collected from dispensaries or customers and deposited into its bank, there is a risk of theft or robbery during the transport of cash. The Company has engaged a security firm to provide security in the transport and movement of large amounts of cash. Employees sometimes transport cash and/or products and each employee has a panic button in their vehicle and, if requested, may be escorted by armed guards. While the Company has taken robust steps to prevent theft or robbery of cash during transport, there can be no assurance that there will not be a security breach during the transport and the movement of cash involving the theft of product or cash.

Limited trademark protection

The Company will not be able to register any United States federal trademarks for its cannabis products. Because producing, manufacturing, processing, possessing, distributing, selling, and using cannabis is a crime under the Controlled Substances Act, the United States Patent and Trademark Office will not permit the registration of any trademark that identifies cannabis products. As a result, the Company likely will be unable to protect its cannabis product trademarks beyond the geographic areas in which it conducts business. The use of its trademarks outside the states in which it operates by one or more third parties could have a material adverse effect on the value of such trademarks.

Infringement or misappropriation claims by third parties

The Company's success may likely depend on its ability to use and develop new extraction technologies, recipes, know-how and new strains of marijuana without infringing the intellectual property rights of third parties. The Company cannot assure that third parties will not assert intellectual property claims against it. The Company is subject to additional risks if entities licensing to it intellectual property do not have

adequate rights in any such licensed materials. If third parties assert copyright or patent infringement or violation of other intellectual property rights against the Company, it will be required to defend itself in litigation or administrative proceedings, which can be both costly and time consuming and may significantly divert the efforts and resources of management personnel. An adverse determination in any such litigation or proceedings to which the Company may become a party could subject it to significant liability to third parties, require it to seek licenses from third parties, to pay ongoing royalties or subject the Company to injunctions prohibiting the development and operation of its applications.

Currency fluctuations

Due to the Company's present operations in the United States, and its intention to continue future operations outside Canada, the Company is expected to be exposed to significant currency fluctuations. Recent events in the global financial markets have been coupled with increased volatility in the currency markets. All or substantially all of the Company's revenue will be earned in US dollars, but a portion of its operating expenses are incurred in Canadian dollars. The Company does not have currency hedging arrangements in place and there is no expectation that the Company will put any currency hedging arrangements in place in the future. Fluctuations in the exchange rate between the US dollar and the Canadian dollar, may have a material adverse effect on the Company's business, financial position or results of operations.

Lack of access to U.S. bankruptcy protections

Because the use of cannabis is illegal under federal law, and bankruptcy is a strictly federal proceeding, courts have habitually denied cannabis businesses bankruptcy protections, thus making it very difficult for lenders to recoup their investments in the cannabis industry in the event of a bankruptcy. If the Company or any operating subsidiaries were to experience a bankruptcy, U.S. federal bankruptcy protections would not be available to the Company, which would have a material adverse effect. While state-level receivership options do exist in some states as an alternative to bankruptcy, the efficacy of these alternatives cannot be guaranteed.

Potential FDA regulation

Should the federal government legalize cannabis, it is possible that the U.S. Food and Drug Administration (the "**FDA**"), would seek to regulate it under the Food, Drug and Cosmetics Act of 1938. Additionally, the FDA may issue rules and regulations including good manufacturing practices, related to the growth, cultivation, harvesting and processing of medical cannabis. Clinical trials may be needed to verify efficacy and safety. It is also possible that the FDA would require that facilities where medical-use cannabis is grown register with the FDA and comply with certain federally prescribed regulations. In the event that some or all of these regulations are imposed, the impact would be on the cannabis industry is unknown, including what costs, requirements and possible prohibitions may be enforced. If the Company is unable to comply with the regulations or registration as prescribed by the FDA it may have an adverse effect on the Company's business, operating results and financial condition.

Legality of contracts

Because the Company's contracts involve cannabis and other activities that are not legal under U.S. federal law and in some jurisdictions, the Company may face difficulties in enforcing its contracts in U.S. federal and certain state courts.

More specifically, some courts have determined that contracts relating to state legal cultivation and sale of cannabis are unenforceable on the grounds that they are illegal under federal law and therefore void as a matter of public policy. This could substantially impact the rights of parties making or defending claims involving the Company and any lender or member of the Company.

It is a fundamental principle of law that a contract will not be enforced if it involves a violation of law or public policy. Notwithstanding that cannabis related businesses operate pursuant to the laws of states in which such activity is legal under state law, judges have on a number of occasions refused to enforce

contracts for the repayment of money when the loan was used in connection with activities that violate federal law, even if there is no violation of state law. There remains doubt and uncertainty that the Company will be able to legally enforce contracts it enters into if necessary. As the Company cannot be assured that it will have a remedy for breach of contract, investors must bear the risk of the uncertainty in the law. If borrowers fail or refuse to repay loans and the Company is unable to legally enforce its contracts, the Company may suffer substantial losses for which it has no legal remedy.

Unfavourable publicity or consumer perception

Management of the Company believes the recreational cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the recreational cannabis produced. Consumer perception of the Company's products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of recreational cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the recreational cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company's products and the business, results of operations, financial condition and cash flows of the Company. The Company's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Company, the demand for the Company's products, and the business, results of operations, financial condition and cash flows of the Company. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of recreational cannabis in general, or the Company's products specifically, or associating the consumption of recreational cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

Unpredictability caused by anticipated capital structure and voting control

Although other Canadian-based companies have dual class or multiple voting share structures, given the unique capital structure in respect of the Company and the concentration of voting control by the holders of the Series F Multiple Voting Shares and Series A Multiple/Subordinate Voting Shares, this structure and control could result in a lower trading price for or greater fluctuations in the trading price of the Subordinate Voting Shares or will result in adverse publicity to the Company or other adverse consequences.

The Company is a holding company

The Company is a holding company and essentially all of its assets are the capital stock of its subsidiaries in each of the markets the company operates in, including California and Oregon (and likely Nevada, Massachusets, Colorado in the near future). As a result, investors in the Company are subject to the risks attributable to its subsidiaries. As a holding company, the Company conducts substantially all of its business through its subsidiaries, which generate substantially all of its revenues. Consequently, the Company’s cash flows and ability to complete current or desirable future enhancement opportunities are dependent on the earnings of its subsidiaries and the distribution of those earnings to the Company. The ability of these entities to pay dividends and other distributions will depend on their operating results and will be subject to applicable laws and regulations which require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing their debt. In the event of a bankruptcy, liquidation or reorganization of any of the Company’s material subsidiaries, holders of indebtedness and trade creditors may be entitled to payment of their claims from the assets of those subsidiaries before the Company.

Sales of substantial amounts of Company Shares may have an adverse effect on the market price of the Company Shares.

Sales of substantial amounts of Company Shares, or the availability of such securities for sale, could adversely affect the prevailing market prices for the Company Shares. A decline in the market prices of the Company Shares could impair the Company's ability to raise additional capital through the sale of securities should it desire to do so.

Volatile market price for the Company Shares

The market price for the Company Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which will be beyond the Company's control, including, but not limited to the following:

- actual or anticipated fluctuations in the Company's quarterly results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the industry in which the Company operates;
- addition or departure of the Company's executive officers and other key personnel;
- release or expiration of transfer restrictions on outstanding Company Shares;
- sales or perceived sales of additional Company Shares;
- operating and financial performance that vary from the expectations of management, securities analysts and investors;
- regulatory changes affecting the Company's industry generally and its business and operations;
- announcements of developments and other material events by the Company or its competitors;
- fluctuations to the costs of goods and services inputs;
- changes in global financial markets and global economies and general market conditions, such as interest rates and pharmaceutical product price volatility;
- risk of limitation in access to an active trading market or a sustained active trading market;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors;
- operating and share price performance of other companies that investors deem comparable to the Company or from a lack of market comparable companies; and
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Company's industry or target markets.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Company Shares may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted, and the trading price of the Company Shares may be materially adversely affected.

Future acquisitions or dispositions

Material acquisitions, dispositions and other strategic transactions involve a number of risks, including: (i) potential disruption of the Company's ongoing business; (ii) distraction of management; (iii) the Company becoming more financially leveraged; (iv) the anticipated benefits and cost savings of those transactions may not be realized fully or at all or may take longer to realize than expected; (v) increasing the scope and complexity of the Company's operations; and (vi) loss or reduction of control over certain of the

Company’s assets. Additionally, the Company may issue additional Company Shares in connection with such transactions, which would dilute a shareholder’s holdings in the Company.

The presence of one or more material liabilities of an acquired company that are unknown to the Company at the time of acquisition could have a material adverse effect on the business, results of operations, prospects and financial condition of the Company. A strategic transaction may result in a significant change in the nature of the Company's business, operations and strategy. In addition, the Company may encounter unforeseen obstacles or costs in implementing a strategic transaction or integrating any acquired business into the Company's operations.

Company’s products

As a relatively new industry, there are not many established players in the recreational cannabis industry whose business model the Company can follow or build on the success of. Similarly, there is limited information about comparable companies available for potential investors to review in making a decision about whether to invest in the Company.

Shareholders and investors should further consider, among other factors, the Company's prospects for success in light of the risks and uncertainties encountered by companies that, like the Company, are in their early stages. For example, unanticipated expenses and problems or technical difficulties may occur and they may result in material delays in the operation of the Company's business. The Company may not successfully address these risks and uncertainties or successfully implement its operating strategies. If the Company fails to do so, it could materially harm the Company's business to the point of having to cease operations and could impair the value of the Subordinate Voting Shares to the point investors may lose their entire investment.

The Company expects to commit significant resources and capital to develop and market existing products and new products and services. These products are relatively untested, and the Company cannot assure shareholders and investors that it will achieve market acceptance for these products, or other new products and services that the Company may offer in the future. Moreover, these and other new products and services may be subject to significant competition with offerings by new and existing competitors in the business. In addition, new products and services may pose a variety of challenges and require the Company to attract additional qualified employees. The failure to successfully develop and market these new products and services could seriously harm the Company's business, financial condition and results of operations.

Information technology systems and cyberattacks

The Company’s operations depend in part on how well it protects networks, equipment, and information technology systems and software against damage from a number of threats, including but not limited to cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. The Company’s operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as preemptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component thereof could, depending on the nature of such failure, adversely impact the Company’s reputation and results of operations. The Company’s risk and exposure to these matters cannot be fully mitigated because of, among other factors, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Risks inherent in an agricultural business

The Company's business involves the growing of recreational cannabis, an agricultural product. Such business will be subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks.

Energy costs

The Company's recreational cannabis growing operations consume considerable energy, which will make it vulnerable to rising energy costs. Accordingly, rising or volatile energy costs may, in the future, adversely impact the business of the Company and its ability to operate profitably.

Unknown environmental risks

There can be no assurance that the Company will not encounter hazardous conditions at the site of the real estate used to operate its businesses, such as asbestos or lead, in excess of expectations that may delay the development of its businesses. Upon encountering a hazardous condition, work at the facilities of the Company may be suspended. If the Company receives notice of a hazardous condition, it may be required to correct the condition prior to continuing construction. The presence of other hazardous conditions will likely delay construction and may require significant expenditure of the Company's resources to correct the condition. Such conditions could have a material impact on the investment returns of the Company.

Reliance on management

A risk associated with the production and sale of recreational cannabis is the loss of important staff members. Success of the Company will be dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and key personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results or financial condition.

Insurance and uninsured risks

The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, labour disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability.

Although the Company intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in the operations of the Company is not generally available on acceptable terms. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Dependence on key inputs, suppliers and skilled labour

The marijuana business is dependent on a number of key inputs and their related costs including raw materials and supplies related to growing operations, as well as electricity, water and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition, results of operations or prospects of the Company. Some of these inputs may only be available from a single supplier or a limited group of suppliers. If a sole source supplier was to go out of business, the Company might be unable to find a

replacement for such source in a timely manner or at all. If a sole source supplier were to be acquired by a competitor, that competitor may elect not to sell to the Company in the future. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial condition, results of operations or prospects of the Company.

The ability of the Company to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that the Company will be successful in maintaining its required supply of skilled labour, equipment, parts and components. This could have an adverse effect on the financial results of the Company.

Difficulty to forecast

The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the recreational cannabis industry in the states in which the Company's business will operate. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company.

Management of growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Internal controls

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Company under Canadian securities law, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's consolidated financial statements and materially adversely affect the trading price of the Company Shares.

Litigation

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company such a decision could adversely affect the Company's ability to continue operating and the market price for the Company Shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant resources of the Company and/or the Company.

Product liability

The Company faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the sale of the Company's products would involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of the Company's products alone or in combination with other medications or substances could occur. The Company may be subject to various product liability claims, including, among others, that the Company's products caused injury or illness or death, include inadequate instructions for use or include inadequate

warnings concerning possible side effects or interactions with other substances. Many cannabis related companies are subject to strict product liability laws where a cannabis related retailer who sells a defective product to a consumer is subject to liability for any harm that befalls that consumer due to the defect. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally, and could have a material adverse effect on the business, results of operations and financial condition of the Company. This area of law is unsettled and there is very little statutory or case law regarding cannabis and products liability.

There can be no assurances that the Company will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Company's potential products.

Product recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labelling disclosure. If any of the Company's products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Company has detailed procedures in place for testing its products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Company's significant brands were subject to recall, the image of that brand and the Company could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Company's products and could have a material adverse effect on the results of operations and financial condition of the Company. Additionally, product recalls may lead to increased scrutiny of the Company's operations by the U.S. Food and Drug Administration, or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Results of future clinical research

Research in Canada, the U.S. and internationally regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis or isolated cannabinoids (such as cannabidiol ("**CBD**") and tetrahydrocannabinol ("**THC**")) remains in early stages. There have been relatively few clinical trials on the benefits of cannabis or isolated cannabinoids (such as CBD and THC). Although the Company believes that the articles, reports and studies support its beliefs regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis, future research and clinical trials may prove such statements to be incorrect, or could raise concerns regarding, and perceptions relating to, cannabis. Given these risks, uncertainties and assumptions, prospective purchasers of Company Shares should not place undue reliance on such articles and reports. Future research studies and clinical trials may draw opposing conclusions to those stated in this AIF or reach negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing, social acceptance or other facts and perceptions related to cannabis, which could have a material adverse effect on the demand for the Company's products with the potential to lead to a material adverse effect on the Company's business, financial condition, results of operations or prospects.

General economic risks

The Company's operations could be affected by the economic context should the unemployment level, interest rates or inflation reach levels that influence consumer trends and spending and, consequently, impact the Company's sales and profitability.

As well, general demand for banking services and alternative banking or financial services cannot be predicted and future prospects of such areas might be different from those predicted by the Company's management.

DIVIDENDS AND DISTRIBUTIONS

The Company has not declared any dividend or distribution on any class of security in the three most recently completed financial years. There are no restrictions in the Company's articles that could prevent the Company from paying dividends. The payment of any dividends on the Company Shares is not anticipated in the foreseeable future. Any decision to pay dividends on its shares will be made by the Board based on the Company's earnings, financial requirements and other conditions existing at such future time. Any dividends paid must be paid on all Company Shares equally, on an as-converted basis, assuming conversion of the Series A Multiple/Subordinate Voting Shares and Series F Multiple Voting Shares into Subordinate Voting Shares.

DESCRIPTION OF CAPITAL STRUCTURE

General

The Company is authorized to issue an unlimited number of Subordinate Voting Shares, an unlimited number of Company Series A Multiple/Subordinate Voting Shares and an unlimited number of Company Series F Multiple Voting Shares. There were 22,422,030 Subordinate Voting Shares, 10,634 Series A Multiple/Subordinate Voting Shares and 6,193 Series F Multiple Voting Shares issued and outstanding as at May 29, 2019 (subject to the exercise of previous issued convertible securities).

As at May 29, 2019, the holders of Subordinate Voting Shares hold an aggregate of approximately 41% of the voting rights of the Company, the holders of Company Series A Multiple/Subordinate Voting Shares hold an aggregate of approximately 2% of the voting rights of the Company and the holders of Company Series F Multiple Voting Shares hold an aggregate of approximately 57% of the voting rights of the Company.

Take-Over Bid Protection

Under applicable securities law, an offer to purchase Company Series F Multiple Voting Shares would not necessarily require that an offer be made to purchase Subordinate Voting Shares or Company Series A Multiple/Subordinate Voting Shares. In accordance with the rules applicable to issuers in Canada, in the event of a take-over bid, the holders of Subordinate Voting Shares or of Company Series A Multiple/Subordinate Voting Shares will be entitled to participate on an equal footing with holders of Company Series F Multiple Voting Shares. The owners of all the outstanding Company Series F Multiple Voting Shares, have entered into a customary coattail agreement with the Company and a trustee (the "**Coattail Agreement**"). The Coattail Agreement contains provisions customary for dual class, listed corporations designed to prevent transactions that otherwise would deprive the holders of Subordinate Voting Shares or of Company Series A Multiple/Subordinate Voting Shares of rights under applicable provincial take-over bid legislation to which they would have been entitled if the Company Series F Multiple Voting Shares had been Subordinate Voting Shares or Company Series A Multiple/Subordinate Voting Shares.

The undertakings in the Coattail Agreement do not apply to prevent a sale by any holder of Company Series F Multiple Voting Shares if concurrently an offer is made to purchase Subordinate Voting Shares and Company Series A Multiple/Subordinate Voting Shares that:

i. offers a price per Subordinate Voting Share or Company Series A Multiple/Subordinate Voting Share (on an as converted to Subordinate Voting Share basis) at least as high as the highest price per share paid pursuant to the take-over bid for the Series F Multiple Voting Shares (on an as converted to Subordinate Voting Share basis);

ii. provides that the percentage of outstanding Subordinate Voting Shares or Series A Multiple/Subordinate Voting Shares to be taken up (exclusive of shares owned immediately prior to the offer by the offeror or persons acting jointly or in concert with the offeror) is at least as high as the percentage of Series F Multiple Voting Shares to be sold (exclusive of Series F Multiple Voting Shares owned immediately prior to the offer by the offeror and persons acting jointly or in concert with the offeror);

iii. has no condition attached other than the right not to take up and pay for Subordinate Voting Shares or Series A Multiple/Subordinate Voting Shares tendered if no shares are purchased pursuant to the offer for Series F Multiple Voting Shares; and

iv. is in all other material respects identical to the offer for Series F Multiple Voting Shares.

In addition, the Coattail Agreement does not prevent the transfer of Series F Multiple Voting Shares by a Principal to an immediate family member of the Series F Multiple Voting Share holder (the "**Initial Holder**") or a transfer for purposes of estate or tax planning to a company or person that is wholly beneficially owned by an Initial Holder or immediate family members of an Initial Holder or which an Initial Holder or immediate family members of an Initial Holder are the sole beneficiaries thereof. The conversion of Series F Multiple Voting Shares into Series A Multiple/Subordinate Voting Shares, whether or not such Series A Multiple/Subordinate Voting Shares are subsequently sold or converted into Subordinate Voting Shares, would not constitute a disposition of Series F Multiple Voting Shares for the purposes of the Coattail Agreement.

Under the Coattail Agreement, any disposition of Series F Multiple Voting Shares (including a transfer to a pledgee as security) by a holder of Series F Multiple Voting Shares party to the agreement is conditional upon the transferee or pledgee becoming a party to the Coattail Agreement.

The Coattail Agreement contains provisions for authorizing action by the trustee to enforce the rights under the Coattail Agreement on behalf of the holders of the Subordinate Voting Shares or of the Series A Multiple/Subordinate Voting Shares. The obligation of the trustee to take such action is conditional on the Company or holders of the Subordinate Voting Shares or of the Series A Multiple/Subordinate Voting Shares, as the case may be, providing such funds and indemnity as the trustee may require. No holder of Subordinate Voting Shares or of Series A Multiple/Subordinate Voting Shares, as the case may be, will have the right, other than through the trustee, to institute any action or proceeding or to exercise any other remedy to enforce any rights arising under the Coattail Agreement unless the trustee fails to act on a request authorized by holders of not less than 10% of the outstanding Subordinate Voting Shares or of Series A Multiple/Subordinate Voting Shares, as the case may be, and reasonable funds and indemnity have been provided to the trustee. The Company will agree to pay the reasonable costs of any action that may be taken in good faith by holders of Subordinate Voting Shares or of Series A Multiple/Subordinate Voting Shares, as the case may be, pursuant to the Coattail Agreement.

The Coattail Agreement provides that it may not be amended, and no provision thereof may be waived, unless, prior to giving effect to such amendment or waiver, the following have been obtained: (a) the consent of any applicable securities regulatory authority in Canada and (b) the approval of at least 66-2/3% of the votes cast by holders of Subordinate Voting Shares and 66-2/3% of the votes cast by holders of Series A Multiple/Subordinate Voting Shares excluding votes attached to Subordinate Voting Shares and to Series A Multiple/Subordinate Voting Shares, if any, held by the principal shareholders, their affiliates and any persons who have an agreement to purchase Series F Multiple Voting Shares on terms which would constitute a sale or disposition for purposes of the Coattail Agreement other than as permitted thereby.

No provision of the Coattail Agreement will limit the rights of any holders of Subordinate Voting Shares or of Series A Multiple/Subordinate Voting Shares under applicable law.

Subordinate Voting Shares

Right to Notice and Vote	Holders of Subordinate Voting Shares will be entitled to notice of and to attend at any meeting of the shareholders of the Company, except a meeting of which only holders of another particular class or series of shares of the Company will have the right to vote. At each such meeting, holders of Subordinate Voting Shares will be entitled to one vote in respect of each Subordinate Voting Share held.
Class Rights	As long as any Subordinate Voting Shares remain outstanding, the Company will not, without the consent of the holders of the Subordinate Voting Shares by separate special resolution, prejudice or interfere with any right attached to the Subordinate Voting Shares. Holders of Subordinate Voting Shares will not be entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Subordinate Voting Shares, or bonds, debentures or other securities of the Company.
Dividends	Holders of Subordinate Voting Shares will be entitled to receive as and when declared by the directors of the Company, dividends in cash or property of the Company. No dividend will be declared or paid on the Subordinate Voting Shares unless the Company simultaneously declares or pays, as applicable, equivalent dividends (on an as-converted to Subordinate Voting Share basis) on the Series A Multiple/Subordinate Voting Shares and Series F Multiple Voting Shares.
Participation	In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, the holders of Subordinate Voting Shares will, subject to the prior rights of the holders of any shares of the Company ranking in priority to the Subordinate Voting Shares, be entitled to participate ratably along with all other holders of Subordinate Voting Shares, Series A Multiple/Subordinate Voting Shares (on an as-converted to Subordinate Voting Share basis) and Series F Multiple Voting Shares (on an as-converted to Subordinate Voting Share basis).
Changes	No subdivision or consolidation of the Subordinate Voting Shares, Series A Multiple/Subordinate Voting Shares or Series F Multiple Voting Shares shall occur unless, simultaneously, the Subordinate Voting Shares, Series A Multiple/Subordinate Voting Shares and Series F Multiple Voting Shares are subdivided or consolidated in the same manner, so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.
Conversion	In the event that an offer is made to purchase Series A Multiple/Subordinate Voting Shares, each Subordinate Voting Share shall become convertible at the option of the holder into Series A Multiple/Subordinate Voting Shares at the inverse of the Conversion Ratio then in effect at any time while the offer is in effect until one day after the time prescribed by applicable securities legislation for the offeror to take up and pay for such shares as are to be acquired pursuant to the offer. The conversion right may only be exercised in respect of Subordinate Voting Shares for the purpose of depositing the resulting Series A Multiple/Subordinate Voting Shares pursuant to the offer, and for no other reason. In such event, the Company's transfer agent shall deposit the resulting Series A Multiple/Subordinate Voting Shares on behalf of the holder. Should the Series A Multiple/Subordinate Voting Shares

	issued upon conversion and tendered in response to the offer be withdrawn by shareholders or not taken up by the offeror, or should the offer be abandoned or withdrawn, the Series A Multiple/Subordinate Voting Shares resulting from the conversion shall be automatically reconverted, without further intervention on the part of the Company or on the part of the holder, into Subordinate Voting Shares at the Conversion Ratio then in effect.
Odd Lots	In the event that holders of Subordinate Voting Shares are entitled to convert their Subordinate Voting Shares into Series A Multiple/Subordinate Voting Shares in connection with an offer, holders of an aggregate of Subordinate Voting Shares of less than 100 (an "Odd Lot – Series A"), subject to any adjustments to the initial Conversion Ratio contemplated under the conversion provisions above will be entitled to convert all but not less than all of such Odd Lot – Series A of Subordinate Voting Shares into a fraction of one Series A Multiple/Subordinate Voting Share, at a Conversion Ratio equivalent to 100 to one, subject to any adjustments to the initial Conversion Ratio contemplated, provided that such conversion into a fractional Series A Multiple/Subordinate Voting Share will be solely for the purpose of tendering the fractional Series A Multiple/Subordinate Voting Share to the offer in question and that any fraction of a Series A Multiple/Subordinate Voting Share that is tendered to the offer but that is not, for any reason, taken up and paid for by the offeror will automatically be reconverted into the Subordinate Voting Shares that existed prior to such conversion In the event that holders of Subordinate Voting Shares are entitled to convert their Subordinate Voting Shares into Series F Multiple Voting Shares in connection with an offer, holders of an aggregate of Subordinate Voting Shares of less than 100 (an "Odd Lot – Series F"), subject to any adjustments to the initial Conversion Ratio contemplated), will be entitled to convert all but not less than all of such Odd Lot – Series F of Subordinate Voting Shares into a fraction of one Series F Multiple Voting Share, at a conversion ratio equivalent to 100 to one, subject to any adjustments to the initial Conversion Ratio contemplated, provided that such conversion into a fractional Series F Multiple Voting Share will be solely for the purpose of tendering the fractional Series F Multiple Voting Share to the offer in question and that any fraction of a Series F Multiple Voting Share that is tendered to the Offer but that is not, for any reason, taken up and paid for by the offeror will automatically be reconverted into the Subordinate Voting Shares that existed prior to such conversion.

Series A Multiple/Subordinate Voting Shares

Right to Notice and Vote	Holders of Series A Multiple/Subordinate Voting Shares will be entitled to notice of and to attend at any meeting of the shareholders of the Company, except a meeting of which only holders of another particular class or series of shares of the Company will have the right to vote. At each such meeting, holders of Series A Multiple/Subordinate Voting Shares will be entitled to one vote in respect of each Subordinate Voting Share into which such Series A Multiple/Subordinate Voting Share could then be converted (currently 100 votes per Series A Multiple/Subordinate Voting Share held)
Class Rights	As long as any Series A Multiple/Subordinate Voting Shares remain outstanding, the Company will not, without the consent of the holders of the Series A Multiple/Subordinate Voting Shares by separate special resolution, prejudice or interfere with any right attached to the Series A

	Multiple/Subordinate Voting Shares. Holders of Series A Multiple/Subordinate Voting Shares will not be entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Subordinate Voting Shares, or bonds, debentures or other securities of the Company.
Dividends	The holders of the Series A Multiple/Subordinate Voting Shares are entitled to receive such dividends as may be declared and paid to holders of the Subordinate Voting Shares in any financial year as the Board of the Company may by resolution determine, on an as-converted to Subordinate Voting Share basis. No dividend will be declared or paid on the Series A Multiple/Subordinate Voting Shares unless the Company simultaneously declares or pays, as applicable, equivalent dividends (on an as-converted to Subordinate Voting Share basis) on the Subordinate Voting Shares and Series F Multiple Voting Shares.
Participation	In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, the holders of Series A Multiple/Subordinate Voting Shares will, subject to the prior rights of the holders of any shares of the Company ranking in priority to the Series A Multiple/Subordinate Voting Shares, be entitled to participate ratably along with all other holders of Series A Multiple/Subordinate Voting Shares (on an as-converted to Subordinate Voting Share basis), Subordinate Voting Shares and Series F Multiple Voting Shares (on an as-converted to Subordinate Voting Share basis).
Changes	No subdivision or consolidation of the Subordinate Voting Shares, Series A Multiple/Subordinate Voting Shares or Series F Multiple Voting Shares shall occur unless, simultaneously, the Subordinate Voting Shares, Series A Multiple/Subordinate Voting Shares and Series F Multiple Voting Shares are subdivided or consolidated in the same manner, so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.
Conversion	The Series A Multiple/Subordinate Voting Shares each have a restricted right to convert into 100 Subordinate Voting Shares (the "**Series A Conversion Ratio**"), subject to adjustments for certain customary corporate changes. The ability to convert the Series A Multiple/Subordinate Voting Shares is subject to a restriction that the aggregate number of Subordinate Voting Shares, Series A Multiple/Subordinate Voting Shares and Series F Multiple Voting Shares held of record, directly or indirectly, by residents of the United States (as determined in accordance with Rules 3b-4 and 12g3-2(a) under the Securities Exchange Act of 1934, as amended, may not exceed forty percent (40%) of the aggregate number of Subordinate Voting Shares, Series A Multiple/Subordinate Voting Shares and Series F Multiple Voting Shares issued and outstanding after giving effect to such conversions and to a restriction on beneficial ownership of Subordinate Voting Shares exceeding certain levels. In addition, the Series A Multiple/Subordinate Voting Shares will be automatically converted into Subordinate Voting Shares in certain circumstances, including upon the registration of the Subordinate Voting Shares under the United States Securities Act of 1933, as amended. In the event that an offer is made to purchase all or substantially all of the Subordinate Voting Shares, each Series A Multiple/Subordinate Voting

Share shall become convertible at the option of the holder into Subordinate Voting Shares at the Series A Conversion Ratio at any time while the offer is in effect until one day after the time prescribed by applicable securities legislation for the offeror to take up and pay for such shares as are to be acquired pursuant to the offer. The conversion right may be exercised in respect of Series A Multiple/Subordinate Voting Shares for the purpose of depositing the resulting Series A Multiple/Subordinate Voting Shares pursuant to the offer. Should the Subordinate Voting Shares issued upon conversion and tendered in response to the offer be withdrawn by shareholders or not taken up by the offeror, or should the offer be abandoned or withdrawn, the Subordinate Voting Shares resulting from the conversion shall be automatically reconverted, without further intervention on the part of the Company or on the part of the holder, into Series A Multiple/Subordinate Voting Shares at the inverse of the Series A Conversion Ratio then in effect.

Series F Multiple Voting Shares

Right to Notice and Vote	Holders of Series F Multiple Voting Shares will be entitled to notice of and to attend at any meeting of the shareholders of the Company, except a meeting of which only holders of another particular class or series of shares of the Company will have the right to vote. At each such meeting, holders of Series F Multiple Voting Shares will be entitled to one vote in respect of each Subordinate Voting Share into which such Series F Multiple Voting Share could ultimately then be converted (currently 5,000 votes per Series F Multiple Voting Share held).
Class Rights	As long as any Series F Multiple Voting Shares remain outstanding, the Company will not, without the consent of the holders of the Series F Multiple Voting Shares by separate special resolution, prejudice or interfere with any right or special right attached to the Series F Multiple Voting Shares. Additionally, consent of the holders of a majority of the outstanding Series F Multiple Voting Shares will be required for any action that authorizes or creates shares of any class having preferences superior to or on a parity with the Series F Multiple Voting Shares. In connection with the exercise of the voting rights in respect of any such approvals, each holder of Series F Multiple Voting Shares will have one vote in respect of each Series F Multiple Voting Share held. The holders of Series F Multiple Voting Shares will not be entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Subordinate Voting Shares, bonds, debentures or other securities of the Company not convertible into Series F Multiple Voting Shares.
Dividends	The holders of the Series F Multiple Voting Shares are entitled to receive such dividends as may be declared and paid to holders of the Subordinate Voting Shares in any financial year as the Board of the Company may by resolution determine, on an as-converted to Subordinate Voting Share basis. No dividend will be declared or paid on the Series F Multiple Voting Shares unless the Company simultaneously declares or pays, as applicable, equivalent dividends (on an as-converted to Subordinate Voting Share basis) on the Series A Multiple/Subordinate Voting Shares and Subordinate Voting Shares.

Participation	In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, the holders of Series F Multiple Voting Shares will, subject to the prior rights of the holders of any shares of the Company ranking in priority to the Series F Multiple Voting Shares, be entitled to participate rateably along with all other holders of Series F Multiple Voting Shares (on an as-converted to Subordinate Voting Share basis), Subordinate Voting Shares and Series A Multiple/Subordinate Voting Shares (on an as-converted to Subordinate Voting Share basis).
Changes	No subdivision or consolidation of the Subordinate Voting Shares, Series A Multiple/Subordinate Voting Shares or Series F Multiple Voting Shares shall occur unless, simultaneously, the Subordinate Voting Shares, Series A Multiple/Subordinate Voting Shares and Series F Multiple Voting Shares are subdivided or consolidated in the same manner, so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.
Conversion	The Series F Multiple Voting Shares each have a restricted right to convert into 5,000 Subordinate Voting Shares (the "**Series F Conversion Ratio**"), subject to adjustments for certain customary corporate changes. The ability to convert the Series F Multiple Voting Shares is subject to a restriction that the aggregate number of Subordinate Voting Shares, Series A Multiple/Subordinate Voting Shares and Series F Multiple Voting Shares held of record, directly or indirectly, by residents of the United States (as determined in accordance with Rules 3b-4 and 12g3-2(a) under the Securities Exchange Act of 1934, as amended, may not exceed forty percent (40%) of the aggregate number of Subordinate Voting Shares, Series A Multiple/Subordinate Voting Shares and Series F Multiple Voting Shares issued and outstanding after giving effect to such conversions and to a restriction on beneficial ownership of Subordinate Voting Shares exceeding certain levels. In addition, the Series F Multiple Voting Shares will be automatically converted into Subordinate Voting Shares in certain circumstances, including upon the registration of the Subordinate Voting Shares under the United States Securities Act of 1933, as amended.

MARKET FOR SECURITIES

The Subordinate Voting Shares trade on the CSE under the symbol "DYME". The following table sets forth, for the periods indicated, the reported high and low prices and the aggregate volume of trading of the Company Subordinate Voting Shares on the CSE from November 29, 2018 (the date the Company's Subordinate Voting Shares were listed on the CSE) until December 31, 2018.

Month	High Trading Price ($)	Low Trading Price ($)	Monthly Volume (#)
November 2018	4.29	3.20	314,214
December 2018	4.15	1.88	1,367,585

Notes:
(1) Source: CSE

Prior Sales

The following table summarizes the issuances of Series A Multiple/Subordinate Voting Shares during the ten months ended December 31, 2018:

Date of Issuance	Number of Securities Sold	Price Per Security (CAD$)	Description of Transaction
November 27, 2018	31,353	$425[(1)]	Issued to former holders of DHI in connection with the Reverse Take-Over

Notes:
[(1)] The price per Series A Multiple/Subordinate Voting Share was equal to the SR Offering Price multiplied by 100.

The following table summarizes the issuances of Series F Multiple Voting Shares during the ten months ended December 31, 2018:

Date of Issuance	Number of Securities Sold	Price Per Security (CAD$)	Description of Transaction
November 27, 2018	6,598	$21,250[(1)]	Issued to former holders of DHI Series F Shares in connection with the Reverse Take-Over

Notes:
[(1)] The price per Series F Multiple Voting Share was equal to the SR Offering Price multiplied by 5,000.

The following table summarizes the issuances of warrants during the ten months ended December 31, 2018:

Date of Issuance	Number of Securities Sold	Exercise Price (CAD$)	Description of Transaction
November 27, 2018	190,000	$1.50	Issued to former warrantholders of DHI in connection with the Reverse Take-Over. Each Warrant has an exercise price of $1.50, subject to adjustment in certain circumstances and expires on April 23, 2023
November 27, 2018	201,590	$1.69	Issued to former warrantholders of Sixonine in connection with the Reverse Take-Over. Each Warrant has an exercise price of $0.20, adjusted to give effect to the consolidation as part of the Reverse Take-Over, subject to further adjustment in certain circumstances and expires on July 11, 2019
November 27, 2018	427,913	$2.06	Issued to former holders of DHI Broker Rights in connection with the Reverse Take-Over.
November 27, 2018	493,188	$4.25	Issued to former holders of DHI Broker Warrants in connection with the Reverse Take-Over.
November 27, 2018	744,000	$5.31	Issued to Tribeca in connection with the Inventory Finance Facility. Each Warrant has an exercise price of $5.31, subject to adjustment in certain circumstances and

			expires on December 5, 2021.
November 27, 2018	8,115,297	$6.37	Issued to former warrantholders of DHI in connection with the Subscription Receipt Financing. Each Warrant has an exercise price of $6.37, subject to adjustment in certain circumstances and expires on November 29, 2020
December 31, 2018	2,402,910	$3.09	Issued to convertible debenture holders in connection with debenture conversions in December 2018. Each Warrant has an exercise price of $3.09, subject to adjustment in certain circumstances and expires on November 29, 2020

The following table summarizes the issuances of Options within the 12 months before the date of this AIF:

Date of Issuance	Number of Securities Sold	Exercise Price (CAD$)	Expiry Date
November 27, 2018	8,979,535[(1)]	$0.10 to $2.09[(1)]	November 1, 2026 to October 5, 2028[(1)]
December 3, 2018	78,000	$3.30	December 3, 2028
December 19, 2018	334,000	$2.36	December 19, 2028
December 22, 2018	350,000	$3.50	December 22, 2028

Notes:
(1) These options are issued to former optionholders of DHI.

The following table summarizes the issuances of Common Share Convertible Debentures during the ten months ended December 31, 2018:

Date of Issuance	Number of Securities Sold	Price Per Security (CAD$)	Conversion Price ($CAD)	Description of Transaction
November 27, 2018	13,240	$1,000	$2.06	Issued to former holders of DHI Common Share Convertible Debentures in connection with the Reverse Take-Over.

The following table summarizes the issuances of Series A Convertible Debentures during the ten months ended December 31, 2018:

Date of Issuance	Number of Securities Sold	Price Per Security (CAD$)	Conversion Price ($CAD)	Description of Transaction
November 27, 2018	4,940	$1,000	$206	Issued to former holders of DHI Series A Convertible Debentures in connection with the Reverse Take-Over.

ESCROWED SECURITIES

Directors and officers have entered into lock-up agreements with the Underwriters pursuant to which such parties have agreed, subject to customary carve-outs and exceptions, not to sell any Company Securities (or announce any intention to do so), or any securities issuable in exchange therefor until September 2, 2019. The class of Company Securities, number and percentage that number represents of the outstanding securities of that class is set out in the "*Directors and Officers*" section below.

DIRECTORS AND OFFICERS

Each director holds office until the close of the next annual general meeting of the Company, or until his or her successor is duly elected or appointed, unless his or her office is earlier vacated.

The following table sets out the names of the directors and officers of the Company, the municipality and province of residence, their position with the Company, their principal occupation during the past 5 years, and the number and percentage of Company Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, by each of the Company's directors and officers.

Name and Municipality of Residence	Office with Company	Director and/or Officer of the Company Since	Principal Occupation and Positions Held During the Last 5 Years[(1)]	Number and Percentage of Company Voting Securities Owned, Beneficially Held or Controlled[(2)]
Edward Fields[(3)] *Los Gatos, California*	*Chief Executive Officer and Chairman of the Board*	November 27, 2018	Chief Executive Officer and Chairman of the Company (May 2017 - Present); Chief Executive Officer and Chairman of Hotchalk (2004 - 2016); Director of Center for Education Reform (2012-2016); Director of Camfed (Present)	4,399 Series F Multiple Voting Shares (66.67%) 171,882 Subordinate Voting Shares (0.35%) Nil Options
Peter Kampian[(4)] *Cambridge, Ontario*	*Chief Financial Officer*	November 27, 2018	Chief Financial Officer of the Company (November 2017 - Present); Chief Financial Officer of Mettrum Health Corp (2014 - 2017); Director of Red Pine Exploration Inc. (Present); Director of James E. Wagner Cultivation Corporation (Present); Director of CannaRoyalty Corp (2017-2018); Director of Flow Capital Corp. (2016-2018); Chief Financial Officer of Threshold Power Trust (2012-2013);	87,842 Subordinate Voting Shares (0.18%) 900,000 Options

Peter Hilliard[5] *Los Gatos, California*	*Chief Operating Officer*	November 27, 2018	Chief Operating Officer of the Company (June 2018 - Present); Chief People Officer of Quantenna Communications, Inc (2017 - 2018) Chief Administrative Officer of Silicon Graphic International (2015 - 2016); Senior Vice President at Harmonic, Inc. (2008-2015);	Nil 825,000 Options
Brett Moyer[6] *San Jose, California*	*Director*	November 27, 2018	President and Chief Executive Officer and Director of Summit Wireless Technologies Inc. (2010 – Present); Director of the WiSa Association (2011 - Present); Director of HotChalk Inc. (2013-2016)	Nil 600,000 Options
David Kerr[7] *Toronto, Ontario*	*Director*	November 27, 2018	Chief Executive Officer of Thorium Power Canada Inc. (2011 - Present)	Nil 225,000 Options
Susan Watt[8] *Toronto, Ontario*	*Director*	November 27, 2018	Director of the Company (2018-Present); Director of Nobilis Health Corp (2018 - Present); Founder of the Peter Pan Foundation (2016 - Present); Director of Adoption Council of Ontario (2016 - Present)	15,000 Subordinate Voting Shares (0.03%) 225,000 Options
Stephen Dineley[9] *Toronto, Ontario*	*Director*	November 27, 2018	Director of BNY Trust Company of Canada (2015 - Present); Director of Medical Facilities Corporation (2016 - Present); Partner of KPMG (1974 - 2014)	11,764 Subordinate Voting Shares (0.02%) 225,000 Options

Notes:

1. Description of the principal businesses referred to in this column are set out in each director or officer's biography in the "*Management*" section below.
2. Percentages are displayed on a non-diluted basis.
3. Mr. Fields is the beneficial owner of his securities, whereas a portion of the registered owners of his holdings related parties, and the rest is held in a trusts that Mr. Fields is a beneficiary of. Director and officer of DHI from May 2017 until the Reverse Take-Over.
4. Mr. Kampian was Chief Financial Officer of DHI until the completion of the Reverse Take-Over.
5. Mr. Hilliard was Chief Operating Officer of DHI until the completion of the Reverse Take-Over.
6. Mr. Moyer was a director of DHI until the completion of the Reverse Take-Over.
7. Mr. Kerr was a director of DHI until the completion of the Reverse Take-Over.
8. Ms. Watt was a director of DHI until the completion of the Reverse Take-Over.
9. Mr. Dineley was a director of DHI until the completion of the Reverse Take-Over.

Management

All the executive officers are employees of the Company (or an affiliate) on a full-time basis. All executive officers have entered into employment agreements with the Company which include non-solicitation and confidentiality provisions. Brett Moyer, Susan Watt, David Kerr, and Stephen Dineley in their roles as directors, will devote 5% 5%, 5% and 5% of their time to the Company, respectively. The following is a brief description of the directors and officers of the Company:

Edward Fields, Chair and Chief Executive Officer, Age 58

Mr. Fields is the Chief Executive Officer and Chairman of the Company.

Prior to joining the cannabis industry, Mr. Fields spent more than 20 years developing and marketing educational technology and enterprise software solutions. He was Director of Interactive Publishing at The Learning Company, an educational software company. He served as President and Chief Executive Officer of ProductFactory, Inc., a software firm, and as Senior Vice President of Marketing at Agile Software Corporation, a provider of product lifecycle management.

After Agile Software, Mr. Fields founded HotChalk, Inc. in 2004 with a vision of improving education outcomes, providing access to education for everyone everywhere, and building the largest online education community in the world. Mr. Fields grew the business to 463 employees while navigating the complexities of the highly regulated Title IV higher education industry. He left HotChalk at the end of 2016 to pursue opportunities in cannabis.

During his tenure at HotChalk, in addition to serving as HotChalk's Board Chair, Mr. Fields served as a Board Member at the Center for Education Reform (CER) from September 2012 through June 2016. CER is the pioneer and leading advocate for structural and sustainable changes that can dramatically improve educational opportunities in the U.S.

Mr. Fields continues his passion in education by currently serving as a Board Member of Camfed. Camfed is an international non-governmental, non-profit organization founded in 1993.

Its mission is to eradicate poverty in Africa through the education of girls and the empowerment of young women.

Mr. Fields has a Bachelor of Arts Degree in Mass Communications from the University of Denver.

Peter Kampian, Chief Financial Officer, Age 60

Mr. Kampian is the Chief Financial Officer of the Company.

Mr. Kampian, CPA, CA, has a long track record as a financial executive with a number of Canadian public companies.

Mr. Kampian was the Chief Financial Officer of Mettrum Health Corp., an early entrant to the Canadian cannabis market, where Mr. Kampian was a key member who took the company public on the TSX-V (MT.V). Mettrum was acquired by Canopy Growth Corp in early 2017. Mr. Kampian worked with Canopy Growth Corp to assist in the transition and integration of Mettrum.

Mr. Kampian previously served as Chief Financial Officer of Algonquin Income Fund, a power producer and distributor and an infrastructure company across North America, where he led and supported debt and equity capital raising.

Mr. Kampian is also a board member of Red Pine Exploration Inc (RPX.V), a mining exploration company, and James E Wagner Cultivation Corporation (JWCA.V), a Canadian cannabis cultivator. Mr. Kampian has also held board positions with CannaRoyalty Corp (CRZ.CN), a North American product and brands company, and Flow Capital Corp (FW.V), a diversified asset investor.

Mr. Kampian was also involved with several startup businesses in renewable energy including Threshold Power Trust, an energy company (as Chief Financial Officer from 2012 to 2013), Riverbank Power Corporation, a company involved in the development, construction and operation of hydropower facilities (as Chief Operating Officer from 2011 to 2012) and Oneworld Energy Corporation, a renewable clean energy company (as Chief Financial Officer from 2009 to 2011).

Mr. Kampian is a Canadian Chartered Accountant and holds a Bachelor of Business Administration Degree from Wilfrid Laurier University.

Peter Hilliard, Chief Operating Officer, Age 52

Mr. Hilliard is the Chief Operating Officer of the Company.

Starting his career in the hospitality industry, Mr. Hilliard held various operational and HR roles with theme parks, hotels and restaurants. Most notably, from November of 1994 to December of 1998, Mr. Hilliard served as VP HR Western US for Boston Market Restaurants, joining Boston Market when it had approximately 250 stores and leaving after it had scaled to over 1,000 stores and 30,000 employees.

During the internet revolution, from 1998 – 2000, Mr. Hilliard moved from hospitality to technology becoming a Partner and VP of Operations at consulting firm, 54th Street Partners, LLC. 54th Street Partners was an international management consulting and venture investment firm, which focused toward helping venture-backed companies accelerate their growth. Clients included: 35+ start-ups in addition to Borland Software, Brocade, Placeware, Sun Microsystems, Trimble, Philips, Envivio, iSarla, and others.

First while as consultant and later as employee, from 1999 to 2002, Mr. Hilliard served as VP of HR with SiteSmith, Inc., a professional services company focused on helping the e-commerce industry in the management of its large, complex Internet sites, as this start-up grew explosively from $0 to $30M in revenue and from 20 to 500 employees worldwide in just nine months culminating in its acquisition by MetroMedia Fiber Network (MFN) with a $1.3B valuation. Following SiteSmith's acquisition by MFN, Mr. Hilliard was hired by MFN as SVP HR and Administration and charged with the organizational consolidation and integration of four companies totaling ~$1B in revenue.

From June of 2002 to November of 2007, Mr. Hilliard served as SVP, HR and Corporate Services at Agile Software Corporation. Mr. Hilliard led the organizational integration of various acquisitions and in addition to his HR role, he led IT and several other corporate functions. Agile was successfully acquired by Oracle.

From November 2007 to November 2008, co-founded and served as President of ModSquad, Inc., a professional services provider to digital companies. In December 2008, Mr. Hilliard left his operational role at ModSquad in favor of joining the company's board of directors where he continued to serve until 2013.

From November 2008 to November 2015, Mr. Hilliard served as SVP, HR at Harmonic, Inc., a video delivery technology and services provider, where in addition to leading HR and other functions, he also led the successful acquisition of several companies.

From December 2015 to December 2016, Mr. Hilliard was Chief Administrative Officer of a Silicon Valley company, Silicon Graphic International (SGI), a manufacturer of computer hardward and software. SGI recruited Mr. Hilliard for the very specific role of preparing the company organizationally and administratively for an eventual sale. SGI was successfully acquired by Hewlett Packard Enterprise a year after Mr. Hilliard joined.

Following SGI and prior to joining the Company, Mr. Hilliard served as Chief People Officer at Quantenna Communications, Inc., a provider of high-performance Wi-Fi solutions.

Mr. Hilliard studied Business Administration at San Jose State University.

Brett Moyer, Director, Age 61

Mr. Brett A. Moyer serves as the President, Chief Executive Officer and Director of the Board at Summit Wireless Technologies Inc, a provider of immersive, wireless sound technology for intelligent devices and home entertainment systems.

Mr. Moyer is a leader in wireless HD surround sound for the consumer electronics industry and a founding Member of WiSA (Wireless Speaker and Audio Association). He joined Focus Enhancements Inc., a designer of solutions in advanced, proprietary video and wireless video technologies, in 1997. Mr. Moyer serves on the Board of the WiSA association; an industry group dedicated to building a wireless standard for multi-channel home theater surround sound. From September 30, 2002 to 2010 he served as the President and Chief Executive Officer of Focus Enhancements Inc. From May 1997 to September 30, 2002, Mr. Moyer served as an Executive Vice President and Chief Operating Officer of Focus Enhancements Inc.

From February 1986 to April 1997, Mr. Moyer worked at Zenith Electronics Corporation, Glenview, II, a consumer electronics company, where he served as a Vice President and General Manager of Zenith's commercial products division. Mr. Moyer also served as Vice President, sales planning and operations of Zenith. He served as director of HotChalk, Inc. from 2013 to 2016. He serves as a member of the board of Directors at Summit Semiconductors Inc. Mr. Moyer served as a Director of Focus Enhancements Inc., since September 30, 2002. He served as a Director of NeoMagic Corp., a semiconductor company and supplier of low power audio and video integrated circuits for mobile use, from March 5, 2007 to September 23, 2008.

Mr. Moyer has a Bachelor of Arts in Economics from Beloit College in Wisconsin and a Masters of International Management with a concentration in finance and accounting from the American Graduate School of International Management

David Kerr, Director, Age 60

Mr. David Kerr is an accomplished executive, manager and corporate leader with over 30 years of experience in the power generation and infrastructure industries. He is currently the Chief Executive Officer of Thorium Power Canada Inc., a clean energy company.

As a founder of Algonquin Power and Utilities Corp., one of the largest Canadian renewable power companies, Mr. Kerr successfully grew the publicly traded company from an $80 million IPO in 1997 to over $ 1 billion in assets.

As an early participant in the independent power producers industry, Mr. Kerr has been very active in the development of green-field power and infrastructure projects throughout North America and internationally.

In his career, Mr. Kerr has successfully built strong relationships within the independent power sector, capital markets, public utilities, government agencies and community stakeholders. David is a natural leader and has a strong stakeholder focus while effectively managing company and shareholder needs.

Mr. Kerr has an Honours Bachelor of Science from the University of Western Ontario.

Susan Watt, Director, Age 65

A native of Montreal and Toronto, Ms. Watt has had a 30-year career in public service, holding various leadership roles within both the Government of Canada and the Ontario Provincial Government. As a lawyer, part of Ms. Watt's career was spent liaising with law enforcement agencies in an effort to improve Ontario's policing policies and procedures. As Ontario's only female Police Complaints Commissioner, Ms. Watt played a significant role in the formation and development of Ontario's Civilian Oversight of Police Initiative.

Since September, 2016, Ms. Watt has served as a board member on the Adoption Council of Ontario and is a former member of the Ontario Board of Parole. She is also the founder of The Peter Pan Foundation, a non-profit organization in Ontario which sponsors community events throughout the year designed to provide a positive and uplifting experience for children from less-fortunate backgrounds. Since January, 2018, Ms. Watt has served as a board member of Nobilis Health, a full-service healthcare development and management company.

Ms. Watt holds a Bachelor of Arts (B.A.) from McGill University, a Bachelor of Laws (LL.B.) from the University of Ottawa, and a Master of Laws (LL.M.) from the University of Cambridge in England.

Stephen Dineley, Director, Age 67

Mr. Dineley is a recently retired Partner who specialized in Assurance Services at KPMG. An expert in his field with 30 years as a Partner, Stephen's expertise and knowledge served him well as he has worked closely with clients from a multitude of sectors which include healthcare, real estate, financial institutions, natural resources, transportation and industrials.

From 1998 to 2000, Stephen held the position of Chief Financial Officer at Extendicare Inc., one of the leaders in Canada's senior housing sector. During his tenure at the company, he oversaw the integration of one its most significant nursing centre acquisitions as well as the sale of its institutional pharmacy business.

Currently, Mr. Dineley provides consulting services to an alternate mortgage lender based in Toronto and serves as an expert witness to a legal firm. He serves as a director for the Bank of New York Trust Company Canada. He also serves as a director for the Medical Facilities Corporation, a company that owns surgical facilities in the United States in partnership with physicians.

Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as set out below, no proposed director, officer, promoter of the Company, or a security holder anticipated to hold sufficient securities of the Company to affect materially the control of the Company, within 10 years before the date of this AIF, has been, a director, officer or promoter of any Person or company that, while that Person was acting in that capacity; was the subject of a cease trade or similar order, or an order that denied the other Company access to any exemptions under applicable securities law, for a period of more than 30 consecutive days, or was subject to an event that resulted, after the Person ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or within a year of that Person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

The Company made an application for a management cease trade order (the "**MCTO**") under National Policy 12-203 – *Management Cease Trade Orders* to be in effect until the Financial Statements, accompanying management's discussion and analysis and certifications are filed. On May 2, 2019, the British Columbia Securities Commission granted the MCTO against the Company's Chief Executive Officer, Edward Fields, and its Chief Financial Officer, Peter Kampian. The granting of the MCTO was announced by the Company on May 7, 2019.

No director, officer or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, or a personal holding company of any such person has, within the past ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such person.

Conflicts of Interest

There are potential conflicts of interest to which the directors, officers and promoters of the Company will be subject with respect to the operations of the Company. Certain of the directors, and/or officers serve as directors and/or officers of other companies or have significant shareholdings in other companies. Situations may arise where the directors, officers and promoters of the Company will be engaged in direct competition with the Company. Any conflicts of interest will be subject to and governed by the law applicable to directors and officers' conflicts of interest, including the procedures prescribed by the BCBCA. The BCBCA requires that directors and officers of the Company, who are also directors or officers of a party which enters into a material contract with the Company or otherwise have a material interest in a material contract entered into by the Company, must disclose their interest and refrain from voting on any resolution of the Company's directors to approve the contract.

PROMOTER

Edward Fields is a promoter of the Company. The number and percentage of each class of voting securities and equity securities of the Company beneficially owned, directly or indirectly, or over which control is exercised by Mr. Fields is set out in the "*Directors and Officers*" section above.

Under the terms of his employment contract, Mr. Fields is entitled to an annual salary of $600,000. Mr. Fields' salary will be reviewed annually. Mr. Fields may be eligible under the terms of his employment contract for a discretionary annual cash bonus of $600,000 and he may also be eligible to receive additional equity-based compensation. Mr. Fields' employment contract provides for the payment of severance in the event of termination without Cause that is six (6) months of Mr. Fields' annual salary.

Other than as disclosed herein, there is nothing of value, including money, property, contracts, options or rights of any kind received or to be received by Mr. Fields directly or indirectly from the Company or from a subsidiary of the Company, nor any assets, services or other consideration received or to be received by the Company or a subsidiary of the Company in return. Mr. Fields has not contributed any assets to the Company other than as set out in the "*Interest of Management and Others in Material Transactions*" section of this AIF.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

As of the date of this AIF, there are no actual or pending material legal proceedings to which the Company or any of its predecessors is a party or of which any of its assets are subject. Management of the Company is not aware of any such material legal proceedings contemplated against the Company or any of its predecessors. There are no penalties or sanctions imposed against the Company by a court relating to provincial and territorial securities legislation or by a securities regulatory authority within the three years immediately preceding the date of this AIF. There are no other penalties or sanctions imposed by a court or regulatory body against the Company necessary to contain full, true and plain disclosure of all material facts relating to the securities being listed. There are no settlement agreements

that the Company entered into before a court relating to provincial and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date this AIF.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Pursuant to the share contribution and exchange agreements entered into in connection with the acquisitions of DionyMed, Inc. and Herban, dated February 28, 2018, Edward Fields, Daniel Fields and Peter Kampian contributed their respective shares in DionyMed, Inc. and Herban to DHI in exchange for DHI Series F Shares and DHI Common Shares. For further details on the share contribution and exchange agreement, see "*General Development of the Business – Acquisitions, Partnerships and Investments – Acquisition of DionyMed Inc., Herban and Subsidiaries*".

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Company are MNP LLP, through its offices in Toronto, Ontario.

The transfer agent and registrar for the Company's securities is Odyssey Trust Company, through its offices in Calgary, Alberta.

MATERIAL CONTRACTS

Except for the material contracts entered into in the ordinary course of business, set out below are the material contracts of the Company and its subsidiaries:

- The Credit Agreement;
- The agreement with the Underwriters dated May 7, 2019 with respect to the bought deal private placement of units; and
- The Company's Licenses.

A copy of the material contracts has been filed on the Company's SEDAR profile at www.sedar.com.

INTERESTS OF EXPERTS

The financial statements of the Company for the period ended December 31, 2018 have been audited by MNP LLP and their audit report dated May 31, 2019 is included in the Financial Statements. MNP LLP are the independent auditors of the Company and are independent within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario (registered name of The Institute of Chartered Accountants of Ontario).

No other person or company who is named as having prepared or certified a part of this AIF or prepared or certified a report or valuation described or included in this AIF has any direct or indirect interest in the Company.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans for the financial period ended December 31, 2018 is contained in the Company's CSE Form 2A – Listing Statement and the management information circular filed in connection with its 2017 annual meeting of shareholders.

Additional financial information is provided in the Company's annual financial statements and management's discussion and analysis for the financial period ended December 31, 2018, each of which is available on SEDAR at www.sedar.com.

This is Exhibit "B" to the Affidavit of YANA KISLENKO sworn before me this 22nd day of October, 2019

Nannette Doncell

Notary Public for Taking Affidavits

NANNETTE DONCELL
NOTARY PUBLIC OF NEW JERSEY
COMMISSION EXPIRES 4-20-20

DIONYMED BRANDS INC.

as Borrower

and

THE OTHER CREDIT PARTIES PARTY HERETO FROM TIME TO TIME

as Credit Parties

and

THE LENDERS PARTY HERETO FROM TIME TO TIME

as Lenders

and

GLAS USA LLC

as Administrative Agent

and

GLAS AMERICAS LLC

and Collateral Agent

CREDIT AGREEMENT

January 16, 2019

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CREDIT AGREEMENT

Credit Agreement dated January 16, 2019 among DionyMed Brands Inc., as Borrower, HomeTown Heart, DionyMed Inc., Herban Industries Inc., Herban Industries CA LLC, Herban Industries OR LLC, Herban Industries NJ LLC and their respective subsidiaries from time to time party hereto, as Credit Parties, the lenders from time to time party hereto, as Lenders, GLAS USA LLC, as Administrative Agent, and GLAS Americas LLC, as Collateral Agent.

RECITALS:

(a) The Borrower has requested, and the Lenders have agreed to make available, a term loan facility in the initial committed principal amount of $13,000,000 for the purposes of repaying in full the Early Draw Facility and for general corporate purposes, including working capital and acquisitions permitted hereunder;

(b) An additional principal amount of $2,000,000 under such term loan facility as well as a delayed draw term loan facility in the maximum principal amount of $25,000,000 may become available after the Closing Date (but, in each case, remain uncommitted on the Closing Date); and

(c) GLAS USA LLC will act as administrative agent and GLAS Americas LLC will act as collateral agent for the Lenders under the Facilities.

ARTICLE 1
INTERPRETATION

Section 1.1 Defined Terms.

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

"**Account**" means an account as defined in the PPSA or Article 9 of the UCC, as applicable.

"**Activating Event**" has the meaning specified in Section 2.11(2).

"**Activating Notice**" has the meaning specified in Section 2.11(2).

"Adjusted Debt" means, at any time, the aggregate amount of all Debt of the Borrower and the Subsidiaries determined on a consolidated basis exclusive of (i) a maximum of $1,000,000 of Debt permitted pursuant to Section 5.2(a)(ii) and (ii) Debt permitted pursuant to Section 5.2(a)(iv), Section 5.2(a)(v), Section 5.2(a)(vi) or Section 5.2(a)(vii). For greater certainty, if Debt of a Credit Party is guaranteed by one or more other Credit Parties, such Debt shall only be included once (and not multiple times) in the calculation of Adjusted Debt.

"**Administrative Agent**" means GLAS USA LLC, as administrative agent for the Lenders under this Agreement, and any successor administrative agent appointed pursuant to Section 8.8.

"Administrative Agent's Account" means the Administrative Agent's account, the particulars of which have been notified by the Administrative Agent to the Borrower.

"**Advance**" means advances made by a Lender to the Borrower pursuant to Article 2.

"**Affiliate**" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"**Agents**" means the Administrative Agent and the Collateral Agent, and "**Agent**" means either of them.

"**Agreement**" means this credit agreement as amended, modified, extended, renewed, replaced, restated, supplemented or refinanced from time to time; and the expressions "**Article**" and "**Section**" followed by a number mean and refer to the specified Article or Section of this Agreement.

"Annual Business Plan" means, for any Financial Year, the annual budget of the Borrower and the Subsidiaries (and including HomeTown Heart) prepared on a consolidated basis, with financial projections and pro forma financial statements on an annual basis, in each case consisting of a balance sheet, statement of income, statement of cash flows, proposed capital expenditures, including forecasts for each calendar month, and a list of assumptions upon which such projections are based.

"**Anti-Terrorism Laws**" means any law, judgment, order, executive order, decree, ordinance, rule or regulation of any Governmental Authority related to terrorism financing or money laundering, including Part II.1 of the Criminal Code, R.S.C. 1985, c.C-46, as amended, the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, S.C. 2000, c. 17 as amended, regulations promulgated pursuant to the *Special Economic Measures Act*, S.C. 1992, c. 17 and the *United Nations Act*, R.S.C. 1985, c. U-2, United States Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001, the Bank Secrecy Act, the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56, in each case, as amended.

"**Applicable Law**" means, (a) any domestic or foreign statute, law (including common and civil law), treaty, code, ordinance, rule, regulation, restriction or by-law (zoning or otherwise); (b) any judgment, order, writ, injunction, determination, decision, ruling, decree or award; (c) any regulatory policy, practice, guideline or directive; or (d) any Authorization binding on or affecting the Person referred to in the context in which the term is used or binding on or affecting the Assets of such Person.

"**Approved Fund**" means (a) any unitholder of a Lender and (b) any Fund that is administered or managed by (i) a Lender, (ii) an Affiliate of a Lender or (iii) an entity or an Affiliate of an entity that administers or manages a Lender or a unitholder of a Lender.

"**Asset**" means, with respect to any Person, any property (including real property), assets and undertakings of such Person of every kind and wheresoever situate, whether now owned or hereafter acquired (and, for greater certainty, includes any Equity Securities or like interest of such Person in any other Person).

"**Assignment and Assumption**" means an assignment and assumption entered into by a Lender and an Assignee and accepted by the Administrative Agent, in substantially the form of Exhibit 9 or any other form approved by the Administrative Agent.

"**Authorization**" means, with respect to any Person, any authorization, order, permit, approval, grant, licence, consent, right, franchise, privilege, certificate, judgment, writ, injunction, award, determination, direction, decree, by-law, rule or regulation of any Governmental Authority having jurisdiction over such Person, whether or not having the force of law.

"**Bank Accounts**" means the bank accounts of the Credit Parties, including the bank accounts set forth in Schedule 4.1(bb)(vi), and "**Bank Account**" means any one of them.

"**Blocked Accounts**" means a Bank Account of a Credit Party that is subject to a blocked account agreement among the relevant Credit Party, the Collateral Agent and the depository bank with respect to such Bank Account, in form and substance satisfactory to the Collateral Agent, and "**Blocked Account**" means any one of such accounts.

"**Board of Directors**" means, with respect to any Person, (i) in the case of any corporation, the board of directors of such Person, (ii) in the case of any limited liability company, the board of managers of such Person, (iii) in the case of any partnership, the board of directors of the general partner of such Person and (iv) in any other case, the functional equivalent of the foregoing.

"**Borrower**" means DionyMed Brands Inc., a corporation existing under the laws of British Columbia, and its successors and permitted assigns.

"**Borrower's Account**" means the Borrower's account #450020173199 maintained by the Borrower at the branch of Alterna Savings and Credit Union Limited located at 319 McRae Avenue, 1st Floor, Ottawa, Ontario, K1Z 0B9.

"**Borrowing Base**" means, at any time, the sum of (i) the value (computed at the lower of cost and Net Realizable Value) of Eligible Inventory of the Credit Parties (up to a maximum amount of $500,000 for Eligible Inventory that is Trim Inventory) plus (ii) the Eligible Accounts of the Credit Parties plus (iii) Eligible Real Property, minus (iv) Reserves.

"**Borrowing Base Certificate**" means a certificate of the Borrower, substantially in the form of Exhibit 10, mathematically computing the Borrowing Base, certifying that the Borrowing Base is expected to continue to exceed the principal amount of Advances then outstanding under the Delayed Draw Facility at all times until the Repayment Date, and signed on behalf of the Borrower by a Key Officer or other officer acceptable to the Majority Lenders.

"**Borrowing Notice**" has the meaning specified in Section 2.1(4).

"**Buildings and Fixtures**" means all plant, buildings, structures, erections, improvements, appurtenances and fixtures (including fixed machinery and fixed equipment).

"**Business**" means the business carried on by the Credit Parties of production, wholesaling and retailing and distribution of Cannabis, and activities reasonably ancillary thereto.

"**Business Authorization**" means, at any time, all material Authorizations necessary or desirable for the Business. For greater certainty, any Authorization issued by the California Department of Consumer Affairs' Bureau of Cannabis Control, the California Department of Food and Agriculture's CalCannabis Cultivation Licensing Division, the California Department of Public Health's Manufactured Cannabis Safety Branch and the Oregon Liquor Control Commission, and such other regulators that in the future have oversight authority over any of the Credit Parties in respect of the Business shall constitute a Business Authorization.

"**Business Day**" means any day of the year, other than a Saturday, Sunday or any day on which banks are closed for business in Vancouver, British Columbia; Toronto, Ontario; New York, New York; or Sydney, Australia, as applicable.

"**Canadian Priority Payables Reserve**" means a reserve established from time to time by the Majority Lenders in their reasonable business judgment in such amount as the Majority Lenders may reasonably determine in respect of any Credit Party which has employees in Canada or otherwise carries on business in Canada or which leases, sells or otherwise owns goods in Canada or has Accounts with account debtors located in Canada in respect of:

(a) the amount past due and owing by such Credit Party, or the accrued amount for which such Credit Party has an obligation to remit to a Governmental Authority in Canada or in any province, municipality or other political subdivision thereof ("**Canadian Governmental Authority**") or other Person pursuant to any applicable law, rule or regulation, in respect of (a) pension fund obligations, (b) Canada Pension Plan and Quebec Pension Plan, (c) employment insurance, (d) harmonized sales taxes, goods and services taxes, sales taxes, excise taxes, employee income taxes and other taxes payable or to be remitted or withheld, (e) workers' compensation, (f) wages, (g) vacation pay, and (h) other like charges and demands, in each case, in respect of which any Canadian Governmental Authority or other Person may claim a security interest, lien, trust, right or other claim ranking or capable of ranking in priority to or *pari passu* with one or more of the Liens granted in the Security Documents;

(b) the aggregate of any other amounts for which provision for payment is required to be made pursuant to Section 6 of the *Companies' Creditors Arrangement Act* (Canada) or Section 60 of the *Bankruptcy and Insolvency Act*

(Canada) (as such provisions may be amended or re-enacted from time to time) in order to obtain the court's sanction or approval of an arrangement, compromise or proposal; and

(c) the aggregate amount of any other liabilities of such Credit Party (a) in respect of which a trust has been or may be imposed on any Collateral to provide for payment, (b) which are secured by a security interest, pledge, lien, charge, right or claim on any Collateral or (c) the holder of which enjoys a right, in each case, pursuant to any applicable law, rule or regulation and which trust, security interest, pledge, lien, charge, right or claim ranks or is capable of ranking in priority to or *pari passu* with one or more of the Liens granted in the Security Documents.

"**Cannabis**" includes dried marijuana, fresh marijuana, cannabis oil, cannabinoids and starting materials with respect thereto.

"**Cannabis Laws**" means Applicable Law with respect to the cultivation, production and sale of Cannabis.

"**Capital Expenditures**" means all expenditures made by a Person required to be capitalized in accordance with IFRS.

"**Capital Lease**" means any lease which has been or should be capitalized on the books of the Borrower in accordance with IFRS.

"Cash Equivalents" means (i) investment grade securities issued, guaranteed or insured by the government of Canada or any province, or the United States of America or any state, and having terms to maturity of not more than one year, and (ii) term deposits and certificates of deposit having maturities of not more than one year of any domestic commercial bank of recognized standing and investment grade credit rating having net capital in excess of $500,000,000.

"**Cash Proceeds of Realization**" means the aggregate of (i) all Proceeds of Realization in the form of cash and (ii) all cash proceeds of the sale or disposition of non-cash Proceeds of Realization, in each case expressed in Dollars.

"Cdn$" means lawful currency of Canada.

"**Change in Law**" means the occurrence, after the Closing Date, of any of the following: (a) the adoption or taking effect of any Applicable Law, (b) any change in any Applicable Law or in the administration, interpretation or application thereof by any Governmental Authority, or (c) the making or issuance of any Applicable Law by any Governmental Authority.

"**Change of Control**" means (i) the occurrence of any transaction or event as a result of which any Person or group of Persons acting jointly or in concert (within the meaning of the *Securities Act* (British Columbia)) shall purchase or acquire (x) legal or beneficial ownership, either directly or indirectly, of thirty (30%) percent or more of voting power of

the outstanding Equity Securities of the Borrower or (y) the right or the ability by voting power, contract or otherwise to elect or designate for election a majority of the directors of the Borrower, or (ii) the direct or indirect Disposition of all or substantially all of the Assets of the Credit Parties to any Person or group of Persons.

"**Closing Date**" means January 16, 2019.

"**Code**" means the United States Internal Revenue Code of 1986, as amended, and the U.S. Treasury Regulations promulgated thereunder.

"**Collateral**" means any and all Assets in respect of which the Collateral Agent or any Secured Creditor has or is intended to have a Lien pursuant to a Security Document.

"**Collateral Agent**" means GLAS Americas LLC, as collateral agent for the Lenders under this Agreement, and any successor appointed pursuant to Section 8.8.

"**Commitments**" means, with respect to each Lender, its Term Facility Commitment and Delayed Draw Facility Commitment and, with respect to the Facilities, means the aggregate of all such amounts of all Lenders.

"**Compliance Certificate**" means a certificate of the Borrower substantially in the form of Exhibit 1, signed on its behalf by any Key Officer or other officer acceptable to the Majority Lenders.

"Continuing Directors" shall mean the directors of the Borrower on the Closing Date, and each other director, if, in each case, such other director's nomination for election to the Board of Directors of the Borrower is recommended by a majority of the then Continuing Directors.

"**Control**" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "**Controlling**" and "**Controlled**" have corresponding meanings.

"**Convertible Debentures**" means convertible debentures outstanding on the Closing Date issued by the Borrower pursuant to (i) the indenture dated as of June 14, 2018 between DionyMed Holdings Inc. (a predecessor of the Borrower) and Odyssey Trust Company, as supplemented by supplemental indentures dated August 28, 2018 and November 27, 2018, providing for the issue of 14.0% senior unsecured convertible debentures or (ii) the indenture dated as of June 14, 2018 between DionyMed Holdings Inc. (a predecessor of the Borrower) and Odyssey Trust Company, as supplemented by supplemental indentures dated August 28, 2018 and November 27, 2018, providing for the issue of 14.0% senior unsecured series A convertible debentures.

"**Convertible Debenture/Warrant/Option Shares**" means, with respect to any date, the Subordinate Voting Shares underlying the Convertible Debentures outstanding on such date, including the warrants issuable thereunder, and underlying any other series of warrants and options outstanding on such date issued by the Borrower, if and only to the

extent that, on such date, the volume weighted average price at which the Subordinate Voting Shares have traded on the CSE for the thirty (30) consecutive trading days ending one trading day before such date, as reported by the CSE, is greater than the Conversion Price (in the case of, and as defined in, the Convertible Debentures) or the applicable strike or exercise price (in the case of, and as specified in, the warrants issuable under the Convertible Debentures and any other series of warrants and options issued by the Borrower).

"**Credit Documents**" means this Agreement, the Security Documents, the Fee Letters, the Lender Joinders, the Supplements, the blocked account agreements for the Blocked Accounts, the Warrants, and all other documents executed and delivered to the Agents and the Lenders, or any of them, by the Credit Parties from time to time in connection with this Agreement or any other Credit Document, in each case, as the same may from time to time be amended, modified, extended, renewed, restated, replaced or supplemented.

"**Credit Parties**" means the Borrower, the Subsidiaries and HomeTown Heart.

"**CSE**" means the Canadian Securities Exchange and its successors.

"**Current Assets**" means, at any time, all current assets of the Borrower and the Subsidiaries determined on a consolidated basis as of such time in accordance with IFRS.

"**Current Liabilities**" means, at any time, all current liabilities of the Borrower and the Subsidiaries on a consolidated basis determined as of such time in accordance with IFRS excluding any current liabilities in respect of the Facilities, earn-out obligations and the Convertible Debentures.

"**Current Ratio**" means the ratio of Current Assets to Current Liabilities.

"**Debenture Threshold Conditions**" means (i) on March 15, 2020, the aggregate principal amount of outstanding Convertible Debentures is less than Cdn. $5,000,000 and (ii) the volume weighted average price at which the Subordinate Voting Shares have traded on the CSE for the ten (10) consecutive trading days ending one trading day before March 15, 2020 as reported by the CSE is greater than Cdn. $4.00.

"**Debt**" of any Person means (without duplication):

(a) all indebtedness of such Person for borrowed money, including bankers' acceptances, letters of credit or letters of guarantee;

(b) all indebtedness of such Person for the deferred purchase price of Assets or services, other than for Assets and services purchased in the ordinary course of business and paid for in accordance with customary practice (and, for greater certainty no more than ninety (90) days after acquisition) and not represented by a note, bond, debenture or other evidence of Debt;

(c) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to Assets acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such Assets);

(d) all obligations of such Person represented by a note, bond, debenture or other evidence of Debt;

(e) all indebtedness in respect of receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);

(f) all obligations under leases which have been or should be, in accordance with IFRS on the Closing Date, recorded as capital leases and all obligations under synthetic leases, in each case, in respect of which such Person is liable as lessee;

(g) all obligations under any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value (or, if any actual amount is due as a result of the termination or close-out of that derivative transaction, that amount) shall be taken into account);

(h) all obligations with respect to any Equity Securities in the capital of the Person which, by their terms (or by the terms of any security into which they are convertible or for which they are exchangeable), or upon the happening of any event (i) mature or are mandatorily redeemable pursuant to a sinking fund obligation or otherwise, (ii) are redeemable for cash or debt at the sole option of the holder, or (iii) provide for scheduled payments of dividends in cash, in each case, on or prior to the Repayment Date; and

(i) all Debt of another entity of a type described in clauses (a) through (h) which is directly or indirectly guaranteed by such Person, which is secured by a Lien on any Assets of such Person, which such Person has agreed (contingently or otherwise) to purchase or otherwise acquire, or in respect of which such Person has otherwise assured a creditor or other entity against loss.

The Debt of any Person shall include the Debt of any other entity (including a partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or relationship with such entity, except (other than in the case of general partner liability) to the extent that the terms of such Debt expressly provide that such Person is not liable therefor.

"**Default**" means an event which, with the giving of notice or passage of time, or both, would constitute an Event of Default.

"Delayed Draw Facility" means a delayed draw term loan facility in the aggregate principal amount equal to the Delayed Draw Facility Commitments of the Lenders, which facility may be made available, after the Closing Date, by Lenders with Delayed Draw Facility Commitments to the Borrower pursuant to Section 2.1(3).

"Delayed Draw Facility Commitment" means, with respect to any Lender, the relevant amount designated as such in its Lender Joinder (or as assigned to it pursuant to Section 9.8), and, with respect to the Delayed Draw Facility, means the aggregate of all such amounts. On the Closing Date, the Delayed Draw Facility Commitment is zero.

"Depreciation Expense" means, for any period, depreciation, amortization and other non-cash expenses of the Borrower and the Subsidiaries which reduce Net Income for such period, determined on a consolidated basis in accordance with IFRS.

"**Disposition**" means, with respect to any Asset of any Person, any direct or indirect sale, lease (where such Person is the lessor), assignment (other than an assignment that is a Lien), cession, transfer, exchange, conveyance, release or gift of such Asset, including by means of a sale and leaseback transaction, or any reorganization, consolidation, amalgamation or merger of such Person pursuant to which such Asset becomes the property of any other Person; and "**Dispose**" and "**Disposed**" have meanings correlative thereto.

"**Dollars**" and **"$"** each means lawful money of the United States of America.

"**Early Draw Facility**" means the credit facility provided to DionyMed Holdings Inc. pursuant to a facility agreement dated November 12, 2018 between DionyMed Holdings Inc. and the lenders party thereto.

"Early Maturity Date" has the meaning specified in Section 2.6(2).

"EBITDA" means, for any period, Net Income for such period increased, to the extent deducted in calculating Net Income, by the sum of (without duplication) (i) Interest Charges, (ii) income taxes of the Borrower and the Subsidiaries on a consolidated basis accrued in accordance with IFRS for such period, (iii) Depreciation Expense, (iv) non-cash compensation expense during such period arising from the granting of stock options and similar arrangements, (v) transaction expenses paid in such period related to Permitted Acquisitions in an amount approved in advance by the Majority Lenders, (vi) earn-out obligations paid in such period, (vii) transaction expenses paid to arm's length third parties during such period in connection with equity raises, and (viii) other adjustments approved in advance by the Majority Lenders.

"**Eligible Accounts**" means Accounts owing to the Credit Parties (net of any credit balance, returns, trade discounts, or unbilled amounts or retention) that meet and at all times continue to meet all of the standards of eligibility for Eligible Accounts set out on Exhibit 4.

"**Eligible Inventory**" means Inventory of the Credit Parties held for sale or to be furnished under contracts of service in the ordinary course of the business of the Credit

Parties that meets and at all times continues to meet all of the standards of eligibility for Eligible Inventory set out on Exhibit 5.

"**Eligible Real Property**" means Owned Properties of the Credit Parties expressly agreed by the Majority Lenders in their reasonable business judgment to be included in the Borrowing Base. Without in any way limiting the discretion of the Majority Lenders to establish other or further standards of eligibility from time to time, (i) Eligible Real Estate shall be located in Canada or the United States, (ii) the applicable Credit Party shall have good and marketable title in fee simple in such Eligible Real Property free and clear of any Liens other than a first-ranking mortgage in favour of the Collateral Agent and Permitted Liens of a type described in clauses (c), (g), (h) or (i) of "Permitted Liens", and (iii) the applicable Credit Party shall have delivered (w) a first-ranking mortgage in favour of the Collateral Agent for the benefit of the Secured Creditors in form and substance satisfactory to the Majority Lenders, (x) appraisals of the Eligible Real Property in form and substance satisfactory, and by an appraiser satisfactory, to the Majority Lenders, (y) title insurance policies with respect to the first-ranking mortgage referred to in clause (w) and the Owned Property in favour of the Collateral Agent for the benefit of the Secured Creditors, in form and substance satisfactory to the Majority Lenders, and (z) such opinions, certificates and other documents and information as the Majority Lenders shall require.

"**Environmental Laws**" means all Applicable Laws and agreements with a Governmental Authority relating to public health, the protection of the environment, the release of hazardous materials and occupational health and safety.

"**Environmental Liabilities**" means all liabilities imposed by, under or pursuant to Environmental Laws or which relate to the existence of contaminants on, under or about the Owned Properties or the Leased Properties.

"Equity Offering" means any offering of any Equity Securities of the Borrower, whether offered to the public or any other Person by private placement, pursuant to a prospectus or otherwise, but shall not include (i) Equity Securities issued pursuant to warrants (including the Warrants) and options outstanding on the Closing Date or pursuant to the exercise of convertible securities outstanding on the Closing Date.

"**Equity Securities**" means, with respect to any Person, any and all shares, interests, participations, rights in, or other equivalents (however designated and whether voting or non-voting) of, such Person's capital, including any interest in a partnership, limited partnership or other similar Person and any beneficial interest in a trust, and any and all rights, warrants, options or other rights exchangeable for or convertible into any of the foregoing.

"**Equivalent Amount**" means, on any day with respect to any two currencies, the amount obtained in one such currency (the "**first currency**") when an amount in the other currency is converted into the first currency using the spot rate of exchange for such conversion as quoted by the Bank of Canada at close of business on the immediately preceding Business Day or, in the absence of such a spot rate on such day, using such other rate as the Majority Lenders may reasonably select.

"**ERISA**" means the U.S. Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"**ERISA Affiliate**" means any trade or business (whether or not incorporated) under common control with the Borrower within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

"**Event of Default**" has the meaning specified in Section 7.1.

"**Excluded Taxes**" means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient: (a) Taxes imposed on or measured by its net income, and franchise Taxes (in lieu of net income taxes), in each case, (i) imposed by the jurisdiction (or any political subdivision thereof) under the laws of which such Recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located, or (ii) that are Other Connection Taxes, (b) any branch profits Taxes or any similar Tax imposed by any jurisdiction in which the Lender is located and (c) in the case of a Foreign Lender, any withholding Tax that is attributable to such Foreign Lender's failure or inability (other than as a result of a Change in Law) to comply with Section 6.2(5), and (e) any Taxes imposed under FATCA.

"**Facilities**" means the Term Facility and the Delayed Draw Facility, and "**Facility**" means either of them.

"**FATCA**" means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable), any current or future regulations or official interpretations thereof and any agreement entered into pursuant to Section 1471(b)(1) of the Code, any applicable intergovernmental agreement entered into between any Governmental Authorities, and any fiscal or regulatory legislation, rules or practices adopted pursuant to any such intergovernmental agreement, treaty or convention among Governmental Authorities entered into in connection with the implementation of the foregoing.

"**Fee Letters**" means (i) the letters dated as of the Closing Date between the Borrower and the Lenders or their Affiliates and Approved Funds setting forth fees payable to them in connection with the transactions contemplated hereunder, and (ii) the letter dated the Closing Date between the Borrower and the Agents with respect to the fees payable to them in connection with the transactions contemplated hereunder.

"**Fees**" means the fees payable by the Borrower under the Fee Letters and this Agreement.

"**Financial Quarter**" means a period of three consecutive months in each Financial Year ending on March 31, June 30, September 30 or December 31 of such year.

"**Financial Year**" means, in relation to the Borrower, its financial year commencing on January 1 of each calendar year and ending on December 31 of such calendar year.

"**Foreign Lender**" means, in respect of a particular Credit Party, a Lender that is not organized under the laws of the jurisdiction in which such Credit Party is resident for tax purposes by application of the laws of that jurisdiction and that is not otherwise considered or deemed in respect of any amount payable to it hereunder or under any Credit Document to be resident for income tax or withholding tax purposes in the jurisdiction in which such Credit Party is resident for tax purposes by application of the laws of that jurisdiction. For the purposes of this definition, Canada and each Province and Territory thereof shall be deemed to constitute a single jurisdiction and the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

"**Fund**" means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

"**Goods**" means tangible personal property but excluding chattel paper, documents of title, instruments, money and investment property (as these terms are defined in the PPSA or Article 9 of the UCC from time to time).

"**Governmental Authority**" means the government of Canada, the United States or any other nation, or of any political subdivision thereof, whether state, provincial or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, including any supranational bodies such as the European Union or the European Central Bank and including a Minister of the Crown, Superintendent of Financial Institutions or other comparable authority or agency.

"**Guarantee**" of or by any Person (in this definition, the "**guarantor**") means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Debt or other obligation of any other Person (in this definition, the "**primary credit party**") in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof (whether in the form of a loan, advance, stock purchase, capital contribution or otherwise), (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (c) to maintain working capital, equity capital solvency, or any other balance sheet, income statement or other financial statement condition or liquidity of the primary credit party so as to enable the primary credit party to pay such Debt or other obligation, (d) as an account party in respect of any letter of credit or letter of guarantee issued to support such Debt or other obligation, or (e) to purchase, sell or lease (as lessor or lessee) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Debt or to assure the holder of such Debt against loss. The term "Guarantee" shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guarantee in respect of Debt shall be deemed to be an amount equal to

the stated or determinable amount of the related Debt (unless the Guarantee is limited by its terms to a lesser amount, in which case to the extent of such amount) or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guarantor in good faith.

"**Herban CA**" means Herban Industries CA LLC, a limited liability company existing under the laws of California, and its successors.

"**Herban NJ**" means Herban Industries NJ LLC, a limited liability company existing under the laws of New Jersy, and its successors.

"Herban OR" means Herban Industries OR LLC, a limited liability company existing under the laws of Oregon, and its successors.

"**HomeTown Heart**" means HomeTown Heart, a corporation existing under the laws of California, and its successors.

"**HomeTown Heart Account Reserve**" means, in respect of any Account originated by or on behalf of HomeTown Heart, a reserve in the amount of 25% of such Account, unless the Majority Lenders are satisfied that such Account is net of all taxes to be collected from the account debtor in connection with such Account.

"**IFRS**" means International Financial Reporting Standards, as set out in the CPA Canada Handbook – Accounting, applied on a consistent basis.

"**Indemnified Taxes**" means (a) Taxes other than Excluded Taxes, and (b) to the extent not described in (a), Other Taxes.

"**Indemnitee**" has the meaning specified in Section 9.6(2).

"**Information**" has the meaning specified in Section 9.14(2).

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

"Interest Charges", for any period, for the Borrower and the Subsidiaries on a consolidated basis, the sum of (without duplication of amounts added) (i) the aggregate amount of interest expense (including imputed interest with respect to capitalized loan fees and lease obligations) accrued during such period on a consolidated basis in accordance with IFRS and (ii) all capitalized interest during such period.

"**Interest Period**" means a period of three consecutive months in each calendar year ending on March 31, June 30, September 30 and December 31 provided that the initial Interest Period shall begin on the date the initial Advance is made and end on March 31, 2019.

"**Inventory**" means all inventory that is finished Goods or saleable unprocessed cannabis biomass, in each case, now owned or hereafter acquired by the Credit Parties.

"**Investment**" in any Person means (i) any advances, loans or other extensions of credit, Guarantees, indemnities or other contingent liabilities in the nature of a Guarantee or indemnity or capital contributions (other than prepaid expenses in the ordinary course of business) to such Person (by means of transfers of money or other Assets), (ii) any purchase of any Equity Securities, bonds, notes, debentures or other securities of such Person, or (iii) the acquisition of all or substantially all the Assets of such Person or of a business carried on by, or a division of, such Person.

"**Key Officers**" means, at any time, the Chief Executive Officer of the Borrower and the Chief Financial Officer of the Borrower.

"**Leased Properties**" means, collectively, the real properties forming the subject matter of the Leases and more particularly described in Schedule 4.1(i) hereto.

"**Leases**" means the leases, subleases, rights to occupy and licences of or relating to real property or Buildings and Fixtures to which the Credit Parties are a party.

"**Lender Joinder**" means a joinder agreement substantially in the form of Exhibit 6 pursuant to which such Person agrees to be a Lender, as the same may from time to time be amended, modified, extended, renewed, restated, replaced or supplemented.

"**Lenders**" mean, collectively, the Persons who becomes Lenders under this Agreement pursuant to a Lender Joinder or pursuant to Section 9.8, and, in the singular, any one of them.

"**LIBOR Rate**" means, for each Interest Period, the annual rate of interest (expressed on the basis of a 360-day year) applicable to U.S. Dollars for a 3-month period appearing on the Reuters Screen LIBOR01 Page (or any successor or substitute page or service providing rate quotations comparable to those currently provided on such page determined by the Majority Lenders) at or about 11:00 a.m. London time on the day which is two (2) Business Days before the first day of such Interest Period, provided that if such rate is not available, the LIBOR Rate shall be the rate notified to the Borrower by the Lenders as soon as practicable, calculated based on the general market practice of large international banks at

the time, if applicable, and, if any such rate is less than zero, the LIBOR Rate shall be deemed to be zero.

"**Lien**" means any mortgage, charge, pledge, hypothecation, security interest, assignment, encumbrance, lien (statutory or otherwise), conditional sale agreement, capital lease or other title retention agreement or arrangement, defect of title, adverse claim, set off arrangement (other than a set off arrangement arising in the ordinary course) or any other arrangement or condition that in substance secures payment or performance of an obligation.

"Majority Lenders" means, at any time, Lenders who, taken together, hold or are beneficially entitled to at least 50.1% of the Commitments at that time.

"**Manufactured Goods Reserve**" means, in respect of any Inventory manufactured or processed (rather than purchased) by a Credit Party, a reserve in the amount of 15% of the cost of such Inventory, unless the Majority Lenders have been provided and are satisfied with a detailed calculation of the standard costing of such Inventory, which includes a detailed bill of materials setting out the cost of raw materials and packaging (and excluding all other costs allocated to such Inventory), in which case a reduced reserve may apply as determined by the Majority Lenders in their reasonable business judgment. Inventory of a Credit Party shall be deemed to be manufactured or processed unless the applicable Credit Party has satisfied the Majority Lenders that such Inventory has been purchased.

"**Market Capitalization**" means, with respect to any date, the product obtained by multiplying (i) the volume weighted average price at which the Subordinate Voting Shares have traded on the CSE for the thirty (30) consecutive trading days ending one trading day before such date, as reported by the CSE and (ii) the number of Subordinate Voting Shares outstanding on such date calculated on a partially diluted basis as though the Multiple Voting Shares had been converted into Subordinate Voting Shares and including any Convertible Debenture/Warrant/Option Shares.

"**Market Capitalization Ratio**" means, at any time, the ratio of Market Capitalization to the aggregate amount of all Debt of the Borrower and the Subsidiaries determined on a consolidated basis at such time.

"**Market Price**" means the lesser of (i) the VWAP of the Subordinate Voting Shares and (ii) the closing price of the Subordinate Voting Shares on the CSE on the relevant calculation date.

"**Material Adverse Effect**" means any event or circumstance or series of events or circumstances that, individually or in the aggregate, have a material adverse effect on (i) the business, operations, results of operations, performance, prospects, Assets, liabilities or condition (financial or otherwise) of the Credit Parties taken as a whole, (ii) the ability of any of the Credit Parties to perform its obligations under any Credit Document to which it is a party, or (iii) the rights and remedies of any Lenders or Agent under any Credit Document, including a material adverse effect on the total value of the Collateral, in each case other than a event or circumstance resulting from any change in general economic, business, financial capital or credit market conditions in Canada or the United States.

"**Material Agreements**" means the agreements listed in Schedule 4.1(bb)(v) and any agreement, contract or similar instrument to which any of the Credit Parties is a party or to which any of their Assets may be subject for which breach, non-performance, cancellation, termination or failure to renew could reasonably be expected to have a Material Adverse Effect.

"**Multiple Voting Shares**" means, at any time, the issued and outstanding Series A Multiple/Subordinate Voting shares and the issued and outstanding Series F Multiple Voting shares, in each case, at such time, in the capital of the Borrower.

"Net Income" means, for any period, the net income (loss) of the Borrower and the Subsidiaries determined on a consolidated basis in accordance with IFRS and reported to the CSE.

"Net Proceeds" means any one or more of the following:

(i) with respect to any sale or other Disposition of Assets by any of the Credit Parties, the net amount equal to the aggregate amount received in cash (including any cash received by way of deferred payment pursuant to a note receivable, other non-cash consideration or otherwise, and the release of any amount from an indemnity reserve, escrow or similar fund, but in each case only as and when such cash is so received) in connection with such Disposition, less the sum of (v) reasonable fees (including, without limitation, reasonable accounting, advisory and legal fees), commissions and other out-of-pocket expenses incurred or paid for by the Credit Party in connection with such Disposition (as evidenced by supporting documentation provided to the Administrative Agent upon request therefor by the Majority Lenders), (w) taxes incurred in connection with such Disposition, whenever payable, and (x) the principal amount of any Debt (other than Debt under the Credit Documents) that is secured by such Asset and that is required to be repaid in connection with such Disposition; and

(ii) with respect to the receipt of proceeds by any of the Credit Parties under any insurance (other than, provided no Default or Event of Default exists at the time of such receipt, proceeds in an amount less than $50,000 for any individual incident and up to $200,000 in the aggregate for all such individual incidents for all Credit Parties in a Financial Year), the net amount equal to the aggregate amount received in cash in connection with such receipt of insurance proceeds less taxes incurred attributable to such proceeds, whenever payable.

"**Net Realizable Value**" means, with respect to Eligible Inventory, the estimated selling price of such Eligible Inventory in the ordinary course of business, as determined in a manner acceptable to the Majority Lenders, acting reasonably.

"**Obligations**" means all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or unmatured, at any time or from time to time due or accruing due and owing by or otherwise payable by the Credit Parties, or any of

them, to the Secured Creditors, or any of them, under, in connection with or pursuant to the Credit Documents, and Obligations of a particular Credit Party shall mean all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or unmatured, at any time or from time to time due or accruing due and owing by or otherwise payable by such Credit Party to the Secured Creditors, or any of them, under, in connection with or pursuant to the Credit Documents to which such Credit Party is a party.

"**Original Currency**" has the meaning specified in Section 9.9(1).

"**Original Maturity Date**" means the second anniversary of the date of the initial Advance hereunder.

"**Other Connection Taxes**" means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Taxes (other than a connection arising solely from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transactions pursuant to, or enforced any Credit Document, or sold or assigned an interest in any Advance or any Credit Document).

"**Other Currency**" has the meaning specified in Section 9.9(1).

"**Other Taxes**" means all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or under any other Credit Document or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Credit Document, in each case, including any interest, additions to tax or penalties applicable thereto.

"**Owned Properties**" means, collectively, (i) the land and premises owned by the Credit Parties on the Closing Date which are listed on Schedule 4.1(i), including the Buildings and Fixtures thereon, and (ii) after the Closing Date, the lands and premises notified to the Administrative Agent pursuant to each Compliance Certificate including the Buildings and Fixtures thereon, but shall exclude lands and premises Disposed of as permitted in this Agreement as and from the date of such Disposition.

"**Participant**" has the meaning specified in Section 9.8(3).

"Permitted Acquisition" means an acquisition by any Credit Party of (i) the assets constituting a business, division or product line of any Person engaging in a business relating to the Business who is not a Related Party or (ii) 100% of the issued and outstanding shares or ownership interests in the capital of such Person, in each case, which acquisition has been consented to in writing in advance by the Majority Lenders (such consent not to be unreasonably withheld, and such consent to be deemed to be given by any Lender if such Lender has not made any objection, requested further information or time for consideration or otherwise responded within ten (10) Business Days after receiving the applicable request for consent), and provided that, unless prior consent of the Majority Lenders is obtained or deemed to be obtained, all such acquisitions (A) in California shall be made by Herban CA,

(B) in Oregon shall be made by Herban OR and (C) in New Jersey shall be made by Herban NJ. For greater certainty, the acquisition of the Equity Securities of HomeTown Heart by Herban Industries, Inc. pursuant to Section 5.1(u) shall be a Permitted Acquisition.

"**Permitted Liens**" means, in respect of any Person, any one or more of the following:

(a) Liens for Taxes which are not due or delinquent or the validity of which is being contested at the time by the Person in good faith by proper legal proceedings if adequate provision has been made for their payment;

(b) Inchoate or statutory Liens of contractors, subcontractors, mechanics, workers, suppliers, materialmen, carriers and others in respect of construction, maintenance, repair or operation of Assets of the Person, in each case, (i) that are related to obligations not due or delinquent, (ii) that are not registered against title to any assets of the Person, (iii) either (A) in respect of which adequate holdbacks are being maintained as required by Applicable Law or (B) that are being contested in good faith by appropriate proceedings and in respect of which there has been set aside a reserve (segregated to the extent required by IFRS) in an adequate amount and (iv) that do not reduce the value of the Assets of the Person or materially interfere with the use of such Assets in the operation of the business of the Person;

(c) Easements, rights-of-way, servitudes, restrictions and similar rights in real property provided that such easements, rights-of-way, servitudes, restrictions and similar rights do not reduce the value of the affected Assets of the Person or materially interfere with the use of such Assets in the operation of the business of the Person;

(d) Title defects or irregularities which are of a minor nature and which do not reduce the value of the Assets of the Person or materially interfere with the use of such Assets in the operation of the business of the Person;

(e) Liens resulting from the deposit of cash or securities in connection with bids or tenders in the ordinary course of business, or to secure obligations pursuant to workers' compensation, employment insurance or similar legislation;

(f) Liens securing appeal bonds and other similar Liens arising in connection with court proceedings (including, without limitation, surety bonds, security for costs of litigation where required by Applicable Law and letters of credit) or any other instruments serving a similar purpose;

(g) Liens given to a public utility or any municipality or governmental or other public authority when required by such utility or other authority in connection with the operation of the business or the ownership of the Assets of the Person, provided that such Liens do not reduce the value of the Assets of the Person or materially interfere with the use of such Assets in the operation of the business of the Person;

(h) Servicing agreements, development agreements, site plan agreements, subdivision agreements and other agreements with Governmental Authorities pertaining to the

use or development of any of the Assets of the Person, provided same are complied with and do not reduce the value of the Assets of the Person or materially interfere with the use of such Assets in the operation of the business of the Person including, without limitation, any obligations to deliver letters of credit and other security as required;

(i) Applicable municipal and other governmental restrictions, including municipal by-laws and regulations, affecting the use of land or the nature of any structures which may be erected thereon, provided such restrictions have been complied with and do not reduce the value of the Assets of the Person or materially interfere with the use of such Assets in the operation of the business of the Person;

(j) The right reserved to or vested in any Governmental Authority by any statutory provision or by the terms of any lease, licence, franchise, grant or permit of the Person, to terminate any such lease, licence, franchise, grant or permit, or to require annual or other payments as a condition to the continuance thereof;

(k) Attachments, judgments and other similar Liens arising in connection with court proceedings; provided, however, that the Liens are in existence for less than 10 days after their creation or the execution or other enforcement of the Liens is effectively stayed or the claims so secured are being actively contested in good faith and by proper legal proceedings;

(l) Liens in favour of the Collateral Agent and the other Secured Creditors created by the Security Documents;

(m) Purchase Money Mortgages securing Debt permitted to be incurred pursuant to Section 5.2(a)(ii);

(n) Mortgages on Owned Property securing Debt permitted to be incurred pursuant to Section 5.2(a)(iv);

(o) Liens securing up to $1,000,000 (or the Equivalent Amount in another currency) of Debt permitted pursuant to Section 5.2(a)(vi); and

(p) Liens securing the Early Draw Facility, provided that such Liens shall cease to be Permitted Liens on and after the date of the initial Advance.

"**Person**" means a natural person, sole proprietorship, corporation, limited liability company, trust, joint venture, association, company, partnership, institution, public benefit corporation, investment or other fund, Governmental Authority or other entity, and pronouns have a similarly extended meaning.

"**Plan**" means any employee pension benefit plan as defined in Section 3(2) of ERISA that is maintained or is contributed to by the Borrower or any ERISA Affiliate and is either covered by Title IV of ERISA or is subject to the minimum funding standards under Section 412 of the Code.

"**PPSA**" means the *Personal Property Security Act* (British Columbia).

"**Prepayment Premium**" has the meaning specified in Section 2.8.

"**Proceeds of Realization**" means all cash and non-cash proceeds derived from any sale, disposition or other realization of the Collateral (i) after any notice by the Administrative Agent to the Borrower pursuant to Section 7.1 declaring all indebtedness of the Borrower hereunder to be immediately due and payable or the automatic acceleration of such indebtedness, (ii) upon any dissolution, liquidation, winding-up, reorganization, bankruptcy, insolvency or receivership of any of the Credit Parties (or any other arrangement or marshalling of the Collateral that is similar thereto) or (iii) upon the enforcement of, or any action taken with respect to, any of the Credit Documents. For greater certainty, prior to the Security becoming enforceable (x) insurance proceeds derived as a result of the loss or destruction of any of the Collateral or (y) cash or non-cash proceeds derived from any expropriation or other condemnation of any of the Collateral shall not constitute Proceeds of Realization.

"**Purchase Money Mortgage**" means any Lien charging an Asset acquired by a Credit Party (or leased pursuant to a Capital Lease), which is granted or assumed by the such Credit Party or which arises by operation of law in favour of the transferor concurrently with and for the purpose of the acquisition of such property, in each case where such security interest extends only to the Asset acquired and its proceeds and the principal amount secured by the Lien is not in excess of 100% of the purchase price (after any post-closing adjustment) of the Asset acquired.

"**Recipient**" means (i) an Agent, (ii) any Lender and (iii) any other recipient of a payment made by or on account of any obligation of a Credit Party pursuant to this Agreement or any other Credit Document.

"**Register**" has the meaning specified in Section 9.4.

"**Related Parties**" means, with respect to any Person, such Person's Affiliates and the directors, officers, employees, agents and advisors of such Person and of such Person's Affiliates and "**Related Party**" means any one of them.

"**Repayment Date**" means the earlier of (i) the Original Maturity Date and (ii) the Early Maturity Date.

"**Reserves**" means reserves, if any, established by the Majority Lenders from time to time hereunder in their reasonable business judgment against the Borrowing Base, including without limitation, (i) from and after the 45th day following the Closing Date, in respect of rent or other amounts owing by a Credit Party in respect of each location at which Inventory is located, unless such location is subject to a landlord access agreement or bailee waiver in form and substance acceptable to the Majority Lenders, (ii) without duplication of any amounts already deducted in determining the Borrowing Base, potential dilution related to Accounts (taking into account any difference between the nominal amount of an invoice and the amount to be received by a Credit Party), (iii) the HomeTown Heart Reserve, (iv) the Manufactured Goods Reserve, (v) the Royalty Reserve, (vi) the Canadian

Priority Payables Reserve, and (vii) such other events, conditions or contingencies as to which the Majority Lenders, in their reasonable business judgment, determine reserves should be established from time to time hereunder; provided, however, that the Majority Lenders may not implement reserves with respect to matters which are already specifically reflected as ineligible Accounts or Inventory or criteria deducted in computing Eligible Inventory. The amount of any Reserves established by the Majority Lenders shall have a reasonable relationship to the event, condition or other matter which is the basis for such Reserves as determined by the Majority Lenders in their reasonable business judgment.

"**Restricted Payment**" means, with respect to any Person, any payment by such Person (i) of any dividend or other distribution on issued Equity Securities of such Person or any of its subsidiaries, (ii) on account of, or for the purpose of setting apart any property for a sinking or other analogous fund for, the purchase, redemption, retirement or other acquisition of any issued Equity Securities of such Person or any of its subsidiaries, or (iii) any payments whether as consulting fees, management fees, salary, compensation or otherwise to any (v) Affiliate of such Person, (w) any Person that directly or indirectly owns or controls Equity Securities of such Person carrying more than 10% of the voting rights outstanding at such time, (x) any Affiliate of a Person described in clause (w), (y) any Person that is an officer or director of such Person or of any Affiliate of such Person or of any Person described in clause (w) or clause (x), or (z) any immediate family member of any of the foregoing.

"**Royalty Reserve**" means, in respect of Inventory or Accounts arising from products using, or marketed or promoted using, the Alexander Fields mark and subject to the trademark license agreement dated June 2, 2018 between Zander Fields Inc. or Zander Fields LLC and Herban Industries Inc., a reserve in the amount of 15% of the gross price charged (or usually charged) to buyers of such products.

"**Secured Creditors**" means the Administrative Agent, the Collateral Agent and the Lenders.

"**Security**" means, at any time, the Liens in favour of the Secured Creditors, or any of them, in the Assets of the Credit Parties securing the Obligations.

"**Security Documents**" means the agreements described as such in Exhibit 3, the guarantees and security delivered pursuant to Section 5.1(s), and any other security granted to the Secured Creditors, or any of them, as security for the Obligations.

"**Solvent**" means, with respect to any Person on a particular date, that on such date, (i) the fair value of the property of such Person is greater than the total amount of liabilities, including contingent liabilities, of such Person, (ii) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and mature, (iii) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay such debts and liabilities as they mature, and (iv) such Person is not engaged in, and is not about to engage in, any business or transaction contemplated as of such date for which such Person has unreasonably small capital; provided that the amount of contingent liabilities at the time shall be computed as the amount that, in the light of all the

facts and circumstances existing at such time, represents the amount that can be reasonably expected to become an actual or matured liability.

"**Spot Rate**" means, on any date, the spot rate of exchange for converting U.S. Dollars to Canadian Dollars quoted by the Bank of Canada at approximately 4:30 p.m. (Toronto time) on the Business Day before such date.

"**Subordinate Voting Shares**" means, as of any day, the fully paid and non-assessable subordinate voting shares in the capital of the Borrower on such day.

"**Subsidiaries**" means any subsidiaries of the Borrower. On the Closing Date, the Subsidiaries are DionyMed Inc., Herban Industries Inc., Herban CA, Herban OR and Herban NJ.

"**subsidiary**" means with respect to any Person (the "**parent**") at any date, (i) any corporation, limited liability company, association or other business entity of which securities or other ownership interests representing more than 50% of the voting power of all equity interests entitled to vote in the election of the Board of Directors thereof are, as of such date, owned, controlled or held by the parent and/or one or more subsidiaries of the parent, (ii) any partnership, (x) the sole general partner or the managing general partner of which is the parent and/or one or more subsidiaries of the parent or (y) the only general partners of which are the parent and/or one or more subsidiaries of the parent and (iii) any other Person that is otherwise Controlled by the parent and/or one or more subsidiaries of the parent.

"**Supplement**" has the meaning specified in Section 9.3(1).

"**Surplus Amount**" has the meaning specified in Section 2.11(3).

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

"Term Facility" means the term loan facility in the aggregate principal amount equal to the Term Facility Commitments of the Lenders to be made available by the Lenders to the Borrower pursuant to Section 2.1(1) and, if applicable, Section 2.1(2).

"Term Facility Commitment" means, with respect to each Lender, the relevant amount designated as such in its Lender Joinder or assigned to it pursuant to Section 9.8, and, with respect to the Term Facility, means the aggregate of all such amounts. On the Closing Date, the Term Facility Commitment is $13,000,000.

"**Trim Inventory**" means Eligible Inventory that consists of saleable unprocessed cannabis biomass.

"UCC" shall mean the Uniform Commercial Code as from time to time in effect in the relevant jurisdiction.

"United States" or **"U.S."** means United States of America.

"Unrestricted Cash" means cash and Cash Equivalents of the Credit Parties (in each case, free and clear of all Liens) to the extent the use thereof for the application to payment of Debt is not prohibited by law or any contract to which any Credit Party is a party and excluding cash and Cash Equivalents which are listed as "restricted" on the consolidated balance sheet of the Borrower as of such date.

"**Unused Line Fee**" has the meaning specified in Section 2.9.

"Warrant Exercise Price" means, (i) with respect to the Warrants issued in connection with the first $20,000,000 aggregate principal amount of Advances, the lower of (x) Cdn.$4.65 and (y) a 50% premium to the volume weighted average price at which the Subordinate Voting Shares have traded on the CSE for the ten (10) consecutive trading days ending one trading day before the date of the relevant Advance, as reported by the CSE, and (ii) with respect to Warrants issued in connection with any other Advance (or portion thereof), 50% premium to the lower of (x) Cdn.$4.25 and (y) the volume weighted average price at which the Subordinate Voting Shares have traded on the CSE for the ten (10) consecutive trading days ending one trading day before the date of the relevant Advance, as reported by the CSE; provided that the Warrant Exercise Price for any Warrant will not be less than the closing market price of the Subordinate Voting Shares on the CSE on the trading day before the earlier of (x) the dissemination of a news release disclosing the issuance of such Warrant and (y) the posting of notice of the proposed issuance of such Warrant.

"Warrants" means purchase warrants issued to (or as directed by) the Lenders in the form set out on Exhibit 7, each entitling the holder to subscribe for one Subordinate Voting Share of the Borrower.

Section 1.2 Gender and Number.

Any reference in the Credit Documents to gender includes all genders and words importing the singular number only include the plural and vice versa.

Section 1.3 Headings, etc.

The provision of a Table of Contents, the division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and are not to affect the interpretation of this Agreement.

Section 1.4 Currency.

All references in the Credit Documents to dollars, unless otherwise specifically indicated, are expressed in currency of the United States of America.

Section 1.5 Certain Phrases, etc.

In any Credit Document (i) (y) the words "**including**" and "**includes**" mean "**including (or includes) without limitation**" and (z) the phrase "**the aggregate of**", "**the total of**", "**the sum of**", or a phrase of similar meaning means "**the aggregate (or total or sum), without duplication, o**f", (ii) in the computation of periods of time from a specified

date to a later specified date, unless otherwise expressly stated, the word "**from**" means "**from and including**" and the words "**to**" and "**until**" each mean "**to but excluding**", and references to "**this Agreement**", "**hereof**" and "**herein**" and like references refer to such Credit Document and not to any particular Article, Section or other subdivision of such Credit Document.

Section 1.6 Non-Business Days.

Whenever any payment to be made hereunder shall be stated to be due or any action to be taken hereunder shall be stated to be required to be taken on a day other than a Business Day, such payment shall be made or such action shall be taken on the next succeeding Business Day and, in the case of the payment of any amount, the extension of time shall be included for the purposes of computation of interest, if any, thereon.

Section 1.7 Accounting Terms; Consolidated Basis.

All accounting terms not specifically defined in this Agreement shall be interpreted in accordance with IFRS. If there occurs a material change in IFRS and, as a result, an amount required to be determined hereunder would be materially different (as determined by the Borrower or the Majority Lenders), the Borrower and the Administrative Agent (at the direction of the Majority Lenders) shall negotiate in good faith to revise (if appropriate) the relevant covenants to give effect to the intention of the parties under this Agreement as at the Closing Date, and any new covenant shall be subject to approval by the Majority Lenders. Until the successful conclusion of any such negotiation and approval by the Majority Lenders, and/or if the Borrower and the Majority Lenders cannot agree on revisions to the covenants within thirty (30) days following the implementation of the change, the Borrower shall thereafter make all calculations for the purpose of determining compliance with the financial covenants contained herein both under IFRS in existence as at the Closing Date and IFRS subsequently in effect and applied by the Borrower. References in this Agreement to financial covenants (including the covenants in Section 5.3) or other amounts to be determined or calculated with respect to the Borrower on a consolidated basis or with respect to the Borrower and Subsidiaries on a consolidated basis shall, in each case, be interpreted to refer to the Borrower and Subsidiaries, and including HomeTown Heart, on a consolidated basis.

Section 1.8 Rateable Portion of a Facility.

References in this Agreement to a Lender's rateable portion of a Facility or rateable share of payments of principal, interest, Fees or any other amount, shall mean and refer to a rateable portion or share as nearly as may be rateable in the circumstances, as determined in good faith by the Administrative Agent based on the Commitments of, or Obligations outstanding to, such Lender, as applicable. Each such determination by the Administrative Agent shall be prima facie evidence of such rateable share.

Section 1.9 Incorporation of Schedules.

The schedules attached to this Agreement shall, for all purposes of this Agreement, form an integral part of it.

Section 1.10 Conflict.

The provisions of this Agreement prevail in the event of any conflict or inconsistency between its provisions and the provisions of any of the other Credit Documents.

Section 1.11 Certificates.

Any certificate required by the terms of this Agreement or any Credit Document to be given by an officer of the Borrower for and on behalf of any Credit Party shall be given without any personal liability on the part of the officer giving the certificate.

Section 1.12 Permitted Liens.

Any reference in this Agreement or any of the other Credit Documents to a Permitted Lien or a Lien permitted by this Agreement is not intended to subordinate or postpone, and shall not be interpreted as subordinating or postponing, or as any agreement to subordinate or postpone, any Lien created by any of the Credit Documents to any Permitted Lien or any Lien permitted hereunder.

Section 1.13 References to Agreements.

Except as otherwise provided in this Agreement, any reference in this Agreement to any agreement or document means such agreement or document as the same may have been or may from time to time be amended, modified, extended, renewed, restated, replaced or supplemented in accordance herewith and therewith.

Section 1.14 Statutes.

Except as otherwise provided in this Agreement, any reference in this Agreement to a statute refers to such statute and all rules and regulations made under it as the same may have been or may from time to time be amended or re-enacted.

Section 1.15 Actions to be Taken by Agent.

Unless the context requires otherwise, in this Agreement and the other Credit Documents, any reference to the taking of any action or the exercise of any power (including the granting of any consent) by an Agent shall be construed as the taking of such action or the exercise of such power by such Agent on the instructions of, or otherwise with the approval of, the Majority Lenders (or such other number or percentage of the Lenders as shall be expressly provided for in the Credit Documents).

ARTICLE 2
FACILITIES

Section 2.1 Facilities.

(1) Each Lender severally agrees, on the terms and conditions of this Agreement, to lend its rateable share (in accordance with its Term Facility Commitment) of the principal amount of $13,000,000 to the Borrower in a single Advance under the Term Facility upon satisfaction (or waiver by the Lenders) of the applicable conditions set out in Article 3.

(2) After the Closing Date, upon and subject to an increase in the Term Facility Commitment, Lenders with Term Facility Commitments may make additional Advances under the Term Facility, rateably in accordance with such Commitments, on any Business Day prior to the Repayment Date in a maximum aggregate principal amount not to exceed $2,000,000, upon satisfaction of the applicable conditions set out in Article 3, provided that the principal amount of Advances made under the Term Facility at any time shall not exceed the Term Facility Commitment at such time. All Advances pursuant to the Term Facility shall be in a minimum principal amount of $2,000,000 or, if less, the undrawn amount of the Term Facility Commitment. The first $2,000,000 in new Commitments from Lenders after the Closing Date shall be Term Facility Commitments.

(3) After the Closing Date, upon and subject to an increase in the Delayed Draw Facility Commitment, Lenders with Delayed Draw Facility Commitments may make Advances under the Delayed Draw Facility from time to time on any Business Day prior to the Repayment Date, in each case, rateably in accordance with their respective Delayed Draw Facility Commitments, upon satisfaction of the applicable conditions set out in Article 3, provided that such Lenders shall not make an Advance under the Delayed Draw Facility if such Advance would result in the principal amount outstanding under the Delayed Draw Facility exceeding the lesser of the Delayed Draw Facility Commitment and the Borrowing Base. All Advances pursuant to the Delayed Draw Facility shall be in a minimum principal amount of $5,000,000 and incremental multiples of $1,000,000. The Term Facility Commitment shall be fully drawn by the Borrower prior to Advances becoming available under the Delayed Draw Facility.

(4) The initial Advance shall be in the principal amount of $13,000,000, shall be made under the Term Facility, and shall be made on five (5) Business Days prior notice to the Administrative Agent, such notice to be given after satisfaction of all other applicable conditions of Advance set out in Article 3. The Borrower shall satisfy such conditions and submit its Borrowing Notice requesting such initial Advance within ten (10) Business Days of the Closing Date. Any subsequent Advance shall be made on ten (10) Business Days prior notice, in each case, given not later than 11:00 a.m. (New York time) by the Borrower to the Administrative Agent. Each notice of a Borrowing (a "**Borrowing Notice**") shall be in substantially the form of Exhibit 2, shall be irrevocable and binding on the Borrower and shall specify (i) the applicable Facility, (ii) the requested date of the Advance, and (iii) the principal amount of the Advance, and shall certify that the matters set out in Section 3.1(l), (m) and (n) (in the case of the initial Advance), or Section 3.2(e), (f) and (g) (in the case of any subsequent Advance), are true and correct. The Borrower shall only deliver a Borrowing Notice when all other applicable conditions of Advance set out in Article 3 have been satisfied.

(5) Upon receipt by the Administrative Agent of all of the funds from the Lenders and fulfilment of the applicable conditions set forth in Article 3, the Administrative Agent will make such funds available to the Borrower by crediting the Borrower's Account (or causing the Borrower's Account to be credited) with the amount of the

Advance in accordance with the wire details included in the applicable Borrowing Notice or as the Borrower otherwise directs in such Borrowing Notice.

(6) Neither Facility revolves and any amount repaid or prepaid, as the case may be, under a Facility cannot be reborrowed and reduces such Facility by the amount repaid or prepaid, as the case may be.

Section 2.2 Interest.

(1) The principal amount of each Advance outstanding from time to time shall bear interest from the date of Advance until the principal amount of the Advance is repaid in full, at a rate per annum equal, at all times during each applicable Interest Period, to the sum of the LIBOR Rate for such Interest Period plus eight (8.0%) percent per annum. Interest on each Advance shall be calculated and payable in arrears on the last day of each Interest Period and when such Advance becomes due and payable in full or is repaid.

(2) From and after the date of the occurrence of an Event of Default and for so long as such Event of Default continues, the principal amount of each Advance shall bear interest at the rate set out in Section 2.2(1) plus two (2.0)% percent per annum. Any unpaid Fees, expenses or other amounts (not on account of principal) shall bear interest at the rate applicable to Advances, which interest shall be payable on demand.

Section 2.3 Warrants.

In consideration for the Lenders making each Advance, the Borrower will pay a fee to be satisfied by the issuance by the Borrower of a number of Warrants to (or as directed by) the Lenders making such Advance rateably in accordance with their Term Facility Commitment or Delayed Draw Facility Commitment, as applicable, based on the following formula, as applicable:

(a) in the case of any Advance under the Term Facility:

the equivalent amount in Canadian Dollars, as determined by the Majority Lenders based on the Spot Rate, of the principal amount of the Advance divided by the Warrant Exercise Price

(b) in the case of an Advance under the Delayed Draw Facility:

the equivalent amount in Canadian Dollars, as determined by the Majority Lenders based on the Spot Rate, of the principal amount of the Advance divided by the Warrant Exercise Price, with the product of the foregoing multiplied by 50%.

Section 2.4 Use of Proceeds.

The Borrower shall use the proceeds of the Facilities firstly to repay in full the Early Draw Facility and thereafter for general corporate purposes, including working capital and Permitted Acquisitions.

Section 2.5 Reserves.

The Majority Lenders shall have the right to establish Reserves in such amounts, and with respect to such matters, but subject to the limitations contained in the definition of "Reserves" herein, as the Majority Lenders in their reasonable business judgment shall deem necessary or appropriate, against the Borrowing Base (which Reserves shall reduce the then existing applicable Borrowing Base in an amount equal to such Reserves).

Section 2.6 Mandatory Repayments and Prepayments.

(1) The Borrower shall repay the principal amount of the Facilities outstanding on the Repayment Date, together with all other outstanding Obligations, on the Repayment Date.

(2) The Borrower acknowledges that the Convertible Debentures mature and are payable on June 14, 2020, to the extent that such debentures have not prior to such date been converted into equity of the Borrower in accordance with the terms thereof. Not later than March 15, 2020, the Borrower shall deliver a written notice to the Administrative Agent setting out its proposal to finance the repayment of its remaining indebtedness under the Convertible Debentures, which shall include satisfactory evidence of the Borrower's ability to comply with all financial covenants and other terms and conditions herein both before and after such transaction, and requesting the Lenders' consent to the repayment of such Convertible Debentures, provided that the Borrower shall not be required to deliver such notice if the Debenture Threshold Conditions have been satisfied on March 15, 2020. If the Debenture Threshold Conditions have not been so satisfied and the Lenders, in their sole discretion, do not provide their consent to such proposal within 20 days after receiving such notice, the Facilities shall mature and become payable on April 30, 2020. In addition, the Facilities shall mature and become immediately payable on the date that the Borrower becomes obliged to make any principal repayment on account of the Convertible Debentures for any other reason. The date on which the Facilities mature and become payable pursuant to this Section 2.6(2) is the "**Early Maturity Date**".

(3) The Borrower shall pay to the Lenders, within five (5) Business Days of receipt of such Net Proceeds, an amount equal to the Net Proceeds received by any Credit Party from a sale or other Disposition of Assets of a Credit Party, except to the extent such sale or Disposition was permitted pursuant to Section 5.2(d).

(4) The Borrower shall (unless (i) no Default or Event of Default has occurred and is continuing and (ii) the relevant Credit Party has insurance on a replacement cost basis and the proceeds or an amount not less than the proceeds has been expended or committed to be expended within one hundred and eighty (180) days of receipt of such proceeds by such Credit Party for the repair or replacement of the insured property in respect of which such proceeds were received and the Borrower has provided to the Administrative Agent evidence satisfactory to the Majority Lenders of such expenditure or commitment), within five (5) Business Days following the receipt by a Credit Party of Net Proceeds of insurance, pay, or, to the extent the Collateral Agent for the benefit of the Secured Creditors is a loss payee under any

insurance policy, irrevocably direct the Collateral Agent to pay, such Net Proceeds to the Lenders.

(5) Together with each prepayment made pursuant to Section 2.6(3) or Section 2.6(4), the Borrower shall pay the applicable Prepayment Premium.

(6) Provisions contained in this Section 2.6 for the application of proceeds of certain transactions shall not be deemed to constitute consent of the Lenders to transactions that are not otherwise permitted by the terms hereof or the other Credit Documents.

Section 2.7 Optional Prepayments.

Upon ten (10) days' prior irrevocable written notice to the Administrative Agent specifying (i) the date of prepayment, and (ii) the principal amount to be prepaid, the Borrower may prepay all or any portion of either Facility together with all accrued and unpaid interest thereon to the date of such prepayment, provided that any prepayment shall be in a minimum principal amount of $1,000,000.

Section 2.8 Prepayment Premium.

If the Borrower pays after the Administrative Agent has made a declaration pursuant to Section 7.2 or if the Borrower prepays all of any portion of the Facilities pursuant to Section 2.6(3), Section 2.6(4) or Section 2.7 then, in each case, the Borrower shall pay to the Administrative Agent, for the *pro rata* benefit of the Lenders (in accordance with the Advances made by such Lenders), as liquidated damages and compensation for the costs of being prepared to make funds available hereunder an amount equal to ten (10.0%) percent multiplied by the principal amount of the Advances so paid or prepaid (the "**Prepayment Premium**"). The Credit Parties agree that the Prepayment Premium is a reasonable calculation of the Lenders' lost profits in view of the difficulties and impracticality of determining actual damages resulting from a prepayment and/or an early repayment of the Advances or early termination of the Commitments.

Section 2.9 Unused Line Fee.

The Borrower shall pay to the Administrative Agent for the account of and distribution to each Lender rateably in accordance with each such Lender's Commitments, in Dollars, an unused line fee (the "**Unused Line Fee**") for the period commencing on the date of the initial Advance pursuant to Section 2.1(3) to and including the Repayment Date computed at a rate of 1.50% per annum on the average daily excess amount of the aggregate Commitments over the aggregate principal amount of Advances outstanding. The Unused Line Fee on the Commitments shall be calculated and payable quarterly in arrears on the last day of each Interest Period and on the Repayment Date (or, if earlier, the date of repayment in full of the Advances and the termination of the Facilities).

Section 2.10 Payments under this Agreement.

All payments to be made by the Borrower shall be made without condition or deduction for any counterclaim, defense, recoupment or set-off. Unless otherwise expressly provided in this Agreement, the Borrower shall (i) make any payment required to be made by it to the Administrative Agent or a Lender by depositing the amount of the payment to the Administrative Agent's Account not later than 11:00 am (New York time) on the date the

payment is due, and (ii) with respect to any repayment or prepayment, provide to the Administrative Agent, upon the number of Business Days' notice to the Administrative Agent required by this Agreement, a notice of repayment which shall be irrevocable and binding on the Borrower and shall specify the date of repayment. The Borrower shall make each repayment or prepayment in Dollars. The Administrative Agent shall distribute to each Lender's account (notified by such Lender to the Administrative Agent and including any in-trust account held by the Administrative Agent for such Lender), promptly on the date of receipt by the Administrative Agent of any payment, an amount equal to the amount then due each Lender. If the payment is received by the Administrative Agent by the time set out above in clause (i) but the distribution is not made to the Lenders on that date, the Administrative Agent shall pay interest on the amount for each day, from the date after the amount is received by the Administrative Agent until the date of distribution, at the rate of interest earned by the Administrative Agent on such amount (if any). Any amount received by the Administrative Agent for the account of the Lenders shall be held in trust for their benefit until a distribution.

Section 2.11 Blocked Accounts.

(1) Upon delivery of blocked account agreements in accordance with Section 5.2(p), the Borrower and each other Credit Party shall (i) forthwith upon receipt, pay all cash receipts and deposit all cheques and other payments and amounts of any kind whatsoever, including all proceeds of Collateral, insurance and reinsurance, into the appropriate Blocked Account, and (ii) direct all insurers and all other Persons from whom the Borrower or Credit Party, as applicable, may become entitled to receive payments (including proceeds arising from license or sale of production, business interruption insurance, liquidated damages under any performance bond, letter of credit or guarantee, any warranty claim, the sale of or grant of any interest in any part of the Collateral), to pay all such amounts directly to the appropriate Blocked Account.

(2) Upon the occurrence of a Default or an Event of Default (each such time, an "**Activating Event**"), the Collateral Agent may (and if required by the Majority Lenders shall), pursuant to the Blocked Account Agreements, deliver notice to the depository bank with respect to one or more of the Blocked Accounts (an "**Activating Notice**") instructing it to accept instructions exclusively from the Collateral Agent with respect to such Blocked Accounts.

(3) On each Business Day during which an Activating Notice is in effect, the Collateral Agent shall, at the direction of the Majority Lenders, apply all amounts received by it on such Business Day from the Blocked Accounts to any amounts then owing by the Borrower in respect of the Facilities. If on any such Business Day the amount received by the Collateral Agent from the Blocked Accounts exceeds the amounts then owing by the Borrower in respect of the Facilities (after giving effect to the foregoing application) (such excess, a **"Surplus Amount"**), such Surplus Amount shall be deemed to be held in trust by the Collateral Agent for and on behalf of the Borrower and the Collateral Agent shall pay such Surplus Amount to the Borrower no later than the end of the third Business Day following such day.

Section 2.12 Application of Payments.

All amounts received by an Agent from or on behalf of the Borrower and not previously applied pursuant to this Agreement shall be applied by the Agent as follows (i) first, in reduction of the Borrower's obligation to pay any amounts that are due and owing (including Fees) to the Agents, (ii) second, in reduction of the Borrower's obligation to pay any expenses, claims or losses referred to in Section 9.6, (iii) third, in reduction of the Borrower's obligation to pay any unpaid interest and any Fees which are due and owing to the Lenders, (iv) fourth, in reduction of the Borrower's obligation to pay any amounts due and owing on account of any unpaid principal amount of the Facilities which is due and owing, (v) fifth, in reduction of the Borrower's obligation to pay any other unpaid principal amount of the Facilities, (vi) sixth, in reduction of any other obligation of the Borrower under this Agreement and the other Credit Documents, and (vii) seventh, to the Borrower or such other Persons as may lawfully be entitled to or directed to receive the remainder.

Section 2.13 Computations of Interest and Fees.

(1) All computations of interest and Fees shall be made by the Administrative Agent taking into account the actual number of days occurring in the period for which such interest is payable and (i) if based on the LIBOR Rate, on the basis of a year of 360 days, or (ii) otherwise, on the basis of a year of 365 days.

(2) For purposes of the *Interest Act* (Canada), (i) whenever any interest or Fee under this Agreement or any other Credit Document is calculated using a rate based on a year of 360 or 365 days, the rate determined pursuant to such calculation, when expressed as an annual rate, is equivalent to (x) the applicable rate based on a year of 360 or 365 days, as the case may be, (y) multiplied by the actual number of days in the calendar year in which the period for which such interest or fee is payable (or compounded) ends, and (z) divided by 360 or 365, as the case may be, (ii) the principle of deemed reinvestment of interest does not apply to any interest calculation under this Agreement, and (iii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

(3) If any provision of this Agreement or of any of the other Credit Documents would obligate any Credit Party to make any payment of interest or other amount payable to any Lender in an amount or calculated at a rate which would be prohibited by Applicable Law or would result in a receipt by such Lender of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)) then, notwithstanding such provisions, such amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by Applicable Law or so result in a receipt by such Lender of interest at a criminal rate, such adjustment to be effected, to the extent necessary, as follows: firstly, by reducing the amount or rate of interest required to be paid to such Lender under the applicable Credit Document, and thereafter, by reducing any fees, commissions, premiums and other amounts required to be paid to such Lender which would constitute "interest" for purposes of Section 347 of the *Criminal Code* (Canada).

ARTICLE 3
CONDITIONS OF LENDING AND CLOSING

Section 3.1 Conditions Precedent to Closing.

The obligation of each Lender to make the Facilities available to the Borrower is subject to fulfilment of the following conditions precedent at the time of the initial Advance in accordance with Section 2.1(1):

(a) the Administrative Agent has received, in form and substance and dated a date satisfactory to the Lenders and their counsel and in sufficient quantities for each Lender:

(i) certified copies of (i) the charter documents and by-laws of each Credit Party, (ii) all resolutions of the Board of Directors or shareholders, as the case may be, of each Credit Party approving the borrowing and other matters contemplated by this Agreement and the other Credit Documents, and (iii) a list of the officers and directors authorized to sign the Credit Documents and to bind the Credit Parties in respect of the Facilities (including executing and delivering Borrowing Notices), together with their specimen signatures;

(ii) a certificate of status, compliance, extract or like certificate with respect to each Credit Party issued by the appropriate Governmental Authority of the jurisdiction of its incorporation and of each jurisdiction in which it owns any material assets or carries on any material business;

(iii) this Agreement, the Security Documents listed on Exhibit 3, the Fee Letters and the other Credit Documents required by the Lenders have been duly executed and delivered by each party thereto and is in full force and effect enforceable against the parties thereto in accordance with its respective terms;

(iv) (i) all documents, instruments, financing statements and notices of security shall have been properly registered, recorded and filed in all jurisdictions as the Lenders may require, (ii) searches shall have been conducted in all jurisdictions as the Lenders may require, and (iii) deliveries of all assignments, consents, approvals, acknowledgements, undertakings, intercreditor agreements, subordinations, postponements, discharges, waivers, directions, negotiable documents of title and other documents and instruments to the Administrative Agent shall have been made which, in the opinion of the Lenders, are desirable or required to make effective the Security and to ensure the perfection and the first-ranking priority of such Security, subject only to Permitted Liens that rank by law in priority;

(v) certificates representing the Equity Securities pledged pursuant to the Security Documents listed on Exhibit 3 together with duly executed stock transfer powers;

(vi) certificates of insurance showing the Collateral Agent as additional insured on behalf of the Secured Creditors (in the case of liability insurance) and first loss payee with respect to insurance required to be maintained by the Credit Parties pursuant to Section 5.1(q);

(vii) an opinion of counsel to each Credit Party addressed to the Secured Creditors relating to the status and capacity of such Credit Party, the due authorization, execution and delivery and the validity and enforceability of the Credit Documents to which such party is a party, and perfection of the Security granted pursuant to the Security Documents to which such party is a party, in the jurisdiction of incorporation of such Credit Party and in each other relevant jurisdiction, and such other matters as the Majority Lenders may reasonably request;

(viii) all approvals, acknowledgments and consents of all Governmental Authorities and other Persons which are required to be obtained by any Credit Party in order to complete the transactions contemplated by this Agreement and to perform its obligations under any Credit Document to which it is a party save and except, for the avoidance of doubt, any consent from any Governmental Authority with respect to the grant of the Security by the Credit Parties over any Cannabis license, permit or similar authorization;

(ix) the documentation and other information that is required by the Agents and the Lenders pursuant to Anti-Terrorism Laws and applicable "know your client" laws and regulations; and

(x) such other certificates, agreements, information and documentation as the Lenders may reasonably request;

(b) delivery of a Compliance Certificate demonstrating *pro forma* compliance (after giving effect to the initial Advance under the Term Facility) with the financial covenants in Section 5.3;

(c) completion of the Lenders' business, collateral, and legal due diligence, including but not limited to, satisfaction with the Assets, books and records, management, capital structure, operations, and financial and business conditions and prospects of the Credit Parties, including, without limitation, satisfaction (i) with the financial and business plan of the Borrower and the other Credit Parties; (ii) that the Credit Parties' operations comply, in all respects deemed material by the Lenders, with all Applicable Laws, and that all Business Authorizations have been obtained, are in full force and effect, and are free from conditions or requirements that have not been met or

complied with; (iii) that the Credit Parties' operations and Assets are not the subject of any governmental investigation, evaluation or any remedial action; (iv) that no Credit Party has any liability or contingent liability not permitted hereunder, nor are they or any of their Assets subject to any litigation; (v) that there is no material adverse deviation from the forecasts and financial projections furnished to the Lenders; (vi) there are no representations made or material supplied to the Lenders which shall have proven to be inaccurate or misleading in any material respect as may be determined by the Lenders in their sole discretion; (vii) Herban CA owns all Assets used to run the Rise Logistics and Herban Industries business and Herban OR owns all Assets used to run the Winberry Farms business; and (viii) there are no pending or threatened disputes that seek to adjourn, delay, enjoin, prohibit or impose material limitations on any aspect of the Business or that has had, or could have, a Material Adverse Effect;

(d) [deliberately omitted];

(e) the Borrower has legal and beneficial title to 100% of the Equity Securities in the capital of each of DionyMed Inc. and Herban Industries Inc.; and Herban Industries Inc. has legal and beneficial title to 100% of the Equity Securities in the capital of each of Herban CA, Herban OR and Herban NJ;

(f) none of the Credit Parties have any Debt other than Debt permitted by this Agreement, and the Administrative Agent shall have received releases and discharges with respect to all Liens affecting the Collateral not permitted hereunder (including the PPSA Liens securing the Early Draw Facility) and payout letters from creditors with respect to any Debt of any Credit Party not permitted hereunder (including with respect to the Early Draw Facility);

(g) the Lenders are satisfied that there has not been an event or circumstance that has or could have a Material Adverse Effect;

(h) all Fees and other amounts then payable under the Credit Documents have been paid in full;

(i) there has not occurred, developed or come into effect or existence any event, action, state, condition or major financial occurrence of national or international consequence or any Applicable Law, or other occurrence of any nature whatsoever which materially adversely affects, or may materially adversely affect, the financial, banking (including syndication markets) or capital markets in Canada or the United States of America;

(j) The Borrower has delivered a Borrowing Notice in accordance with Section 2.1(4);

(k) The Borrower has delivered the applicable number of Warrants to (or as directed by) the Lenders in accordance with Section 2.3;

(l) No Default or Event of Default has occurred or is continuing or would arise immediately after giving effect to or as a result of the Advance;

(m) The Advance will not violate any Applicable Law; and

(n) The representations and warranties contained in Article 4 of this Agreement are true and correct on the date of the Advance as if they were made on that date except for any representation and warranty which is stated to be made only as of a certain date (and then as of such date);

provided that all documents delivered pursuant to this Section 3.1 must be in full force and effect and in form and substance satisfactory to the Lenders.

Section 3.2 Conditions Precedent to Subsequent Advances.

Any Advances (other than the initial Advance under the Term Facility) are uncommitted and, if made, will be subject to satisfaction of the following conditions:

(a) The Borrower has delivered a Borrowing Notice in accordance with Section 2.1(4);

(b) The Borrower has delivered the applicable number of Warrants to (or as directed by) the Lenders making such Advance in accordance with Section 2.3;

(c) The Borrower has completed the acquisition of HomeTown Heart pursuant to Section 5.1(u);

(d) If the Advance is requested under the Delayed Draw Facility:

(i) the Term Facility Commitment is fully drawn;

(ii) the Borrower has delivered a Borrowing Base Certificate demonstrating that the Borrowing Base will exceed the principal amount outstanding under the Delayed Draw Facility immediately after giving effect to the Advance and including a certification that the Borrowing Base is expected to continue to exceed such amount at all times until the Repayment Date;

(iii) the Lenders are satisfied that the Business continues to meet their reasonable due diligence criteria;

(iv) the Borrower has delivered any certifications, documentation or other information requested by the Majority Lenders with respect to the matters contained in Section 3.1(f) and Section 3.1(c)(ii); and

(v) all Fees and other amounts then payable under the Credit Documents have been paid in full;

(e) No Default or Event of Default has occurred or is continuing or would arise immediately after giving effect to or as a result of the Advance;

(f) The Advance will not violate any Applicable Law;

(g) The representations and warranties contained in Article 4 of this Agreement are true and correct on the date of the Advance as if they were made on that date except for any representation and warranty which is stated to be made only as of a certain date (and then as of such date); and

(h) Any other conditions required to be satisfied by the Lenders making such Advance, in each case, in form and substance satisfactory to such Lenders.

Section 3.3 Satisfaction of Conditions.

For the purpose of determining satisfaction with the conditions specified in Section 3.1 or Section 3.2, (i) all agreements, certificates, documents and other deliveries must be in form and substance satisfactory to the Majority Lenders and (ii) each Lender shall be deemed to have accepted, and to be satisfied with, each document or other matter required under Section 3.1 or Section 3.2 unless the Administrative Agent shall have received written notice from such Lender prior to the date of the applicable Advance specifying its objection thereto.

Section 3.4 No Waiver.

The making of an Advance without the fulfilment of one or more conditions set forth in Section 3.1 or Section 3.2 shall not constitute a waiver of any condition and the Secured Creditors reserve the right to require fulfilment of any such condition in connection with any subsequent Advance.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES

Section 4.1 Representations and Warranties.

The Borrower represents and warrants to each Lender, acknowledging and confirming that each Lender is relying on such representations and warranties without independent inquiry in entering into this Agreement and providing the Facilities that:

(a) **Incorporation and Qualification**. Each of the Credit Parties is a corporation or company duly incorporated, organized and validly existing under the laws of its jurisdiction of incorporation as set forth in Schedule 4.1(a). Each of the Credit Parties is qualified, licensed or registered to carry on business under the laws applicable to it in all jurisdictions in which such qualification, licensing or registration is necessary or where failure to be so qualified would have a Material Adverse Effect;

(b) **Corporate Power**. Each of the Credit Parties has all requisite corporate power and authority to own, lease and operate its properties and assets and

to carry on its business as now being conducted by it, enter into and perform its obligations under the Credit Documents to which it is a party;

(c) **Conflict with Other Instruments**. The execution and delivery by each Credit Party and the performance by each of them of their respective obligations under, and compliance with the terms, conditions and provisions of, the Credit Documents to which they are a party will not (i) conflict with or result in a breach of any of the terms or conditions of (u) their respective constating documents or by-laws, (v) any Applicable Law, or (w) any contractual restriction binding on or affecting them or their respective Assets, or (ii) result in, require or permit (x) the imposition of any Lien in, on or with respect to any of their respective Assets (except in favour of the Collateral Agent and the Secured Creditors), (y) the acceleration of the maturity of any Debt binding on or affecting any Credit Party, or (z) any third party to terminate or acquire rights under any Material Agreement;

(d) **Corporate Action, Governmental Approvals, etc.** The execution and delivery of each of the Credit Documents by each Credit Party and the performance by each Credit Party of its obligations under the Credit Documents to which it is a party have been duly authorized by all necessary corporate action including, without limitation, the obtaining of all necessary shareholder consents. Except as set out on Schedule 4.1(d), no authorization, consent, approval, registration, qualification, designation, declaration or filing with any Governmental Authority or other Person, is or was necessary in connection with the execution, delivery and performance of obligations under the Credit Documents, except as are in full force and effect, unamended, at the Closing Date;

(e) **Execution and Binding Obligation.** This Agreement and the other Credit Documents have been duly executed and delivered by each Credit Party which is a party thereto and constitute legal, valid and binding obligations of each such Credit Party enforceable against them in accordance with their respective terms, subject only to any limitation under Applicable Laws relating to (i) bankruptcy, insolvency, arrangement or creditors' rights generally, and (ii) the discretion that a court may exercise in the granting of equitable remedies;

(f) **Authorizations, etc.** No Credit Party has violated or failed to obtain any Authorization (other than any Business Authorization) necessary to the ownership of any of its Assets or the conduct of the Business, which violation or failure could reasonably be expected to have a Material Adverse Effect. All Business Authorizations (i) have been duly obtained, taken, given or made, (ii) are valid and in full force and effect, and (iii) are free from conditions or requirements in all material respects that have not been met or complied with, save and except conditions or requirements not required to be complied with as of the date this representation is made. Each Credit Party is in compliance in all material respects with all Business Authorizations held

by, or in favour of, such Credit Party. No Credit Party has received any notice from any Governmental Authority regarding any actual or alleged violation of, or any failure on the part of the Credit Party to comply with, any term or requirement of any Business Authorization that has not been remedied. No Credit Party has received any written notice from any Governmental Authority of any revocation or intention to revoke any interest of any Credit Party in any of the Business Authorizations and no Credit Party knows of any reason why any Business Authorization should be suspended, cancelled or revoked or of any factor that might prejudice the continuance or renewal of any Business Authorization.

(g) **Intellectual Property.** Each of the Credit Parties owns or licenses all the Intellectual Property necessary for the conduct of the Business, each of which is in good standing and in full force and effect. Except for Intellectual Property owned by Persons other than the Credit Parties and used in the Business under valid licenses, each of the Credit Parties owns all right, title and interest in the Intellectual Property free and clear of any Liens other than Permitted Liens, and has taken all reasonable steps to protect its rights in and to its material owned Intellectual Property, in each case, in accordance with industry practice. To the knowledge of the Credit Parties, the Business does not infringe the Intellectual Property rights of any other Person, and no Credit Party has received any communications alleging that it (or any of its employees or consultants) have violated or infringed any Intellectual Property right of any Person;

(h) **Ownership and Use of Property.** Each of the Credit Parties has good and marketable title in fee simple to the Owned Properties and good and merchantable title to all the tangible and intangible personal property reflected as assets in their books and records in each case free and clear of any Liens other than Permitted Liens. No Credit Party has any commitment or obligation (contingent or otherwise) to grant any Liens except for Permitted Liens. Each Credit Party owns, leases or has the lawful right to use all of the Assets necessary for the proper conduct of their Business. The Owned Properties and such personal property, and their use, operation and maintenance for the purpose of carrying on the Business, is in compliance with any applicable restrictive covenant and Applicable Law in all material respects;

(i) **Owned Properties and Leased Properties.** None of the Credit Parties owns any real property except the Owned Properties, is bound by any agreement to own or lease any real property other than the Leases, or has leased any of its Owned Properties. Each Lease, pursuant to all Leased Properties to which the Credit Parties are a party, is in good standing, creates a good and valid leasehold estate in the Leased Properties thereby demised, and is in full force and effect without amendment;

(j) **Expropriation**. No part of any of the Owned Properties or the Leased Properties, or the Buildings and Fixtures located thereon, has been taken or expropriated by any Governmental Authority, no written notice or proceeding in respect of an expropriation been given or commenced nor is the Borrower aware of any intent or proposal to give any such notice or commence any proceedings except where such expropriations, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect;

(k) **Compliance with Applicable Laws.** Each of the Credit Parties is in compliance with all Applicable Laws in all material respects, provided that each of the Credit Parties conducts the Business and their operations in accordance with all Cannabis Laws (other than U.S. federal Cannabis Laws) in all respects;

(l) **Withholding and Remittance of Source Deductions.** Each of the Credit Parties has withheld from its employees, customers and other applicable payees (and timely paid to the applicable Governmental Authority) the proper and accurate amount of all Taxes, priority claims and other amounts required to be withheld or collected and remitted in compliance with all Applicable Laws;

(m) **No Default under Constating Documents.** None of the Credit Parties is in violation of its constating documents, its by-laws or any shareholders' agreement applicable to it;

(n) **No Material Adverse Agreements.** None of the Credit Parties is a party to any agreement or instrument or subject to any restriction (including any restriction set forth in its constating documents, by-laws or any shareholders' agreement applicable to it) which has a Material Adverse Effect;

(o) **Environmental Matters.** To the knowledge of the Credit Parties, (i) none of the Owned Properties or the Leased Properties (x) has ever been used by any Person as a waste disposal site or a landfill, or (y) has ever had any asbestos, asbestos-containing materials, PCBs, radioactive substances or aboveground or underground storage systems, active or abandoned, located on, in, at or under it at the Closing Date; (ii) there are no contaminants located in, on, at, under or about any of the Owned Properties or the Leased Properties; and (iii) no properties adjacent to any of the Owned Properties or the Leased Properties are contaminated. None of the Credit Parties has transported, removed or disposed of any waste to a location outside of the United States as at the Closing Date;

(p) **Pension Plans.** Except as permitted in accordance with Section 5.2(i), none of the Credit Parties has any pension plans or Plans;

(q) **Labour Matters.** Except as permitted in accordance with Section 5.2(i), none of the Credit Parties is a party to any collective bargaining agreements;

(r) **Material Agreements, etc.** All Material Agreements are in full force and effect, unamended. The Credit Parties are in compliance in all material respects with all Material Agreements and none of the Credit Parties, or to the Credit Parties' knowledge, any other party to any Material Agreement has defaulted under any of the Material Agreements. To the knowledge of the Credit Parties, no event has occurred which, with the giving of notice, lapse of time or both, would constitute a default under, or in respect of, any Material Agreement;

(s) **Books and Records.** All books and records of the Credit Parties have in all material respects been fully, properly and accurately kept and completed in accordance with IFRS, where applicable, and there are no material inaccuracies or discrepancies of any kind contained or reflected therein. The books and records and other data and information of the Credit Parties are available to the Credit Parties in the ordinary course of their business;

(t) **Tax Liability.** Each of the Credit Parties has filed all tax and information returns which are required to be filed. Each of the Credit Parties has paid all Taxes which have become due pursuant to such returns or pursuant to any assessment received by any of them other than those in respect of which liability based on such returns is being contested in good faith and by appropriate proceedings where adequate reserves have been established in accordance with IFRS. Adequate provision for payment has been made for Taxes not yet due. There are no disputes with respect to Taxes existing or pending involving any of the Credit Parties or the Business which could reasonably be expected to have a Material Adverse Effect;

(u) **Corporate Structure.** At the Closing Date and as at the date of the initial Advance:

(i) there are no subsidiaries of the Credit Parties, other than the subsidiaries set forth in Schedule 4.1(u);

(ii) the authorized and issued capital (including, in the case of the subsidiaries, owners of the same) of each of the Credit Parties and their respectives subsidiaries is as described on Schedule 4.1(u); and

(iii) none of the Credit Parties owns any Equity Interests, or is, directly or indirectly, a member of, or a partner or participant in, any partnership, joint venture or syndicate other than as disclosed on Schedule 4.1(u);

(v) **Financial Statements.** The financial statements most recently delivered to the Administrative Agent pursuant to Section 5.1(a) have been prepared in accordance with IFRS (provided that financial statements provided under Section 5.1(a)(ii) may not contain all footnote disclosures required in accordance with IFRS and may be subject to normal year-end audit adjustments) and each presents fairly and consistently:

(i) the assets, liabilities, (whether accrued, absolute, contingent or otherwise) and financial position of the Credit Parties and their respective subsidiaries as at the respective dates of the relevant statements; and

(ii) the sales and earnings of the Credit Parties and their respective subsidiaries during the periods covered by such statements;

(w) **Financial Year.** The Financial Year of the Borrower ends on December 31 of each calendar year;

(x) **Debt.** No Credit Party has any Debt except as permitted by Section 5.2(a). There exists no default under the provisions of any instrument evidencing such Debt, or any agreement relating thereto;

(y) **Solvency.** Each Credit Party is Solvent;

(z) **Security.** The Security Documents are (or upon delivery thereof will be) effective to create in favour of the Collateral Agent for the benefit of the Secured Creditors, legal, valid and perfected first priority Liens (subject only to Permitted Liens which rank by law in priority), enforceable in accordance with their terms against third parties and any trustee in bankruptcy in the Assets of the Credit Parties, except to the extent a secured creditor's rights are affected or limited by applicable bankruptcy, insolvency, moratorium, organization and other laws of general application limiting the enforcement of secured creditors' rights generally;

(aa) **No Litigation.** There is no action, suit, arbitration or proceeding pending, taken or to the knowledge of the Credit Parties, threatened, before or by any Governmental Authority or arbitrator, which (i) challenges, or to the knowledge of the Credit Parties, has been proposed which could reasonably be expected to challenge, the validity or propriety of the transactions contemplated under the Credit Documents or the documents, instruments and agreements executed or delivered in connection therewith or related thereto or (ii) could reasonably be expected to have a Material Adverse Effect;

(bb) **Schedule Disclosure.** At the Closing Date and as at the date of the initial Advance:

(i) Schedule 4.1(bb)(i) is a list of all addresses at which each of the Credit Parties (i) have their respective chief executive office, head office, registered office and principal place of business, (ii) carry on business, or (iii) store any tangible personal property (except for goods in transit in the ordinary course of business), together with a list of all jurisdictions (outside of Canada or the United States) in which each of the Credit Parties has any account debtors;

(ii) Schedule 4.1(bb)(ii) is a list of all Authorizations, including Business Authorizations, which are material to any Credit Party;

(iii) Schedule 4.1(bb)(iii) is a list of all material Intellectual Property owned or licensed by the Credit Parties;

(iv) Schedule 4.1(bb)(iv) is a list of all actions, suits, arbitrations or proceedings pending, taken or to the knowledge of the Credit Parties, threatened, before or by any Governmental Authority or other Person affecting the Credit Parties or their Assets which, if determined adversely to the Credit Parties could expose any Credit Party to liability in excess of $50,000;

(v) Schedule 4.1(bb)(v) contains a list of all agreements, contracts or similar instruments to which each of the Credit Parties is a party or to which any of their assets could be subject, for which breach, non-performance, cancellation or failure to renew could reasonably be expected to have a Material Adverse Effect; and

(vi) Schedule 4.1(bb)(vi) is a list of all Bank Accounts and securities accounts of the Credit Parties;

(cc) **Royalties**. None of the Credit Parties is party to or obligated under any streaming, royalty or similar arrangement other than the royalty contained in the license agreement referred to in the definition of "Royalty Reserve" and, until its purchase for cancellation, the royalty referred to in Section 5.1(l), in each case, as such royalties exist on the Closing Date;

(dd) **No Default or Event of Default.** No Default or Event of Default has occurred which has not been either remedied to the satisfaction of the Majority Lenders or expressly waived by the Majority Lenders in writing;

(ee) **Anti-Terrorism, Anti-Corruption Laws.** None of the Credit Parties and, to the knowledge of the Credit Parties, none of its other Related Parties (A) is in violation of any applicable Anti-Terrorism Laws, (B) deals in, or otherwise engages in any transaction related to, any property or interests in property blocked pursuant to any Anti-Terrorism Law, or (C) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law. None of the proceeds of the Facilities will be used by, on behalf of, or for the benefit of, any Person other than any Credit Party or will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, official of any public international organization, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the *Corruption of Foreign Public Officials Act* (Canada), the U.S. *Foreign Corrupt Practices Act of 1977* and any similar laws, rules or regulations issued, administered or

enforced by any Governmental Authority having jurisdiction over any of the Credit Parties. Each Credit Party has taken measures appropriate to the circumstances (in any event as required by Applicable Law) to provide reasonable assurance that each Credit Party is and will continue to be in material compliance with applicable anti-corruption laws and regulations;

(ff) **Margin Stock**. None of the proceeds of any Advance will be used to purchase or carry, or to reduce or retire or refinance any credit incurred to purchase or carry, any margin stock (within the meaning of Regulations T, U and X of the Board of Governors of the Federal Reserve System of the United States) or to extend credit to others for the purpose of purchasing or carrying any margin stock.

(gg) **Investment Company**. None of the Credit Parties is an "investment company," and after the receipt by the Borrower of the proceeds from the Advances and the application thereof as contemplated hereunder, none of the Credit Parties will be, an "investment company" within the meaning of the *Investment Company Act of 1940*, as amended.

(hh) **Disclosure; No Material Adverse Effect.** All (i) forecasts and projections supplied by or on behalf of the Credit Parties to the Lenders were prepared in good faith, adequately disclosed all relevant assumptions and were reasonable based on the circumstances that existed at the time of preparation (provided that the Borrower has supplied to the Lenders updates of such forecasts and projections if and to the extent they have ceased to be reasonable in any material respect), and (ii) other written information supplied to the Lenders by or on behalf of the Credit Parties is true and accurate in all material respects and does not contain any untrue statement of material fact or omit to state a material fact necessary in order to make the statements contained in such written information not misleading in light of the circumstances under which such statements were made. There is no fact known to the Borrower which could reasonably be expected to have a Material Adverse Effect and which has not been fully disclosed to the Lenders. No event has occurred which could reasonably be expected to have a Material Adverse Effect since December 31, 2017.

Section 4.2 Representations and Warranties of Other Credit Parties.

Each Credit Party (other than the Borrower) represents and warrants to each Lender, acknowledging and confirming that each Lender is relying on such representations and warranties without independent inquiry in entering into this Agreement and providing the Facilities, that each representation and warranty made by the Borrower in Section 4.1, to the extent it pertains to such Credit Party or any of its subsidiaries, the Business or the Credit Documents to which such Credit Party or any of its subsidiaries is a party, is true, accurate and complete in all respects.

Section 4.3 Survival of Representations and Warranties.

(1) The representations and warranties in this Agreement and in any certificates or documents delivered to the Agents and the Lenders shall not merge in or be prejudiced by and shall survive the making available of the Facilities and shall continue in full force and effect so long as any amounts are owing by the Borrower to the Lenders, or any of them, under this Agreement.

(2) The representations and warranties in Section 4.1 and Section 4.2 will be deemed to be repeated on and as of the date of delivery of each Compliance Certificate and the date of each Advance, except for any representation and warranty which is stated to be made only as of a certain date (and then as of such date), except to the extent that on or prior to such date the Borrower has advised the Administrative Agent in writing of a variation in any such representation or warranty, and the Majority Lenders have approved such variation in accordance with Section 9.1.

ARTICLE 5
COVENANTS

Section 5.1 Affirmative Covenants

So long as any amount owing under this Agreement remains unpaid or any Lender has any obligation under this Agreement, and unless consent is given in accordance with Section 9.1, the Borrower shall, and shall cause each of the other Credit Parties to, do the following:

(a) **Financial Reporting.** Deliver to the Administrative Agent, who shall deliver to each Lender:

(i) as soon as available and in any event within one hundred and twenty (120) days of the commencement of each Financial Year, (x) the Annual Business Plan for such Financial Year and (y) a consolidated balance sheet of the Borrower as of the end of the most recently completed Financial Year and the related consolidated statements of income, shareholders or stockholders' equity, and statements of cash flow for such Financial Year, setting forth in each case in comparative form the figures for the previous Financial Year, all prepared in accordance with IFRS and audited by a firm of independent public accountants of nationally recognized standing and acceptable to the Majority Lenders (and, for greater certainty, the results of HomeTown Heart shall be included in such consolidated financial statements);

(ii) as soon as available and in any event within sixty (60) days after the end of each of the Financial Quarters of each Financial Year, consolidated balance sheets of the Borrower as of the end of such Financial Quarter, the related consolidated statement of income for such Financial Quarter and for the portion of such party's Financial Year ended at the end of such Financial Quarter and the related consolidated statement of cash flows for the portion of such Financial

Year ended at the end of such Financial Quarter, each prepared in accordance with IFRS (except that such balance sheets and other financial statements may not contain all footnote disclosures required in accordance with IFRS and may be subject to normal year-end audit adjustments; and, for greater certainty, the results of HomeTown Heart shall be included in such consolidated financial statements) setting forth in each case, a comparative form of the figures for (A) the corresponding quarter and the corresponding portion of such party's previous Financial Year and (B) the Borrower's projections for each such Financial Quarter; and

(iii) together with each delivery of financial statements, a Compliance Certificate substantially in the form of Exhibit 1;

(b) **Borrowing Base Reporting.** Deliver to the Administrative Agent, who shall deliver to each Lender, a Borrowing Base Certificate, promptly on demand by the Administrative Agent (at the direction of the Majority Lenders) and in any event, not less frequently than the tenth (10th) Business Day (save and except in respect of (ii) below) of each calendar month with respect to the preceding calendar month, together with (i) detailed inventory and accounts receivable reports, including an item level listing of all inventory balances that indicates whether items are purchased or made and quantity and cost for both the current and prior month together with a calculation of changes in cost, and also indicating Net Realizable Value of Eligible Inventory, as well as an inventory aging report and an accounts receivable aging report, (ii) not less frequently than the twenty-fifth (25th) day of each calendar month with respect to the preceding calendar month, the management reporting package for the calendar month including an operational update and a comparison of the month and Financial Quarter to date against the Borrower's projections for such period, and (iii) any other reports, documentation or information requested by the Administrative Agent at the direction of the Majority Lenders;

(c) **Additional Reporting Requirements.** Deliver to the Administrative Agent, who shall deliver to each Lender:

(i) as soon as practicable, and in any event within three (3) days after any Credit Party becomes aware of the occurrence of a Default, Event of Default or a material adverse change in the financial or commercial conditions of any Credit Party or any of their Assets, a statement signed by a Key Officer acceptable to the Majority Lenders setting forth the details of the Default, Event of Default or material adverse change and the action which the Borrower proposes to take or has taken;

(ii) from time to time upon request of the Administrative Agent (at the direction of the Majority Lenders), evidence of (A) the maintenance of all insurance required to be maintained pursuant to this Agreement,

including copies as the Administrative Agent (at the direction of the Majority Lenders) may request of policies, certificates of insurance, riders, endorsements and proof of premium payments, and (B) the good standing of all Business Authorizations;

(iii) promptly upon becoming aware thereof, a notice of (A) the threat of, or commencement of, any strike or lockout, (B) any work stoppage or other labour dispute, (C) any breach or non-performance of, or any default under, any Material Agreement of any of the Credit Parties, (D) any dispute, litigation, investigation, proceeding or suspension between any Credit Party and any Governmental Authority or affecting any Assets or Business Authorization of any Credit Party, (E) the threat of, commencement of, or any material adverse development in, any action, suit, arbitration, investigation or other proceeding affecting any of the Credit Parties or their Assets, and (F) any other matter, in the case of clauses (B), (C), (E) or (F) to the extent that the same has had or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect; and

(iv) promptly upon the mailing or delivery thereof to the shareholders of the Borrower, copies of all financial statements, reports and any proxy statements so mailed provided that, to the extent such statements or reports have been posted on the Borrower's SEDAR page or CSE profile, the Borrower may provide notice to the Administrative Agent of such posting together with a link to the applicable statement or report on such page in satisfaction of its obligation under this Section 5.1(c)(iv));

(v) promptly upon their issuance, copies of all material notices, reports (including all Form 7 and Form 9 notices and reports filed pursuant to the CSE rules), press releases, circulars, offering documents and other documents filed with, or delivered to, any stock exchange or the British Columbia Securities Commission or a similar Governmental Authority in any other jurisdiction provided that, to the extent such documents have been posted on the Borrower's SEDAR page or CSE profile, the Borrower may provide notice to the Administrative Agent of such posting together with a link to the applicable document on such page in satisfaction of its obligation under this Section 5.1(c)(iv)); and

(vi) such other statements, reports, documents and information as the Majority Lenders may request from time to time;

(d) **Corporate Existence.** Except as otherwise permitted in this Agreement, preserve and maintain, and cause each of the Credit Parties to preserve and maintain, its corporate existence;

(e) **Compliance with Applicable Laws, etc.** Comply in all material respects with the requirements of all Applicable Laws (other than Cannabis Laws) and comply with all Cannabis Laws (other than U.S. federal Cannabis Laws) applicable to it and the Business;

(f) **Anti-Terrorism Laws.** (i) Comply with applicable Anti-Terrorism Laws, (ii) refrain from dealing in, or otherwise engaging in any transaction related to, any property or interests in property blocked pursuant to any Anti-Terrorism Law, or engaging in or conspiring to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law, and (iii) take all measures appropriate to the circumstances (in any event as required by Applicable Law) to provide reasonable assurance that each Credit Party is and will continue to be in compliance with applicable anti-corruption laws and regulations;

(g) **Authorizations**.

(i) Deliver to the Administrative Agent (for delivery to the Lenders) a copy of each Business Authorization promptly upon obtaining or renewing the same;

(ii) Be and remain the sole legal and beneficial owner of each Business Authorization and not dispose of or abandon any right, title or interest in any Business Authorization;

(iii) Apply for and obtain each Business Authorization on or before such time as it shall be required by Applicable Law, maintain as valid and in full force and effect each Business Authorization, where applicable, procure the renewal thereof prior to its expiration and timely pay all Taxes, assessments, maintenance fees and other amounts required to be paid to maintain the Business Authorizations;

(iv) Comply in all respects with the terms and conditions of each Business Authorization and do all things required of a holder thereof by Applicable Law; and

(v) With due diligence and in a reasonable manner, enforce the material rights granted to it under and in connection with each Business Authorization;

(h) **Accounts Receivable.** Collect accounts receivable in the ordinary course of business;

(i) **Environmental Investigations**. Promptly, and in any event within ten (10) days, deliver to the Administrative Agent (for delivery to the Lenders) a detailed statement describing any of the following occurrences: (i) any order or judgment of any Governmental Authority requiring any Credit Party to

incur Environmental Liabilities (w) in excess of $50,000 in any one instance, (x) together with all other expenditures incurred in respect of Environmental Liabilities in any Financial Year, in excess of $75,000 in the aggregate, (ii) any state of affairs on any of the Owned Properties or Leased Properties which could result in the incurrence of Environmental Liabilities (y) in excess of $50,000 in any one instance, or (z) together with all other expenditures incurred in respect of Environmental Liabilities in any Financial Year, in excess of $75,000 in the aggregate, and (iii) the action taken;

(j) **Maintenance of Owned Properties and Leased Properties.** Keep and maintain the Owned Properties and Leased Properties in good operating condition and repair having regard to their use and age and make all repairs, renewals, replacements, additions and improvements to the Owned Properties and Leased Properties and their other Assets reasonably required, so that the Business may be conducted at all times in accordance with prudent business management practice;

(k) **Material Agreements.** Perform and observe in all material respects all terms and provisions of each Material Agreement to be performed or observed by it or such Credit Party and maintain each Material Agreement in full force and effect;

(l) **Grenville Royalty**. Acquire or cause to be acquired by a Credit Party for cancellation (as paid in full), no later than ten (10) days after the initial Advance, the gross sales royalty granted under the royalty purchase agreement dated as at May 25, 2018 between DionyMed Holdings Inc., Grenville Strategic Royalty Corp. (now known as Flow Capital Corp.), Darwin Strategic Royalty Fund, L.P. and Royco I LLC;

(m) **Intellectual Property.** Maintain all Intellectual Property necessary for the conduct of their Business in good standing and in full force and effect free and clear of any Liens other than Permitted Liens, and take all reasonable steps to protect its rights in and to its owned Intellectual Property, in each case, in accordance with industry practice;

(n) **Payment of Taxes and Claims.** Pay or remit, or cause to be paid or remitted, when due, (i) all Taxes imposed upon such Credit Party or upon its income, sales, capital or profit or any other Assets belonging to it before the same becomes delinquent or in default, and (ii) any Taxes required to be deducted or withheld by a Credit Party under Applicable Law and all other claims which, if unpaid, might by Applicable Law become a Lien upon the Assets of the Credit Parties, except any such Tax which is being contested in good faith and by proper proceedings and in respect of which the Credit Parties have established adequate reserves in accordance with IFRS or which are Permitted Liens;

(o) **Keeping of Books.** Keep in all material respects (i) proper books of record and account, in which full and correct entries shall be made in respect of the

Business, in accordance with IFRS, and (ii) books and records pertaining to the Collateral in such detail, form and scope as the Majority Lenders reasonably require;

(p) **Inventory Monitoring.**

(i) Provide monthly inventory counts except where such Credit Party employs a perpetual inventory system;

(ii) Implement cycle count programs at each inventory location;

(iii) Conduct full physical counts at each inventory location at least every Financial Quarter;

(iv) Assess inventory for obsolescence and declines in market price at least once in every Financial Quarter; and

(v) By no later than June 30, 2019, have begun implementing either Sage, Microsoft Dynamix or a similarly reputable business management software across all businesses owned as at March 1, 2019, and have completed such implementation by no later than March 31, 2020;

(q) **Visitation and Inspection; Appraisals.** At any commercially reasonable time or times and, provided no Default or Event of Default has occurred, on not less than five (5) Business Days' prior notice, permit each Secured Creditor (or a Person acting as its agent) to inspect and visit the financial records and the Assets of the Credit Parties, to conduct inspections, audits or appraisals of the Assets (including appraisals of the Inventory by an appraiser acceptable to, and in scope, form and substance satisfactory to, the Majority Lenders, such appraisals to be at the expense of the Borrower provided that, unless a Default or Event of Default has occurred in a Financial Year, the Borrower will only be liable for the expense of one such appraisal in any Financial Year), and to make extracts from and copies of such financial records, and to discuss their affairs, finances and accounts with the senior officers of the Credit Parties and (with the consent of the Borrower, such consent not to be unreasonably withheld or delayed) its auditors. The reasonable out-of-pocket expenses of the Secured Creditors incurred in connection with each visit to the Assets of the Credit Parties will be at the sole expense of the Borrower at any time that a Default or Event of Default has occurred and otherwise at the expense of the applicable Secured Creditor;

(r) **Maintenance of Insurance.** Maintain insurance at all times with responsible insurance carriers and in such amounts and covering such risks as are usually carried by companies with established reputations engaged in similar businesses and owning similar Assets in the same general areas in which the applicable Credit Party operates, such policies to show the Collateral Agent as additional insured on behalf of the Secured Creditors (in the case of liability insurance) and first loss payee under a mortgage clause in a form

approved by the Insurance Bureau of Canada or such other form acceptable to the Majority Lenders (in the case of property insurance). Such insurance shall provide that no cancellation shall be effective until at least thirty (30) days after receipt by the Administrative Agent of written notice thereof. The Borrower shall not, and shall ensure that no Credit Party shall, amend or modify its insurance in a manner resulting in a material reduction in amount or material change in coverage thereof without the prior consent of the Majority Lenders;

(s) **Security from New Subsidiaries.** Within fifteen (15) Business Days of the formation or acquisition by a Credit Party of a subsidiary:

(i) the Borrower shall cause such subsidiary to become party to this Agreement in accordance with Section 9.3;

(ii) the Borrower shall cause such subsidiary to duly execute and deliver to the Collateral Agent an unconditional guarantee of the obligations of the Borrower under the Credit Documents together with Security Documents constituting first-ranking Liens over all of such subsidiary's personal property Assets (subject only to Permitted Liens which rank by law in priority) and securing obligations satisfactory to the Collateral Agent, in each case, in form and substance satisfactory to the Collateral Agent, and, to the extent the Equity Securities of such subsidiary have not already been pledged to the Collateral Agent for the benefit of the Secured Creditors, the Borrower shall forthwith cause such additional Security Documents or amendments thereto to be executed and delivered to the Collateral Agent, together with certificates representing such pledged Equity Securities and stock transfer powers executed in blank, to cause the pledge of the Equity Securities of such subsidiary;

(iii) the Borrower shall deliver or cause to be delivered to the Collateral Agent, in form and substance satisfactory to the Lenders, all other certificates, resolutions, documents, searches, registrations, instruments, information and opinions which the Collateral Agent reasonably requires;

(t) **Waivers, Access Agreements.** (i) Within forty-five (45) days of the Closing Date (as such period may be extended with the consent of the Majority Lenders), deliver to the Collateral Agent fully executed landlord access agreements or bailee waivers, as applicable, in form and substance satisfactory to the Majority Lenders with respect to each location at which Eligible Inventory of the Credit Parties is then located, and (ii) with respect to any additional location of Eligible Inventory after the Closing Date, deliver to the Collateral Agent fully executed landlord access agreements or bailee waivers, as applicable, in form and substance satisfactory to the Majority Lenders prior to locating any Eligible Inventory at such location;

(u) **HomeTown Heart.** Cause Herban Industries, Inc. to acquire all of the issued and outstanding Equity Securities in the capital of HomeTown Heart pursuant to the assignment and option agreement dated as of December 5, 2018 among Herban Industries, Inc., the Borrower and Evan Tenenbaum and make the deliveries provided in, and otherwise comply with Section 5.1(s) with respect to HomeTown Heart, in each case, no later than ninety (90) days after the Closing Date (or such later date as may be agreed by the Majority Lenders);

(v) **Anti-Terrorism Laws.** Promptly provide all information with respect to the Credit Parties, their respective directors, authorized signing officers, direct or indirect shareholders or other Persons in control of the Credit Parties, including supporting documentation and other evidence, as may be reasonably requested by any Secured Creditor or any prospective assignee or participant of a Secured Creditor, in order to comply with any applicable Anti-Terrorism Laws or such other applicable "know your client" laws and requirements, whether now or hereafter existence;

(w) **Further Assurances.** At the cost and expense of the Borrower, upon request of an Agent, execute and deliver or cause to be executed and delivered to the such Agent such further instruments and do and cause to be done such further acts as may be necessary or proper in the reasonable opinion of such Agent to carry out more effectually the provisions and purposes of the Credit Documents.

Section 5.2 Negative Covenants.

So long as any amount owing under this Agreement remains unpaid or any Lender has any obligation under this Agreement and, unless consent is given in accordance with Section 9.1, the Borrower shall not, and shall ensure that no other Credit Party shall:

(a) **Debt.** Create, incur, assume or suffer to exist any Debt except:

(i) Debt of the Credit Parties to the Secured Creditors under the Credit Documents;

(ii) Debt incurred pursuant to Capital Leases and Purchase Money Mortgages, up to an aggregate outstanding amount, at any time, of $3,000,000 (or the Equivalent Amount in another currency);

(iii) Debt of a Credit Party owing to another Credit Party;

(iv) Debt of a Credit Party pursuant to a mortgage on Owned Property of such Credit Party provided (i) the recourse of the creditor under such mortgage is limited to such Owned Property (and, for greater certainty, such creditor has no recourse to any Credit Party or its Assets other than the Owned Property subject to such mortgage) and (ii) the aggregate principal amount of Debt of the Credit Parties

pursuant to this clause (iv) does not exceed $10,000,000 (or the Equivalent Amount in another currency) at any time;

(v) Debt in an aggregate principal amount not exceeding Cdn. $12,585,000 under the Convertible Debentures outstanding on the Closing Date;

(vi) Debt of the Credit Parties pursuant to guarantees of Debt not otherwise permitted under this Section 5.2(a) in an aggregate amount not to exceed $1,000,000 (or the Equivalent Amount in another currency) at any time;

(vii) Debt of the Credit Parties pursuant to earn-out obligations (i) in existence on the Closing Date in a maximum aggregate amount of $20,000,000 and (ii) earn-out obligations incurred pursuant to Permitted Acquisitions completed after the Closing Date;

(viii) Debt of the Credit Parties pursuant to hedging arrangements permitted pursuant to Section 5.2(j); and

(ix) Debt pursuant to the Early Draw Facility provided such Debt shall cease to be Permitted Debt on and after the date of the initial Advance.

(b) **Liens.** Create, incur, assume or suffer to exist, any Lien on any of their respective Assets except Permitted Liens;

(c) **Mergers, Etc.** Enter into any reorganization, consolidation, amalgamation, arrangement, winding-up, merger or other similar transaction;

(d) **Disposal of Assets Generally.** Dispose of any Assets to any Person except:

(i) Dispositions of inventory in the ordinary course of business;

(ii) Dispositions of obsolete or worn-out Assets provided they are replaced, if required by the Business; and

(iii) Dispositions of Assets (other than Equity Securities of any Credit Party or any of its subsidiaries) having an aggregate value not exceeding $500,000.

The Borrower shall not, and shall not permit any Credit Party to, enter into any arrangements, directly or indirectly, with any Person whereby such Credit Party shall sell or transfer any Asset in connection with the rental or lease of the Asset so sold or transferred or of other Assets for substantially the same purposes as the Asset so sold or transferred.

(e) **Transactions with Related Parties.** Except as disclosed on Part II of Schedule 5.2(g), intercompany loans permitted pursuant to Section 5.2(a)(iii) and the declaration and payment of dividends permitted pursuant to Section 5.2(g)(ii), directly or indirectly enter into, any agreement with, make any financial accommodation for, or otherwise enter into any transaction with, (i) an Affiliate of any Credit Party, (ii) any Person that directly or indirectly owns or controls Equity Securities of any Credit Party, as applicable, carrying more than 10% of the voting rights of such Credit Party, (iii) any Affiliate of a Person described in clause (ii), (iv) any Person that is an officer or director of any Credit Party, as applicable, or of any Affiliate of such Person, or of any Person described in clause (ii) or (iii), or (v) any immediate family member of any of the foregoing, in each case, except in the ordinary course of, and pursuant to the reasonable requirements of, business and at prices and on terms not less favourable to any such Credit Party, as the case may be, than could be obtained in a comparable arm's length transaction with another Person;

(f) **Change in Business, Financial Reporting, Etc.** (i) Engage in any business other than the Business provided that the Credit Parties will not engage in the Business in any jurisdiction where it is prohibited by Applicable Law and (ii) except as required in accordance with IFRS, the Credit Parties shall not change their reporting practices or accounting treatment without the prior consent of the Majority Lenders, and IFRS shall be applied consistently by the Credit Parties;

(g) **Restricted Payments.** Declare, make or pay any Restricted Payments except:

(i) the payment of salaries, bonuses and other compensation to employees, officers or directors of any Credit Party in their capacity as such in the ordinary course of business;

(ii) the payment of compensation in an aggregate amount not to exceed $400,000 (the "**Compensation Cap**") in any Financial Year to consultants of any Credit Party in their capacity as such in the ordinary course of business, provided that compensation paid to Green Field Management LLP in the ordinary course of business pursuant to the consultancy agreement dated November 1, 2017 between DionyMed Inc. and Green Field Management LLP (as such agreement may be amended from time to time with the prior consent of the Majority Lenders) shall not be subject to such Compensation Cap;

(iii) dividends or management fees payable by a Credit Party to another Credit Party;

(iv) payments made in the ordinary course of business and described on Part I of Schedule 5.2(g) (subject to the limitations on compensation to consultants in clause (ii) above);

(v) provided no Default or Event of Default has occurred and is continuing or would result therefrom, repayments to Credit Parties incorporated in Canada of intercompany loans permitted pursuant to Section 5.2(a)(iii);

(h) **Investments.** Make any Investment in any Person other than:

(i) investment in Cash Equivalents;

(ii) intercompany loans between Credit Parties provided the Debt thereunder is permitted pursuant to Section 5.2(a)(iii);

(iii) the acquisition of the Grenville Royalty pursuant to Section 5.1(l);

(iv) Permitted Acquisitions;

(i) **Pension Plans, Plans and Collective Bargaining Agreements.** Enter into any pension plans, Plans or collective bargaining agreements except, in each case, with the prior written consent (including any conditions imposed thereon) of the Majority Lenders, provided that (i) no such consent is required with respect to collective bargaining agreements entered into by Credit Parties incorporated in California and (ii) any such Credit Party shall promptly deliver to the Administrative Agent (for delivery to the Lenders) copies of any collective bargaining agreements entered into by it;

(j) **Hedging.** Enter into or suffer to exist any hedging arrangement save and except for hedging arrangements designed to protect a Credit Party against fluctuations in currency exchange, entered into by such Credit Party in the ordinary course of, and pursuant to the reasonable requirements of, its business, and not for speculative purposes or on a margined basis;

(k) **Financial Year.** Change its Financial Year;

(l) **Royalties**. (i) Enter into or incur any obligations with respect to any streaming, royalty or similar arrangement other than the obligations existing on the Closing Date with respect to the royalty arrangements contained in the license agreement referred to in the definition of "Royalty Reserve" or in Section 5.1(l) (until such royalty is purchased for cancellation), as such arrangements exist on the Closing Date, or (ii) amend any obligations of a Credit Party with respect to any such royalty arrangement in place on the Closing Date if, as a result of such amendment, the obligations of any Credit Party thereunder would increase or become more onerous;

(m) **Amendments**.

(i) Make or permit to be made any amendments to any Material Agreement if such amendments could reasonably be expected to have

a Material Adverse Effect or to be adverse to the interests of the Lenders under the Credit Documents;

(ii) (A) Amend or change any of its articles, by-laws or other constating documents or (B) enter into any agreement with respect to its Equity Securities restricting transfer of the same or otherwise adverse to the interests of the Lenders under the Credit Documents;

(n) **Restrictive Agreements.** Directly or indirectly enter into, incur or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition upon (i) the ability of any Credit Party to create, incur or permit to exist any Lien upon any of its Assets; (ii) the ability of any Credit Party to pay dividends or other distributions with respect to any Equity Securities or with respect to, or measured by, its profits or to make or repay loans or advances to any Credit Party or to provide a guarantee of any Debt of any Credit Party; or (iii) the ability of any Credit Party to sell, lease or transfer any of its Assets to any other Credit Party; in each case, except: (w) restrictions and conditions contained in the Credit Documents; (x) restrictions or conditions imposed by any agreement relating to Debt permitted pursuant to Section 5.2(a)(ii) if such restrictions or conditions apply only to the Assets securing such Debt; (y) customary provisions in leases and other ordinary course contracts restricting the assignment, sub-letting or pledge thereof;

(o) **Contaminants, etc**. Permit any asbestos, asbestos-containing materials, PCBs, radioactive substances or any other contaminants which could be the subject of a clean-up order to be located in, on, at, under or about any of the Owned Properties or Leased Property. Permit any underground storage systems to be located or installed at any of the Owned Properties or Leased Property;

(p) **Bank Accounts, Securities Accounts.** Subject to the next sentence, permit any Bank Account or securities account to exist or be established unless such deposit account is a Blocked Account or such securities account is subject to a control agreement, as applicable, in favour of the Collateral Agent, and satisfactory in form and substance to, the Majority Lenders. The Borrower shall deliver to the Collateral Agent blocked account agreements executed by the relevant Credit Party and depository bank with respect to each Bank Account of each Credit Party existing on the Closing Date within 30 days after the Closing Date;

(q) **Purchase of Convertible Debentures**. Purchase any Convertible Debentures prior to maturity, without the prior written consent of the Majority Lenders.

Section 5.3 Financial Covenants.

So long as any amount owing under this Agreement remains unpaid or any Agent or Lender has any obligation under this Agreement, and unless consent is given in accordance with Section 9.1, the Borrower shall:

(a) **Borrowing Base**. If, on any day, the principal amount outstanding under the Delayed Draw Facility (i) has exceeded the Borrowing Base for a period of more than fourteen (14) consecutive days or (ii) has exceeded the Borrowing Base as calculated in a Borrowing Base Certificate delivered pursuant to Section 5.1(b), the Majority Lenders, in their sole discretion exercised within twenty-eight (28) days of becoming aware of such excess, may impose conditions upon the continued availability of the Facilities and outstanding Advances (including a requirement to repay Advances under the Delayed Draw Facility in excess of the Borrowing Base) and the Borrower, within ten (10) days of receiving notice of such conditions shall agree to comply, and shall so comply and cause the other Credit Parties to comply, with all such conditions within the time specified by the Majority Lenders for compliance;

(b) **Market Capitalization**. Maintain, at all times, a Market Capitalization Ratio of not less than 4.0:1.0;

(c) **EBITDA**. Maintain, at all times from and after the first day of the Financial Quarter ending December 31, 2019, EBITDA of greater than zero;

(d) **Current Ratio.** Maintain, at all times, a Current Ratio of greater than 1.0:1.0;

(e) **Minimum Cash Requirement.** Maintain, at all times, on a consolidated basis, Unrestricted Cash in a minimum amount of $5,000,000.

(f) **Accounts Payable.** Ensure that (i) at all times, accounts payable of the Credit Parties (exclusive of administrative expenses of the Borrower incurred by it in the ordinary course of its business as a CSE-listed holding company), calculated on a consolidated basis, shall not exceed 120% of accounts receivable of the Credit Parties, calculated on a consolidated basis, at such time and (ii) except for accounts payable to Eaze Solutions, Inc. pursuant to the payment schedule in existence on the Closing Date, no individual account payable greater than $10,000 (up to an aggregate of $50,000 for all such accounts payable) shall remain unpaid more than ninety (90) days after such account payable is due and payable.

(g) **Adjusted Debt.** Ensure that, at all times, Adjusted Debt does not exceed $40,000,000.

Section 5.4 Security Covenants.

So long as any amount owing under this Agreement remains unpaid or any Lender has any obligation under this Agreement, and unless consent is given in accordance with Section 9.1, the Borrower shall and shall cause each other Credit Party to:

(a) **Status of Accounts, Collateral.** With respect to the Collateral (i) immediately notify the Collateral Agent if any Account in excess of $10,000 arises out of contracts with any Governmental Authority (exclusive of GST/HST refunds due from Canadian Governmental Authorities in an aggregate amount outstanding at any time up to $100,000), and execute, or cause any applicable

Credit Party to execute, any instruments and take, or cause any applicable Credit Party to take, any steps required by the Collateral Agent (at the direction of the Majority Lenders) in order that all moneys due or to become due under the contract are assigned to the Collateral Agent and notice of such assignment be given to the Governmental Authority, (ii) report immediately to the Collateral Agent and the Lenders any matters materially adversely affecting the value, enforceability or collectability of the Collateral, taken as a whole, (iii) if any amount payable under or in connection with any Account in excess of $10,000 (or the Equivalent Amount in any other currency) is evidenced by a promissory note or other instrument, notify the Collateral Agent in writing and, upon the request of the Collateral Agent (at the direction of the Majority Lenders), immediately pledge, endorse, assign and deliver, or cause any applicable Credit Party to pledge, endorse, assign and deliver, to the Collateral Agent the promissory note or instrument, as additional Collateral, and (iv) notify the Collateral Agent and the Lenders in writing of any agreement under which any terms of sale or service (written or oral) which are materially different from normal operating procedures may have been or will be granted;

(b) **Prior Notice of Changes in Names, Jurisdictions.** Provide the Collateral Agent with written notice at least thirty (30) days prior to (i) any proposed change in the location of (w) any place of business of any Credit Party, (x) the chief executive office, registered office, principal place of business or head office of any Credit Party, or (y) any jurisdiction where tangible Assets of any Credit Party are stored (provided that, if Eligible Inventory is to be located at a new location, whether or not within the same jurisdiction, the Borrower shall advise the Collateral Agent at least 15 days in advance of such new location and whether such location is owned or leased by a Credit Party or otherwise and the Borrower shall comply with Section 5.1(t), if applicable), (ii) any change in the jurisdiction of organization of any Credit Party, and (iii) any proposed change in the name (including the adoption of a French form of name) of any Credit Party; and

(c) **Perfection and Protection of Security Interest.** Promptly file and perfect any Security that requires filing in order to perfect; and promptly cure or cause to be cured any defects in the execution and delivery of any of the Credit Documents or any defects in the validity or enforceability of any of the Security and at its expense, execute and deliver or cause to be executed and delivered, all such agreements, instruments and other documents (including the filing of any financing statements or financing change statements) necessary or, in the opinion of the Majority Lenders, desirable to protect or otherwise perfect the Security.

Section 5.5 Covenants of Other Credit Parties.

So long as any amount owing under this Agreement remains unpaid or any Lender has any obligation under this Agreement, and unless consent is given in accordance with Section 9.1, each Credit Party (other than the Borrower) covenants and agrees that it will

take, or will refrain from taking, as the case may be, all actions that are necessary to be taken or not taken so that no violation of any provision, covenant or agreement contained in Article 5, and so that no Default or Event of Default, is caused by the actions of such Credit Party or any of its subsidiaries.

ARTICLE 6
CHANGES IN CIRCUMSTANCES

Section 6.1 Increased Costs.

(1) If any Change in Law shall:

(a) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender;

(b) subject any Recipient to any Tax of any kind whatsoever with respect to this Agreement or any Advance made by it or any participation by it in any Advance, or change the basis of taxation of payments to such Recipient in respect thereof, except for Indemnified Taxes or Other Taxes for which a payment has been made by a Credit Party pursuant to Section 6.2 and the imposition, or any change in the rate, of any Excluded Tax payable by such Recipient; or

(c) impose on any Lender or any applicable interbank market any other condition, cost or expense affecting this Agreement or Advances made by such Lender or in which such Lender has a participation interest;

and the result of any of the foregoing shall be to increase the cost to such Lender or such other Recipient of making, maintaining, issuing or participating in any Advance (or of maintaining its obligation to make, issue or participate in any such Advance), or to reduce the amount of any sum received or receivable by such Lender or other Recipient hereunder (whether of principal, interest or any other amount), then upon request of such Lender or other Recipient the Borrower will pay to such Lender or other Recipient such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered.

(2) If any Lender determines that any Change in Law affecting such Lender or any lending office of such Lender or such Lender's holding company, if any, regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Advances made by, issued, or participated in by such Lender, to a level below that which such Lender or its holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of its holding company with respect to capital adequacy), then from time to time the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender or its holding company for any such reduction suffered.

(3) A certificate of a Recipient setting forth the amount or amounts necessary to compensate such Recipient or its holding company, as the case may be, as specified in Section 6.1(1) or Section 6.1(2), including reasonable detail of the basis of calculation of the amount or amounts, and delivered to the Borrower shall be conclusive absent manifest error. The Borrower shall pay such Recipient the amount shown as due on any such certificate within 10 days after receipt thereof.

(4) Failure or delay on the part of any Recipient to demand compensation pursuant to this Section shall not constitute a waiver of such Recipient's right to demand such compensation, except that the Borrower shall not be required to compensate a Recipient pursuant to this Section 6.1 for any increased costs incurred or reductions suffered more than nine months prior to the date that such Lender notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Recipient's intention to claim compensation therefore, unless the Change in Law giving rise to such increased costs or reductions is retroactive, in which case the nine-month period referred to above shall be extended to include the period of retroactive effect thereof.

(5) The provisions of this Section 6.1 shall survive the termination of this Agreement and the repayment of the Facilities.

Section 6.2 Taxes.

(1) If any Credit Party or any Recipient is required by Applicable Law to deduct or pay any Indemnified Taxes (including any Other Taxes) in respect of any payment by or on account of any obligation of any Credit Party hereunder or under any other Credit Document, then (i) the sum payable shall be increased by the applicable Credit Party when payable as necessary so that after making or allowing for all required deductions and payments for Indemnified Taxes (including deductions and payments applicable to additional sums payable under this Section 6.2), the applicable Recipient receives an amount equal to the sum it would have received had no such deductions or payments for Indemnified Taxes been required, (ii) the applicable Credit Party shall make any such deductions required to be made by it under Applicable Law and (iii) the applicable Credit Party shall timely pay the full amount required to be deducted to the relevant Governmental Authority in accordance with Applicable Law.

(2) Without limiting the provisions of Section 6.2(1) above, the Credit Parties shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with Applicable Law.

(3) The Credit Parties shall jointly and severally indemnify each Recipient, within ten (10) days after demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) paid or payable by the Recipient and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as

to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Administrative Agent), or by the Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(4) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Credit Parties to a Governmental Authority, such Credit Party shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment satisfactory to the Administrative Agent (at the direction of the Majority Lenders).

(5) Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which a Credit Party is resident for tax purposes, or any treaty to which such jurisdiction is a party, with respect to payments hereunder or under any other Credit Document shall, at the request of such Credit Party, deliver to such Credit Party (with a copy to the Administrative Agent), at the time or times prescribed by Applicable Law or reasonably requested by such Credit Party or the Administrative Agent, such properly completed and executed documentation prescribed by Applicable Law as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if requested by a Credit Party or the Administrative Agent, shall deliver such other documentation prescribed by Applicable Law or reasonably requested by such Credit Party or the Administrative Agent as will enable such Credit Parties or the Administrative Agent to determine whether or not such Lender is subject to withholding or information reporting requirements.

(6) If any Agent or any Lender determines, in its sole discretion exercised in good faith, that it has received a refund of any Indemnified Taxes or Other Taxes as to which it has been indemnified by a Credit Party or with respect to which a Credit Party has paid additional amounts pursuant to this Section 6.2, it shall pay over to such Credit Party an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by such Credit Party under this Section 6.2 with respect to the Indemnified Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such Agent or such Lender and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided, that such Credit Party, upon the request of such Agent or such Lender, shall repay the amount paid over to such Credit Party (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to such Agent or such Lender in the event such Agent or such Lender is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this Section 6.2(6), in no event will such Agent or such Lender be required to pay any amount to a Credit Party pursuant to this Section 6.2(6) the payment of which would place such Agent or such Lender in a less favorable net after-Tax position than such Agent or such Lender would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph

shall not be construed to require any Agent or any Lender to make available its Tax returns (or any other information relating to its Taxes which it deems confidential) to any Credit Party or any other Person.

(7) The provisions of this Section 6.2 shall survive the termination of this Agreement and the repayment of the Facilities.

Section 6.3 Illegality.

If any Lender determines that any Applicable Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable lending office to make, maintain, issue or participate in the Facilities, or to determine or charge interest rates based upon any particular rate, then, on notice thereof by such Lender to the Borrower through the Administrative Agent, any obligation of such Lender with respect to the activity that is unlawful shall be suspended until such Lender notifies the Administrative Agent and the Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, the Borrower shall, upon demand from such Lender (with a copy to the Administrative Agent), prepay the Advances outstanding to such Lender or take any necessary steps with respect to the Facilities, in order to avoid the activity that is unlawful. Upon any such prepayment, the Borrower shall also pay accrued interest on the amount so prepaid and any applicable breakage costs and other applicable amounts as a result of prepayment to a Lender. Each Lender agrees to designate a different lending office if such designation will avoid the need for such notice and will not, in the good faith judgment of such Lender, otherwise be materially disadvantageous to such Lender.

Section 6.4 Change of Lending Office.

In a case where a Lender designates a different lending office in respect of a particular Advance under the Facilities (other than a change in lending office in connection with a Change in Law under Section 6.1 or in connection with Section 6.3), such Lender shall not be entitled on the date of such designation to receive any greater amount pursuant to Section 6.2 than that to which the Lender would have been entitled to receive had no such designation occurred, it being understood that nothing in this provision shall be construed to deny the Lender any increase subsequent to the date of the designation in the amount that such Lender is entitled to receive under Section 6.2 on account of increases in deduction for Taxes after the date of such designation.

ARTICLE 7
EVENTS OF DEFAULT

Section 7.1 Events of Default.

The occurrence of any one or more of the following events shall constitute an event of default under this Agreement (an **"Event of Default"**):

(a) the Borrower fails to pay any amount on account of principal, interest, Fees or other amounts payable under the Credit Documents when they become due and payable and such failure is not remedied within three (3) Business Days;

(b) any representation or warranty or certification made or deemed to be made by a Credit Party or any of their respective directors or officers in any Credit Document shall prove to have been incorrect or misleading in any material respect (in the opinion of the Lenders acting reasonably) when made or deemed to be made and, if the facts or circumstances which caused the representation, warranty or certification to be incorrect or misleading are capable of being remedied, such facts or circumstances are not so remedied within ten (10) Business Days of the earlier of (i) a Credit Party becoming aware of such failure and (ii) notice from the Administrative Agent (on the instructions of the Majority Lenders) requiring the Borrower to remedy such failure;

(c) a Credit Party fails to perform, observe or comply with any of the covenants contained in Section 2.3, Section 5.1(d), Section 5.1(g)(iii), Section 5.2 or Section 5.3;

(d) the outstanding principal amount of Advances under the Delayed Draw Facility exceeds the Borrowing Base for three (3) consecutive calendar months or the Credit Parties refuse to or fail to comply with any conditions imposed by the Lenders pursuant to Section 5.3(a);

(e) any of the Credit Parties fails to pay the principal of, or premium or interest or other amount on, any of its Debt with a Lender (excluding Debt under this Agreement) or other Debt which is outstanding in an aggregate principal amount exceeding $100,000 (or the Equivalent Amount in another currency) when such amount becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) and such failure continues after the applicable grace period, if any, specified in the agreement or instrument relating to the Debt; or any other event occurs or condition exists and continues after the applicable grace period, if any, specified in any agreement or instrument relating to any such Debt, if its effect is to accelerate, or permit the acceleration of the Debt; or any such Debt shall be declared to be due and payable prior to its stated maturity;

(f) a Credit Party or any Third Party (as defined in the applicable Security Document) fails to perform, observe or comply with any other term, covenant or agreement contained in this Agreement or any other Credit Document to which it is a party and such failure remains unremedied for 10 Business Days from the earlier of (i) a Credit Party or Third Party becoming aware of such failure and (ii) notice from the Administrative Agent (on the instructions of the Majority Lenders) requiring the Borrower to remedy such failure;

(g) any Credit Party (in the case of any Material Agreement) or any other party thereto (solely in the case of the Master Services Agreement and the Assignment and Option Agreement (as each is defined on Schedule 4.1(bb)(v) hereto)) fails to perform or observe any term, covenant or agreement contained in any Material Agreement on its part to be performed

or observed where such failure could reasonably be expected to have a Material Adverse Effect; or any Material Agreement is terminated or revoked or permitted to lapse (other than in accordance with its terms and not as a result of default); or any party to any Material Agreement delivers a notice of termination or revocation (other than in accordance with its terms and not as a result of default) in respect of the Material Agreement;

(h) any Credit Party or Third Party (as defined in the applicable Security Document) repudiates its obligations under any Credit Document or claims any of the Credit Documents to be invalid or withdrawn in whole or in part;

(i) any one or more of the Credit Documents or any material provision thereof ceases to be (in the opinion of the Majority Lenders, acting reasonably), or is determined by a court of competent jurisdiction not to be, a legal, valid and binding obligation of any Credit Party or Third Party (as defined in the applicable Security Document) which is a party thereto, enforceable by the Agents and the Lenders or any of them against such Credit Party;

(j) if any of the Security at any time (in the opinion of the Majority Lenders, acting reasonably) shall not constitute a valid and perfected first priority Lien on any Collateral thereunder or any Assets intended to be Collateral thereunder, subject only to Permitted Liens which rank by law in priority**;**

(k) any judgment or order for the payment of money in excess of Cdn. $250,000 (or the Equivalent Amount in another currency) is rendered against any of the Credit Parties and either (i) enforcement proceedings have been commenced by a creditor upon the judgment or order, or (ii) there is any period of ten (10) consecutive Business Days during which a stay of enforcement of the judgment or order, by reason of a pending appeal or otherwise, is not in effect;

(l) any Business Authorization of any Credit Party is revoked, cancelled or suspended, or a Credit Party is otherwise prevented by a Governmental Authority from operating its business, or a Credit Party ceases or threatens to cease to carry on business generally;

(m) any Credit Party incurs any Environmental Liabilities which will require expenditures, (i) for any one occurrence, in excess of $50,000 (or the Equivalent Amount in another currency), or (ii) aggregating in any Financial Year on a consolidated basis, $100,000 (or the Equivalent Amount in another currency);

(n) there is a Change of Control;

(o) any of the Credit Parties (i) becomes insolvent or generally not able to pay its debts as they become due, (ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit of creditors, (iii) institutes or has instituted against it any proceeding seeking (x) to adjudicate

it a bankrupt or insolvent, (y) liquidation, winding up, administration, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any Applicable Law relating to bankruptcy, insolvency, reorganization or relief of debtors including any proceeding under applicable corporate law seeking a compromise or arrangement of, or stay of proceedings to enforce, some or all of the debts of such Person, or (z) the entry of an order for relief or the appointment of a receiver, receiver-manager, administrator, custodian, monitor, trustee or other similar official for it or for any substantial part of its Assets, and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of fifteen (15) days, such Person fails to diligently and actively oppose such proceeding, or any of the actions sought in such proceeding (including the entry of an order for relief against it or the appointment of a receiver, receiver-manager, administrator, custodian, monitor, trustee or other similar official for it or for any substantial part of its properties and assets) occurs, or (iv) takes any corporate action to authorize any of the above actions;

(p) there has occurred an event or development that could, in the sole opinion of the Majority Lenders, reasonably be expected to have a Material Adverse Effect;

(q) the official quotation of Equity Securities of the Borrower on the CSE is suspended for a period in excess of five (5) consecutive trading days or, in the case of a voluntary suspension, ten (10) consecutive trading days; or

(r) any Credit Party (i) becomes subject to any civil or criminal prosecution, enforcement, asset forfeiture or any other civil or criminal enforcement action or proceeding brought by any agency or instrumentality of the United States federal government with respect to an alleged breach of U.S. federal Cannabis Law or by any U.S. state government or local government with respect to any alleged breach of U.S. state or local Cannabis Law, or (ii) receives formal notice of any investigation brought by any agency or instrumentality of the United States federal government with respect to an alleged breach of U.S. federal Cannabis Law or by any U.S. state government or local government with respect to any alleged breach of U.S. state or local Cannabis Law which could, in the opinion of the Majority Lenders, reasonably be expected to result in the revocation, cancellation or suspension of any Business Authorization, the forfeiture of a material portion of the Assets of a Credit Party or a Material Adverse Effect.

Section 7.2 Acceleration.

Upon the occurrence and during the continuance of an Event of Default, the Administrative Agent shall, if requested by the Majority Lenders, by written notice to the Borrower declare the Facilities, all accrued interest and Fees, the applicable Prepayment Premium, and all other amounts payable under this Agreement to be immediately due and payable, without presentment, demand, protest or further notice of any kind, all of which

are hereby expressly waived by the Borrower; provided that, upon the occurrence of an Event of Default under Section 7.1(o), the Facilities, all accrued interest and Fees, the applicable Prepayment Premium, and all other amounts payable under this Agreement shall become immediately due and payable, without any presentment, demand, protest or notice of any kind from any Agent or any Lender.

Section 7.3 Remedies upon Default.

(1) Upon a declaration that the Facilities are immediately due and payable, or upon the Facilities otherwise becoming due and payable, pursuant to Section 7.2, the Agents shall at the request of, or may with the consent of, the Majority Lenders, commence such legal action or proceedings as the Majority Lenders, in their sole discretion, deem expedient, including the commencement of enforcement proceedings under the Credit Documents, all without any additional notice, presentation, demand, protest, notice of dishonour, entering into of possession of any property or assets, or any other action or notice, all of which are expressly waived by the Credit Parties.

(2) The rights and remedies of the Agents and the Lenders under the Credit Documents are cumulative and are in addition to, and not in substitution for, any other rights or remedies. Nothing contained in the Credit Documents with respect to the indebtedness or liability of the Credit Parties to the Secured Creditors, nor any act or omission of the Secured Creditors, or any of them, with respect to the Credit Documents or the Security shall in any way prejudice or affect the rights, remedies and powers of the Secured Creditors under the Credit Documents and the Security.

Section 7.4 Right of Set-off.

If an Event of Default has occurred and is continuing, each of the Lenders, the Agents and each of their respective Affiliates is hereby authorized at any time and from time to time to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender, Agent or any such Affiliate to or for the credit or the account of the Credit Parties against any and all of the obligations of the Credit Parties now or hereafter existing under this Agreement or any other Credit Document to such Lender or Agent, irrespective of whether or not such Lender has made any demand under this Agreement or any other Credit Document and although such obligations of the Credit Parties may be contingent or unmatured. The rights of each of the Lenders, Agents and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of set-off, consolidation of accounts and bankers' lien) that the Lenders, Agents or their respective Affiliates may have. Each Lender and Agent agrees to promptly notify the Borrower and the Agents after any such set-off and application, but the failure to give such notice shall not affect the validity of such set-off and application. If any Affiliate of a Lender exercises any rights under this Section 7.4, it shall share the benefit received in accordance with Section 8.13 as if the benefit had been received by the Lender of which it is an Affiliate.

Section 7.5 Application of Cash Proceeds of Realization.

(1) All Proceeds of Realization not in the form of cash shall be forthwith delivered to the Agents and disposed of, or realized upon, by the Agents in such manner as the Majority Lenders may approve so as to produce Cash Proceeds of Realization.

(2) Subject to the claims, if any, of secured creditors of the Credit Parties whose security ranks in priority to the Security, all Cash Proceeds of Realization shall be applied and distributed, and the claims of the Secured Creditors shall be deemed to have the relative priorities which would result in the Cash Proceeds of Realization being applied and distributed, as follows:

(a) first, to the payment of all costs and expenses (including fees of counsel) of the Agents in connection with enforcing the rights of the Lenders under this Agreement and the applicable Credit Documents, including all expenses of sale or other realization of or in respect of the Collateral, including compensation to the agents and counsel for the Agents, and all expenses, liabilities and advances incurred or made by the Agents in connection therewith, and any other obligations owing to the Agents in respect of sums advanced by the Agents to preserve the Collateral or to preserve the Security in the Collateral;

(b) second, to the payment of all costs and expenses (including fees of counsel) of each of the Lenders in connection with enforcing its rights under the Credit Documents or otherwise with respect to the Obligations owing to such Lender;

(c) third, to the payment of all outstanding Obligations (including Fees) to the Agents;

(d) fourth, to the payment of all of Obligations consisting of accrued Fees and interest owing to the Lenders;

(e) fifh, except as set forth in clauses (a) through (d) above, to the payment of the outstanding Obligations owing to any Lender, rateably, as set forth below, with an amount equal to the Obligations being paid to the Administrative Agent for the account of the Lenders, with each Lender receiving an amount equal to its outstanding Obligations, or, if the proceeds are insufficient to pay in full all Obligations, its Pro-Rata Share of the amount remaining to be distributed; and

(f) sixth, to the payment of the surplus, if any, to whomever may be lawfully entitled to receive such surplus.

(3) In carrying out the foregoing, (i) amounts received shall be applied in the numerical order provided in paragraph (2) above until exhausted prior to application to the next succeeding subsection, and (ii) each of the Secured Creditors shall receive an amount equal to its Pro-Rata Share (as defined below) of amounts available to be

applied pursuant to Section 7.5(2)(a), Section 7.5(2)(b), Section 7.5(2)(c), Section 7.5(2)(e) and Section 7.5(2)(e).

(4) For purposes of this Section 7.5, "**Pro-Rata Share**" means, when calculating a Secured Creditor's portion of any distribution or amount, that amount (expressed as a percentage) equal to a fraction the numerator of which is the then unpaid amount of such Secured Creditor's Obligations and the denominator of which is the then outstanding amount of all Obligations. If any payment to any Secured Creditor of its Pro-Rata Share of any distribution would result in overpayment to such Secured Creditor, such excess amount shall instead be distributed in respect of the unpaid Obligations of the other Secured Creditors, with each Secured Creditor whose Obligations have not been paid in full to receive an amount equal to such excess amount multiplied by a fraction the numerator of which is the unpaid Obligations of such Secured Creditor and the denominator of which is the unpaid Obligations of all Secured Creditors entitled to such distribution.

ARTICLE 8
THE ADMINISTRATIVE AGENT, THE COLLATERAL AGENT AND THE LENDERS

Section 8.1 Appointment and Authority.

Each of the Lenders hereby irrevocably appoints GLAS USA LLC to act on its behalf as the Administrative Agent and GLAS Americas LLC to act on its behalf as the Collateral Agent, in each case, hereunder and under the other Credit Documents and authorizes each Agent to take such actions on its behalf and to exercise such powers as are delegated to such Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Secured Creditors, and no Credit Party shall have rights as a third party beneficiary of any of such provisions (other than pursuant to Section 8.12(3)).

Section 8.2 Rights as a Lender.

Each Person serving as an Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the an Agent and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include each Person serving as an Agent hereunder in its individual capacity. Each such Person and its Affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with any Credit Party or any Affiliate thereof as if such Person were not an Agent and without any duty to account to the Lenders.

Section 8.3 Exculpatory Provisions.

(1) No Agent shall have any duties or obligations except those expressly set forth herein and in the other Credit Documents. Without limiting the generality of the foregoing, no Agent:

(a) shall be subject to any fiduciary or other implied duties, regardless of whether a Default or Event of Default has occurred and is continuing;

(b) shall have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Credit Documents that such Agent is required to exercise as directed in writing by the Majority Lenders (or such other number or percentage of the Lenders as shall be expressly provided for in the Credit Documents), but no Agent shall be required to take any action that, in its opinion or the opinion of its counsel, (i) may expose such Agent to liability, (ii) is contrary to any Credit Document or Applicable Law, (iii) would require such Agent to become registered to do business in any jurisdiction, or (iv) would subject such Agent to taxation;

(c) shall, except as expressly set forth herein and in the other Credit Documents, have any duty to disclose, and no Agent shall be liable for the failure to disclose, any information relating to the Borrower or any of its Affiliates that is communicated to or obtained by such Person serving as Agent or any of its Affiliates in any capacity; and

(d) shall be responsible in any manner for the validity, enforceability or sufficiency of this Agreement or the Credit Documents or any Collateral delivered, or for the value or collectability of any Obligations or other instrument, if any, so delivered, or for any representations made or obligations assumed by any party other than the Agent. No Agent shall be bound to examine or inquire into or be liable for any defect or failure in the right or title of the grantors to all or any of the assets whether such defect or failure was known to such Agent or might have been discovered upon examination or inquiry and whether capable of remedy or not.

(2) No Agent (and of its directors, officers, agents or employees) shall be liable for any action taken or not taken by it (i) with the consent or at the request of the Majority Lenders (or such other number or percentage of the Lenders as is necessary, or as such Agent believes in good faith is necessary, under the provisions of the Credit Documents) or (ii) in the absence of its own gross negligence or wilful misconduct as determined by a court of competent jurisdiction in a final and non-appealable judgement. No Agent shall be deemed to have knowledge of any Default or Event of Default unless and until notice describing the Default or Event of Default is given to such Agent by the Borrower or a Lender.

(3) Except as otherwise expressly specified in this Agreement, no Agent shall be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Credit Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default or Event of Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Credit Document or any other agreement, instrument or

document or (v) the satisfaction of any condition specified in this Agreement, other than to confirm receipt of items expressly required to be delivered to such Agent.

(4) No Agent is obliged to (i) take or refrain from taking any action or exercise or refrain from exercising any right or discretion under the Credit Documents, or (ii) incur or subject itself to any cost in connection with the Credit Documents, unless it is first specifically indemnified or furnished with security by the Secured Creditors, in form and substance satisfactory to it (which may include further agreements of indemnity or the deposit of funds).

(5) In no event shall any Agent be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services.

(6) No Agent is obliged to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties, obligations or responsibilities or the exercise of any right, power, authority or discretion if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured to it.

(7) Beyond the exercise of reasonable care in the custody thereof, no Agent shall have any duty as to any Collateral in its possession or control or in the possession or control of any agent or bailee or any income thereon or as to preservation of rights against prior parties or any other rights pertaining thereto and no Agent shall be responsible for filing any financing or continuation statements or recording any documents or instruments in any public office at any time or times or otherwise perfecting or maintaining the perfection of any security interest in the Collateral. Each Agent shall be deemed to have exercised reasonable care in the custody of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which it accords similar collateral and shall not be liable or responsible for any loss or diminution in the value of any of the Collateral, by reason of the act or omission of any carrier, forwarding agency or other agent or bailee.

(8) No Agent nor any of its officers, partners, directors, employees, attorneys, accountants, advisors or agents shall be liable to the Lenders for any action taken or omitted by it under or in connection with any of the Credit Documents except to the extent caused by the Agent's gross negligence or wilful misconduct as determined by a court of competent jurisdiction in a final, non-appealable judgment. Each Agent shall be entitled to refrain from any act or the taking of any action (including the failure to take an action) in connection herewith or any of the other Credit Documents or from the exercise of any power, discretion or authority vested in it hereunder or thereunder unless and until the Agent shall have received instructions in respect thereof from Majority Lenders (or such other Lenders as may be required to give such instructions) or in accordance with the Credit Documents.

Section 8.4 Reliance by Agents.

Each Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. Each Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making available of the Facilities that by its terms must be fulfilled to the satisfaction of a Lender, each Agent may presume that such condition is satisfactory to such Lender unless such Agent shall have received notice to the contrary from such Lender prior to making the Facilities available. Each Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

Section 8.5 Indemnification of the Agents.

Each Lender agrees to indemnify each Agent or any Related Party and hold it harmless (to the extent not reimbursed by the Borrower), according to its rateable share (and not jointly or jointly and severally) from and against any and all losses, claims, damages, liabilities, obligations, penalties, actions, judgments, suits or any other proceedings and related expenses, including the fees, charges and disbursements of any counsel, which may be incurred by or asserted against such Agent in any way relating to or arising out of the Credit Documents or the transactions therein contemplated or any actions taken or omitted to be taken by such Agent. However, no Lender shall be liable for any portion of such losses, claims, damages, liabilities, obligations, penalties, actions, judgments, suits or other proceedings or expenses resulting from such Agent's (or its Affiliates') gross negligence or wilful misconduct as found in a final non-appealable judgment by a court of competent jurisdiction.

Section 8.6 Delegation of Duties.

Each Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Credit Document by or through any one or more sub-agents appointed by such Agent. Each Agent and any such sub-agent of the Agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The provisions of this Article 8 and other provisions of this Agreement for the benefit of the Agent shall apply to any such sub-agent and to the Related Parties of the such Agent and any such sub-agents, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as the Agents. No Agent shall be responsible for the negligence or misconduct of any of its sub-agents except to the extent that a court of competent jurisdiction determines in a final and nonappealable judgment that such Agent acted with gross negligence or wilful misconduct in the selection of such sub-agent.

Section 8.7 Notices.

Each Agent shall promptly deliver to each Lender any notices, reports or other communications contemplated in this Agreement delivered to such Agent by or on behalf of a Credit Party which are intended for the benefit of the Lenders.

Section 8.8 Replacement of Agent.

(1) Each Agent may resign at any time by giving sixty (60) days prior notice of its resignation to the Lenders and the Borrower. Upon receipt of any such notice of resignation, the Lenders shall have the right, acting unanimously, with the prior written consent of the Borrower, to appoint a successor Agent. Upon the occurrence of an Event of Default that is continuing, the Borrower's consent rights pursuant to this Section 8.8(1) shall cease.

(2) If no such successor shall have been so appointed by unanimous consent of the Lenders and shall have accepted such appointment within sixty (60) days after the retiring Agent gives notice of its resignation, then the retiring Agent may on behalf of the Lenders, appoint a successor Agent, provided that if the retiring Agent shall notify the Borrower and the Lenders that no qualifying Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice and (i) the retiring Agent shall be discharged from its duties and obligations hereunder and under the other Credit Documents (except that in the case of any collateral security held by the Collateral Agent on behalf of the Secured Creditors under any of the Credit Documents, the retiring Collateral Agent shall continue to hold such collateral security until such time as a successor Collateral Agent is appointed) and (ii) all payments, communications and determinations provided to be made by, to or through the Agent shall instead be made by or to each Lender directly, until such time as the Lenders appoint a successor Agent pursuant to Section 8.8(1).

(3) Upon a successor's appointment as an Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the former Agent, and the former Agent shall be discharged from all of its duties and obligations hereunder or under the other Credit Documents (if not already discharged therefrom as provided in the preceding paragraph). After the termination of the service of the former Agent, the provisions of this Article 8 and of Section 9.6 shall continue in effect for the benefit of such former Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the former Agent was acting as Agent.

Section 8.9 Non-Reliance on the Agents and Other Lenders.

Each Lender acknowledges that it has, independently and without reliance upon the Agents or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Agents or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this

Agreement, any other Credit Document or any related agreement or any document furnished hereunder or thereunder.

Section 8.10 Collective Action of the Secured Creditors.

Each of the Secured Creditors hereby acknowledges that to the extent permitted by Applicable Law, any collateral security and the remedies provided under the Credit Documents to the Secured Creditors are for the benefit of the Secured Creditors collectively and acting together and not severally and further acknowledges that its rights hereunder and under any collateral security are to be exercised not severally, but by the Agents upon the decision of the Majority Lenders (or such other number or percentage of the Lenders as shall be expressly provided for in the Credit Documents). Accordingly, notwithstanding any of the provisions contained herein or in any collateral security, each of the Secured Creditors hereby covenants and agrees that it shall not be entitled to take any action hereunder or thereunder including, without limitation, any declaration of default hereunder or thereunder, but that any such action shall be taken only by the Agents with the prior written agreement of the Majority Lenders (or such other number or percentage of the Lenders as shall be expressly provided for in the Credit Documents). Each of the Secured Creditors hereby further covenants and agrees that upon any such written agreement being given, it shall co-operate fully with the Agents to the extent requested by the Agents. Notwithstanding the foregoing, in the absence of instructions from the Lenders and where in the sole opinion of the Agents, acting reasonably and in good faith, the exigencies of the situation warrant such action, each Agent may without notice to or consent of the Secured Creditors take such action on behalf of the Secured Creditors as it deems appropriate or desirable in the interest of the Secured Creditors.

Section 8.11 Obligations.

All Obligations shall rank *pari passu* with each other and any proceeds from any realization of the Collateral shall be applied to the Obligations rateably in accordance with Section 7.5 (whether such Collateral is in the name of the Collateral Agent or in the name of any one or more of the other Secured Creditors and without regard to any priority to which any Secured Creditor may otherwise be entitled under Applicable Law). The provisions of this Section 8.11 shall survive the termination of this Agreement and the repayment of the Facilities.

Section 8.12 Holding of Security; Discharge.

(1) The Security shall be held by the Collateral Agent for the rateable benefit of the Secured Creditors in accordance with its terms and any proceeds from any realization of the Security shall be applied to the Obligations of each Secured Creditor rateably (whether such Security is held in the name of the Collateral Agent or in the name of any one or more of the Secured Creditors and without regard to any priority to which the Secured Creditor may otherwise be entitled under Applicable Law).

(2) Each Secured Creditor agrees with the other Secured Creditors that it will not, without the prior consent of the other Secured Creditors, take or obtain any Lien on any properties or assets of the Borrower or any other Credit Party to secure the

obligations of the Borrower under the Credit Documents, except for the benefit of all Secured Creditors or as may otherwise be required by Applicable Law.

(3) The Secured Creditors hereby irrevocably authorize the Agents to, and the Agents will, release the Security on any Collateral constituting Assets subject to a Disposition to any Person (other than a Credit Party or a subsidiary of a Credit Party), if the Borrower has certified to the Agents and the Agents are satisfied with such certificate, in their sole discretion, that the Disposition is in compliance with the terms of this Agreement (and the Agents may rely conclusively on any such certificate, without further inquiry). The Agents will, at the request and expense of the Borrower, execute and deliver to the relevant Credit Party such financing change statements, releases, discharges, documents or other instruments as the Credit Party may reasonably require to effect the release of discharge of the Security over such Collateral, provided that the proceeds of any such Disposition shall continue to constitute part of the Collateral.

Section 8.13 Sharing of Payments by Lenders.

If any Lender, by exercising any right of set-off or counterclaim or otherwise, obtains any payment or other reduction that might result in such Lender receiving payment or other reduction of a proportion of the aggregate principal amount outstanding to it under the Facilities and accrued interest thereon or other obligations hereunder greater than its rateable share thereof as provided herein, then the Lender receiving such payment or other reduction shall (a) notify the Administrative Agent of such fact, and (b) purchase (for cash at face value) participations in the Facilities and such other obligations of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders rateably in accordance with the aggregate principal amount outstanding to it under the Facilities and accrued interest thereon and other amounts owing them provided that:

(a) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and

(b) the provisions of this Section 8.13 shall not be construed to apply to (x) any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or (y) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Advances to any assignee or participant, other than to the Borrower or any Affiliate of the Borrower (as to which the provisions of this Section 8.13 shall apply).

The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under Applicable Law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against it rights of set-off and counterclaim and similar rights of Lenders with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

Section 8.14 Liability of the Lenders *inter se*.

Each of the Lenders agrees with each of the other Lenders that, except as otherwise expressly provided in this Agreement, none of the Lenders has or shall have any duty or obligation, or shall in any way be liable, to any of the other Lenders in respect of the Credit Documents or any action taken or omitted to be taken in connection with them.

Section 8.15 Survival.

The provisions of this Article shall survive the termination of this Agreement and the repayment of the Facilities.

ARTICLE 9
MISCELLANEOUS

Section 9.1 Amendments, etc.

(1) Subject to Section 9.1(2) and Section 9.1(3), no amendment or waiver of any provision of any of the Credit Documents, nor consent to any departure by the Credit Parties or any other Person from such provisions, shall be effective unless in writing and approved by the Majority Lenders. Any amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given.

(2) Without the prior written consent of each Lender, no amendment, waiver or consent shall:

(a) increase any Lender's Commitment;

(b) extend the scheduled final maturity of a Facility;

(c) reduce or forgive any principal amount of a Facility;

(d) reduce the stated rate of interest on a Facility, or any Fee;

(e) waive, reduce or postpone any scheduled repayment of principal of a Facility;

(f) change the number or percentage of Lenders, in each case, required for the Lenders, or any of them, or an Agent to take any action;

(g) amend the requirement of *pro rata* application of all amounts received by an Agent in respect of a Facility or the Obligations, or the requirement of *pro rata* sharing by the Lenders pursuant to Section 8.13;

(h) consent to the assignment or transfer by the Credit Parties of any of their rights and obligations under any Credit Document;

(i) release any of the guarantees of the Obligations provided by the Credit Parties or, except to the extent provided in Section 8.12(3), any of the Collateral;

(j) change the definition of Majority Lenders;

(k) amend or expand any of the following definitions, in each case the effect of which would be to increase the amounts available for borrowing hereunder: Borrowing Base, Eligible Accounts and Eligible Inventory (including, in each case, the defined terms used therein) (it being understood that the establishment, modification or elimination of Reserves and adjustment, establishment and elimination of criteria for Eligible Accounts and Eligible Inventory, in each case by the Majority Lenders in accordance with the terms hereof, will not be deemed to require the consent of each Lender) or

(l) amend this Section 9.1.

(3) Only written amendments, waivers or consents signed by the applicable Agent shall affect the rights or duties of such Agent under the Credit Documents.

Section 9.2 Waiver.

(1) No failure on the part of a Lender or an Agent to exercise, and no delay in exercising, any right under any of the Credit Documents shall operate as a waiver of such right; nor shall any single or partial exercise of any right under any of the Credit Documents preclude any other or further exercise of such right or the exercise of any other right.

(2) Except as otherwise expressly provided in this Agreement, the covenants, representations and warranties shall not merge on and shall survive the initial Advance and, notwithstanding such initial Advance or any investigation made by or on behalf of any party, shall continue in full force and effect. The closing of this transaction shall not prejudice any right of one party against any other party in respect of anything done or omitted under this Agreement or in respect of any right to damages or other remedies.

Section 9.3 Additional Subsidiaries, Lenders.

(1) Additional subsidiaries of a Credit Party may from time to time after the Closing Date become party to this Agreement by executing and delivering to the Administrative Agent a supplemental agreement (a **"Supplement"**) to this Agreement in substantially the form attached as Exhibit 8 to this Agreement. Effective from and after the date of the execution and delivery by any Person to the Administrative Agent of a Supplement, such Person shall be, and shall be deemed for all purposes to be, a Credit Party under this Agreement and the other Credit Documents with the same force and effect, and subject to the same agreements, representations, guarantees, indemnities, liabilities and obligations, as if such Person were, effective as of such date, an original signatory to this Agreement as a Credit Party. The execution and delivery of a Supplement by any Person shall not require the consent of any other Credit Party and all of the obligations of each Credit Party under this Agreement and the other Credit Documents shall remain in full force and effect notwithstanding the addition of any additional Credit Party to this Agreement.

(2) Persons may from time to time on and after the Closing Date become party to this Agreement as a Lender by entering into a Lender Joinder (or pursuant to an assignment by an existing Lender in accordance with Section 9.8(3)). Effective from and after the date of execution by the parties thereto of the Lender Joinder, such Person shall have the Commitments described therein and shall be, and shall be deemed for all purposes to be, a Lender and a Secured Creditor under this Agreement and the other Credit Documents with the same force and effect, and subject to the same agreements and obligations, as if such Person were, effective as of such date, an original signatory to this Agreement as a Lender. The execution and delivery of a Lender Joinder by any Person shall not require the consent of any other Person and all of the obligations of each Credit Party and each Secured Creditor under this Agreement and the other Credit Documents shall remain in full force and effect notwithstanding the addition of any additional Lender to this Agreement.

Section 9.4 Evidence of Debt.

The Administrative Agent shall maintain a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts (and stated interest) of the Advances outstanding to, each Lender (the "**Register**"). The entries in the Register shall be conclusive, absent manifest error, and the Borrower, the Agents and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender for all purposes of this Agreement. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

Section 9.5 Notices: Effectiveness; Electronic Communication.

(1) Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications provided for herein shall be in writing and shall be delivered by hand or courier service, mailed by registered mail or sent by email addressed:

(a) to the Borrower (which shall be deemed to constitute notice to all Credit Parties under the Credit Documents) at:

40 King Street West
Suite 2100
Toronto, Ontario M5H 3C2

Attention: Peter Kampian

Telephone: 416-209-5982
Email: pkampian@dionymed.com

- with a copy to –

Cassels Brock & Blackwell LLP
2100 Scotia Plaza

40 King Street West
Toronto, Ontario, M5H 3C2

Attention: Carla Potter

Email: cpotter@casselsbrock.com

(b) to the Administrative Agent or the Collateral Agent at:

3 Second Street, Suite 206
Jersey City, NJ 07302

Attention: Administrator for DionyMed Brands

Telephone: 201-839-2183
Email: ClientServices.Americas@glas.agency

(c) and, if to a Lender, to it at its address or facsimile number specified in the Register.

(2) Notices sent by hand or courier service, or mailed by registered mail, shall be deemed to have been given when received. Notices delivered through email shall be deemed to have been given when the sender receives an email from the recipient acknowledging receipt, provided that an automatic "read receipt" does not constitute acknowledgment of an email for purposes of this Section 9.5(2). Sending a copy of a notice to a party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of notice to that party. The failure to send a copy of a notice to legal counsel does not invalidate delivery of that notice to a party.

(3) Any party hereto may change its address or email address for notices and other communications hereunder by notice to the other parties hereto.

Section 9.6 Expenses; Indemnity; Damage Waiver.

(1) The Borrower shall pay (i) all reasonable expenses incurred by the Lenders and the Agents, including the reasonable fees, charges and disbursements of counsel, in connection with the syndication of the credit facilities provided for herein, the preparation, negotiation, execution, delivery and administration of this Agreement and the other Credit Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), and (ii) all expenses incurred by the Lenders and the Agents, including the fees, charges and disbursements of counsel, in connection with the enforcement or protection of their rights in connection with this Agreement and the other Credit Documents, including their rights under this Section 9.6, and the advance of the Facilities hereunder, including all such expenses incurred during any workout, restructuring or negotiations in respect of such Advances.

(2) The Borrower shall indemnify each Agent (and any sub-agent thereof), each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "**Indemnitee**") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities, obligations, penalties, actions, judgments, suites or any other proceedings and related expenses, including the reasonable fees, charges and disbursements of any counsel for any Indemnitee, incurred by any Indemnitee or asserted against any Indemnitee by any third party or by any Credit Party arising out of, in connection with, or as a result of:

(a) the execution or delivery of this Agreement, any other Credit Document or any agreement or instrument contemplated hereby or thereby, the performance or non-performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation or non-consummation of the transactions contemplated hereby or thereby;

(b) the Facilities or the use or proposed use of the proceeds therefrom;

(c) the presence of contaminants in, on, at, under or about, or the discharge or likely discharge of contaminants from, any of the Owned Properties, Leased Properties or any of the properties now or previously used or occupied by the Borrower, any of the Credit Parties, or the breach by or non-compliance with any Environmental Law by any mortgagor, owner or lessee of such properties, or any Environmental Liability related in any way to the Credit Parties;

(d) any alleged breach of U.S. federal Cannabis Law by any Credit Party or any Affiliate; or

(e) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by a Credit Party and regardless of whether any Indemnitee is a party thereto;

provided in each case that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities, obligations, penalties, actions, judgments, suits or any other proceedings or related expenses are determined by a court of competent jurisdiction by final and non-appealable judgment to have resulted from the gross negligence or wilful misconduct of such Indemnitee.

(3) To the extent that the Borrower for any reason fails to indefeasibly pay any amount required under Section 9.6(1) or Section 9.6(2) to be paid by it to an Agent (or any sub-agent thereof), a Lender, or any Related Party of any of the foregoing, each Secured Creditor severally agrees to pay to such Agent, such Lender (or any such sub-agent) or such Related Party, as the case may be, such Secured Creditor's rateable portion (determined with reference to Section 7.5(4) as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount, provided that the unreimbursed expense or indemnified loss, claim,

damage, liability or related expense, as the case may be, was incurred by or asserted against such Agent (or any such sub-agent) or Lender in its capacity as such, or against any Related Party of any of the foregoing acting for the Agent (or any such sub-agent) in connection with such capacity.

(4) To the fullest extent permitted by Applicable Law, no Credit Party nor any subsidiary thereof shall assert, and each Credit Party and subsidiary thereof hereby waives, any claim against any Indemnitee, on any theory of liability, for indirect, consequential, punitive, aggravated or exemplary damages (as opposed to direct damages) arising out of, in connection with, or as a result of, this Agreement, any other Credit Document or any agreement or instrument contemplated hereby (or any breach thereof), the transactions contemplated hereby or thereby, any Advance or the use of the proceeds thereof. No Indemnitee shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Credit Documents or the transactions contemplated hereby or thereby.

(5) All amounts due under this Section 9.6 shall be payable promptly after demand therefor. A certificate of an Agent or a Lender setting forth the amount or amounts owing to the Agent, Lender or a sub-agent or Related Party, as the case may be, as specified in this Section, including reasonable detail of the basis of calculation of the amount or amounts, and delivered to the Borrower shall be conclusive absent manifest error.

(6) The provisions of this Section 9.6 shall survive the termination of this Agreement and the repayment of the Facilities. To the extent required by law to give full effect to the rights of the Indemnitees under this Section 9.6, the parties hereto agree and acknowledge that each Agent and Lender is acting as agent for its respective Related Parties and agrees to hold and enforce such rights on behalf of such Related Parties as they may direct. The Borrower acknowledges that neither its obligation to indemnify nor any actual indemnification by it of the Lenders, any Agent or any other Indemnitee in respect of such Person's losses for legal fees and expenses shall in any way affect the confidentiality or privilege relating to any information communicated by such Person to its counsel.

Section 9.7 Power of Attorney.

The Credit Parties hereby irrevocably constitute and appoint each Agent (and any officer or agent thereof) as its true and lawful attorney with power to, upon the occurrence of an Event of Default, in the place of the Credit Parties and in their names with full power of substitution, for the purpose of carrying out the terms of this Agreement and the other Credit Documents, to take any action and to execute documents and instruments which may be necessary or desirable (as determined by the Majority Lenders) to accomplish the purposes of such agreements. This power of attorney is irrevocable, is coupled with an interest, has been given for valuable consideration (the receipt and adequacy of which is acknowledged) and survives, and does not terminate upon, bankruptcy, dissolution, winding up, insolvency of the Credit Parties. This power of attorney extends to and is

binding upon the Credit Parties' successors and permitted assigns. No Agent shall be liable to the Credit Parties for any action taken by such Agent or its designee under such power of attorney, except to the extent that such action was taken by such Agent in bad faith or with gross negligence or wilful misconduct. This power of attorney shall terminate without further writing upon the payment in full of the Facilities.

Section 9.8 Successors and Assigns.

(1) This Agreement shall be binding upon and enure to the benefit of the Borrower, the Lenders and the Agents and their respective successors and permitted assigns.

(2) The Borrower shall not have the right to assign its rights or obligations under this Agreement or any interest in this Agreement without the prior consent of all the Lenders, which consent may be arbitrarily withheld.

(3) A Lender may grant participations in all or any part of its interest in the Facilities to one or more Persons (each a "**Participant**"). A Lender may, without any requirement for a consent of the Borrower, but with the prior written consent of the Administrative Agent, such consent not to be unreasonably withheld, assign all or any part of its interest in the Facilities to one or more Persons (each an "**Assignee**"), provided that no consent of the Administrative Agent shall be required if the Assignee is another Lender, an Affiliate of a Lender or an Approved Fund. The Lender granting a participation shall, unless otherwise expressly provided in this Agreement, act on behalf of all of its Participants in all dealings with the Borrower in respect of the Facilities and no Participant shall have any voting or consent rights with respect to any matter requiring the Lenders' consent. In the case of an assignment, to the extent of the interest so assigned, the Assignee shall have the rights and benefits of a Lender, and be subject to the obligations and limitations of a Lender, under the Credit Documents, and the assigning Lender shall be released from its obligations to the extent so assigned but shall continue to be entitled to the benefits of Article 6 and Section 9.6 provided that no assignee (including an assignee that is already a Lender hereunder at the time of the assignment) shall be entitled on the date of assignment to receive any greater amount pursuant to Section 6.2 than that to which the assigning Lender would have been entitled had no such assignment occurred (it being understood that nothing in this provision shall be construed to deny such assignee any increase subsequent to the date of assignment in the amount that such assignee is entitled to receive under Section 6.2 on account of increases in deduction for Taxes after the date of such assignment). The Borrower agrees that each Participant shall be entitled to the benefits of Section 6.1 and Section 6.2 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to this Section 9.8. To the extent permitted by Applicable Law, each Participant also shall be entitled to the benefits of Section 7.4 as though it were a Lender, provided such Participant agrees to be subject to Section 8.5 as though it were a Lender. Any assignment or transfer by a Lender of its rights or obligations under this Agreement that does not comply with this Section 9.8 shall be treated for purposes of this Agreement as a sale of a participation in such rights and obligations.

(4) The Borrower shall assist the Administrative Agent and any Lender to sell assignments or participations under this Section 9.8 in whatever manner reasonably necessary in order to enable or effect such assignment or participation including providing such certificates, acknowledgments and further assurances in respect of this Agreement and the Facilities as such Lender may reasonably require in connection with any participation or assignment pursuant to this Section 9.8.

(5) In the case of an assignment, the Lender shall deliver an Assignment and Assumption substantially in the form of Exhibit 9 by which the Assignee assumes the obligations of the Lender and agrees to be bound by all the terms and conditions of this Agreement, all as if the Assignee had been an original party. Upon receipt by the Administrative Agent of the Assignment and Assumption, together with a processing and recordation fee of $3500 (which fee may be waived or reduced in the sole discretion of the Administrative Agent**),** the assigning Lender and the Borrower shall be released from their respective obligations under this Agreement (to the extent of such assignment and assumption) and shall have no liability or obligations to each other to such extent, except in respect of matters arising prior to the assignment.

(6) Any Lender may at any time pledge or grant a security interest in all or a portion of its rights under this Agreement to secure obligations of such Lender provided that no such pledge or security shall release such Lender from any of its obligations hereunder or substitute any such pledge for such Lender as a party hereto.

(7) Any assignment or grant of participation pursuant to this Section 9.8 will not constitute a repayment by the Borrower to the assigning or granting Lender of any Advance, nor a new Advance to the Borrower by the Lender or by the Assignee or Participant, as the case may be, and the parties acknowledge that the Borrower's obligations with respect to any such Advances will continue and will not constitute new obligations.

Section 9.9 Judgment Currency.

(1) If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due to a Lender in any currency (the "**Original Currency**") into another currency (the "**Other Currency**"), the parties agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which, in accordance with normal banking procedures, such Lender could purchase the Original Currency with the Other Currency on the Business Day preceding the day on which final judgment is given or, if permitted by Applicable Law, on the day on which the judgment is paid or satisfied.

(2) The obligations of the Borrower in respect of any sum due in the Original Currency from it to the Lender under any of the Credit Documents shall, notwithstanding any judgment in any Other Currency, be discharged only to the extent that on the Business Day following receipt by the Lender of any sum adjudged to be so due in the Other Currency, the Lender may, in accordance with normal banking procedures, purchase the Original Currency with such Other Currency. If the

amount of the Original Currency so purchased is less than the sum originally due to the Lender in the Original Currency, the Borrower agrees, as a separate obligation and notwithstanding the judgment, to indemnify the Lender, against any loss, and, if the amount of the Original Currency so purchased exceeds the sum originally due to the Lender in the Original Currency, the Lender shall remit such excess to the Borrower.

Section 9.10 Anti-Terrorism Laws.

(1) If, upon the written request of any Lender, the Administrative Agent has ascertained the identity of the Credit Parties or any authorized signatories of the Borrower for purposes of Anti-Terrorism Laws, then the Administrative Agent:

(a) shall be deemed to have done so as an agent for such Lender, and this Agreement shall constitute a "written agreement" in such regard between such Lender and the Administrative Agent within the meaning of the applicable Anti-Terrorism Law; and

(b) shall provide to such Lender copies of all information obtained in such regard without any representation or warranty as to its accuracy or completeness.

(2) Notwithstanding and except as may otherwise be agreed in writing, each of the Lenders agrees that the Administrative Agent does not have any obligation to ascertain the identity of the Credit Parties or any authorized signatories of the Borrower on behalf of any Lender, or to confirm the completeness or accuracy of any information it obtains from the Credit Parties or any authorized signatory in doing so.

Section 9.11 Governing Law: Jurisdiction: Etc.

(1) This Agreement shall be governed by, and construed in accordance with, the laws of the Province of British Columbia and the laws of Canada applicable in that Province.

(2) The Credit Parties irrevocably and unconditionally submit, for itself and its Assets, to the fullest extent permitted by Applicable Law, to the non-exclusive jurisdiction of the courts of the Province of British Columbia sitting in the City of Vancouver, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any other Credit Document, or for recognition or enforcement of any judgment, and each of the parties hereto irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or in any other Credit Document shall affect any right that any Agent or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Credit Document against any Credit Party or its Assets in the courts of any jurisdiction.

(3) The Borrower irrevocably consents to the service of any and all process in any such action or proceeding to the Borrower at the address provided for it in Section 9.5. Each other Credit Party hereby irrevocably consents to the service of any and all process in any such action or proceeding by the delivery of copies of such process to such Credit Party at the address specified for the Borrower in Section 9.5. Nothing in this Section 9.11(3) limits the right of any Agent or any Lender to serve process in any other manner permitted by Applicable Law.

(4) The Credit Parties irrevocably and unconditionally waive, to the fullest extent permitted by Applicable Law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement or any other Credit Document in any court referred to in Section 9.11(2). Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by Applicable Law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

Section 9.12 Waiver of Jury Trial.

Each party hereto hereby irrevocably waives, to the fullest extent permitted by Applicable Law, any right it may have to a trial by jury in any legal proceeding directly or indirectly arising out of or relating to this Agreement or any other Credit Document or the transactions contemplated hereby or thereby (whether based on contract, tort or any other theory). Each party hereto (a) certifies that no representative, agent or attorney of any other Person has represented, expressly or otherwise, that such other Person would not, in the event of litigation, seek to enforce the foregoing waiver and (b) acknowledges that it and the other parties hereto have been induced to enter into this Agreement and the other Credit Documents by, among other things, the mutual waivers and certifications in this Section.

Section 9.13 Counterparts: Integration: Effectiveness: Electronic Execution.

This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Credit Documents and any separate letter agreements with respect to fees payable to the Agents constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or by sending a scanned copy by electronic mail shall be effective as delivery of a manually executed counterpart of this Agreement.

Section 9.14 Treatment of Certain Information: Confidentiality.

(1) Each of the Agents and the Lenders agrees, and the Borrower and each of the other Credit Parties agrees, to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to it, its Affiliates and its Approved Funds, and its, its Affiliates' and its Approved Funds' respective partners, directors, officers, employees, managers, administrators, trustees, agents, advisors and representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory

authority purporting to have jurisdiction over it (including any self-regulatory authority), (c) to the extent required by Applicable Laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Credit Document or any action or proceeding relating to this Agreement or any other Credit Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section 9.14 to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective party (or its partners, directors, officers, employees, managers, administrators, trustees, agents, advisors or other representatives) to any swap, derivative, credit-linked note or similar transaction under which payments are to be made by reference to the Borrower and its obligations, this Agreement or payments hereunder, (g) with the consent of the Borrower (or, with respect to Information of the Lenders, the consent of such Lender) or (h) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to the Administrative Agent or Credit Party on a non-confidential basis; provided that any Information disclosed pursuant to this Section 9.14 pursuant to applicable securities law shall, to the maximum extent permissible thereunder, including any disclosure made with respect to the issue of the Warrants, have the names of each Lender redacted.

(2) For purposes of this Section, "**Information**" means (a) with respect to each Agent and each Lender, all information received in connection with this Agreement from any Credit Party or any of their respective subsidiaries relating to any Credit Party, any of their respective subsidiaries or any of their respective businesses, other than any such information that is available to the Administrative Agent or any Lender on a non-confidential basis prior to such receipt; provided that, in the case of information received from a Credit Party after the Closing Date, such information is clearly identified as confidential in writing at the time of delivery and (b) with respect to each Credit Party, all information contained in this Agreement and all other Credit Documents and all information received from the Agents and the Lenders, including the identity of the Lenders. Any Person required to maintain the confidentiality of Information as provided in this Section 9.14 shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information. In addition, the Administrative Agent may disclose to any agency or organization that assigns standard identification numbers to loan facilities such basic information describing the facilities provided hereunder as is necessary to assign unique identifiers (and, if requested, supply a copy of this Agreement), it being understood that the Person to whom such disclosure is made.

(3) For greater certainty, and without limiting the foregoing, each Credit Party agrees that neither it nor its Affiliates will issue any press releases or other public disclosure using the name of any of the Lenders.

Section 9.15 Severability.

If any court of competent jurisdiction from which no appeal exists or is taken, determines any provision of this Agreement to be illegal, invalid or unenforceable, that provision will be severed from this Agreement and the remaining provisions will remain in full force and effect.

Section 9.16 Time of the Essence.

Time is of the essence in this Agreement.

Section 9.17 *USA PATRIOT Act*.

Each Lender that is subject to the requirements of the *USA PATRIOT Act* hereby notifies the Borrower that, pursuant to the requirements of the *USA PATRIOT Act*, it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender to identify the Borrower in accordance with the *USA PATRIOT Act*.

Section 9.18 No Fiduciary Duty.

Each Agent, each Lender and their respective Affiliates (collectively, solely for purposes of this Section 9.18, the "**Lenders**"), may have economic interests that conflict with those of the Credit Parties, their shareholders and their Affiliates. The Credit Parties agree that nothing in the Credit Documents will be deemed to create an advisory, fiduciary or agency relationship or fiduciary or other implied duty between any Lender, on the one hand, and the Credit Parties, its shareholders or its Affiliates, on the other hand. The Credit Parties acknowledge and agree that (a) the transactions contemplated by the Credit Documents (including the exercise of rights and remedies hereunder and thereunder) are arm's-length commercial transactions between the Lenders, on the one hand, and the Credit Parties, on the other hand, and (b) in connection therewith and with the process leading thereto, (i) no Lender has assumed an advisory or fiduciary responsibility in favour of the Credit Parties, its shareholders or its Affiliates with respect to the transactions contemplated hereby (or the exercise of rights or remedies with respect thereto) or the process leading thereto (irrespective of whether any Lender has advised, is currently advising or will advise the Credit Parties, its shareholders or its Affiliates on other matters) or any other obligation to the Credit Parties except the obligations expressly set forth in the Credit Documents and (ii) each Lender is acting solely as principal and not as the agent or fiduciary of the Credit Parties, its management, shareholders, creditors or any other person. The Credit Parties acknowledge and agree that the Credit Parties have consulted their own legal and financial advisors to the extent they deemed appropriate and that they are responsible for making their own independent judgment with respect to such transactions and the process leading thereto. The Credit Parties agree that they will not claim that any Lender has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to the Credit Parties, in connection with such transactions or the process leading thereto.

IN WITNESS WHEREOF the parties have executed this Credit Agreement.

DIONYMED BRANDS INC.,
as Borrower

By: _____
Peter Kampian
Chief Financial Officer

DIONYMED INC.,
as a Credit Party

By: _____
Peter Kampian
Chief Financial Officer

HERBAN INDUSTRIES, INC., on behalf of itself, as a Credit Party, and each of the following Credit Parties, as sole manager:

HERBAN INDUSTRIES CA, LLC
HERBAN INDUSTRIES OR LLC
HERBAN INDUSTRIES NJ LLC

By: _____
Peter Kampian
Chief Financial Officer

HOMETOWN HEART, as a Credit Party

By: _____

Name:
Title: Assistant Secretary

By: _____

Name:
Title:

GLAS USA LLC, as Administrative Agent

By: _____
Authorized Signing Officer

Yana Kislenko
Vice President

GLAS AMERICAS LLC, as Collateral Agent

By: _____
Authorized Signing Officer

Yana Kislenko
Vice President

Schedule 4.1(a)

Jurisdictions of Incorporation

Credit Party	Jurisdiction of Incorporation
DionyMed Brands Inc.	British Columbia
DionyMed Inc.	Canada
Herban Industries, Inc.	Delaware
Herban Industries CA LLC	California
Herban Industries OR LLC	Oregon
Herban Industries NJ LLC	New Jersey
Hometown Heart	California

Schedule 4.1(d)
Corporate Action, Governmental Approvals, etc.

Nil.

Schedule 4.1(i)
Owned Properties and Leased Properties

Part I: Owned Properties

Nil.

Part II: Leased Properties

Credit Party	Street Address of Leased Property	Record Owner of Leased Property	Inventory stored at this location?
DionyMed Brands Inc.	1 University Ave, Suite 4166 Toronto, Ontario Canada M5J 2P1	WeWork	No.
DionyMed Brands Inc.	1800 – 130 King Street West Toronto, Ontario Canada M5X 1E3	Regus	No.
DionyMed Inc.	1 University Ave, Suite 4166 Toronto, Ontario Canada M5J 2P1	WeWork	No.
DionyMed Inc.	1800 – 130 King Street West Toronto, Ontario Canada M5X 1E3	Regus	No.
Herban Industries, Inc.	1999 S Bascom Ave Campbell, California, USA 95008	CFEP Pruneyard LLC(1)	No.
Herban Industries CA LLC	414-420 Lesser Street, Oakland, California, USA	414 Lesser Street, LLC	Yes.
Herban Industries CA LLC	3416 Standish Ave, Suite 104, Santa Rosa, California, USA 95407	Jakl Holdings, LLC	Yes.
Herban Industries CA LLC	3418 Standish Ave, Suite E, Santa Rosa, California, USA 95407	Jakl Holdings, LLC	Yes.

Herban Industries, Inc.	7700 Edgewater Drive, Suite 630, Oakland, CA 94621	Edgewater Consultants LLC	No.
Hometown Heart	2800 3rd Street, San Francisco, California	2800 Third Street, LLC	Yes.
Hometown Heart	414-420 Lesser Street, Oakland, California, USA 94601	414 Lesser Street, LLC	Yes.
Herban Industries, Inc.	189 W 8th Avenue, Eugene, Oregon	Fendrich Family, LLC	Yes.
DionyMed Brands Inc.	42466 Winberry Creek Road, Fall Creek, Oregon	Cynthia A. Jessup	Yes.

(1) This property is leased by CFEP Pruneyard LLC to Westfield Partners, LLC ("**Westfield**"), and then sub-leased by Westfield to Herban Industries, Inc.

Schedule 4.1 (u)
Corporate Structure

Part I: Subsidiaries of the Borrower

DionyMed Inc.
Herban Industries, Inc.
Herban Industries CA LLC
Herban Industries OR LLC
Herban Industries NJ LLC
Hometown Heart[1]

Part II: Authorized and Issued Capital

Credit Party	Authorized Capital	Issued Capital and Owner(s)
DionyMed Brands Inc.	An unlimited number of common shares. An unlimited number of Series A compressed shares. An unlimited number of Series F compressed shares.	--
DionyMed Inc.	An unlimited number of common shares. 500,000 Series A convertible preferred shares. 7,000 Series F convertible preferred shares.	116,000 common shares owned by DionyMed Brands Inc. 6,598 Series F convertible preferred shares owned by DionyMed Brands Inc. No Series A convertible preferred shares are issued and outstanding.
Herban Industries, Inc.	30,000,000 shares of common stock with a par value of $0.01	30,000,000 common shares owned by DionyMed Brands Inc.
Herban Industries CA LLC	An unlimited number of membership interests	1,000 membership units held by Herban Industries, Inc.
Herban Industries OR LLC	An unlimited number of membership interests	1,000 membership interests held by Herban Industries, Inc.
Herban Industries NJ LLC	An unlimited number of	1,000 membership interests

[1] Upon DionyMed Brands Inc.'s exercise of its rights under the Assignment and Option Agreement (as defined on Schedule 4.1(bb)(v)), Hometown Heart will become a subsidiary of DionyMed Brands Inc.

Credit Party	Authorized Capital	Issued Capital and Owner(s)
	membership interests	held by Herban Industries Inc.
Hometown Heart	200,000 shares of common stock	200,000 shares of common stock held by Evan Tenenbaum

Part III: Interests in Partnerships, Joint Ventures and Syndicates, etc.

None of the Credit Parties owns any Equity Interests, or is, directly or indirectly, a member of, or a partner or participant in, any partnership, joint venture or syndicate

Schedule 4.1 (bb)(i)
Location of Assets and Business

Part I: Credit Party Addresses

Credit Party	Chief Executive Office Address	Registered Office Address	Address(es) where business is carried on	Address(es) where tangible personal property is held	Jurisdiction(s) of Account Debtors outside of the U.S./Canada
DionyMed Brands Inc.	1 University Ave, Suite 4166 Toronto, Ontario Canada M5J 2P1	2200-885 West Georgia Street, Vancouver, British Columbia Canada V6C 3E8	1 University Ave, Suite 4166 Toronto, Ontario Canada M5J 2P1	N/A.	N/A.
DionyMed Inc.	1 University Ave, Suite 4166 Toronto, Ontario Canada M5J 2P1	2100-40 King Street West, Toronto, Ontario Canada M5X 1E3	1 University Ave, Suite 4166 Toronto, Ontario Canada M5J 2P1	N/A.	N/A.
Herban Industries, Inc.	1999 S Bascom Ave Campbell, California USA 95008	400-2711 Centerville Road, Wilmington, New Castle, Delaware, USA 19808	1999 S Bascom Ave Campbell, California USA 95008	N/A.	N/A.
Herban Industries CA LLC	1999 S Bascom Ave Campbell, California USA 95008	1999 S Bascom Ave Campbell, California USA 95008	1999 S Bascom Ave Campbell, California USA 95008	414-420 Lesser Street Oakland, California 3416 Standish Ave, Suite 104 Santa Rosa, California USA 95407 3418 Standish Ave, Santa Rosa, California USA 95407	N/A.
Herban Industries OR	1999 S Bascom Ave	280 SW Moonridge Pl,	1999 S Bascom Ave	189 W 8th Avenue,	N/A.

Credit Party	Chief Executive Office Address	Registered Office Address	Address(es) where business is carried on	Address(es) where tangible personal property is held	Jurisdiction(s) of Account Debtors outside of the U.S./Canada
LLC	Campbell, California USA 95008	Portland, Oregon USA 97225	Campbell, California USA 95008 189 W 8th Avenue, Eugene, Oregon	Eugene, Oregon 42466 Winberry Creek Road, Fall Creek, Oregon	
Herban Industries NJ LLC	1999 S Bascom Ave Campbell, California USA 95008	1100 Valley Brook Ave, Lyndhurst, New Jersey USA 07071	1999 S Bascom Ave Campbell, California USA 95008	N/A.	N/A.
Hometown Heart	2800 3rd St, Suite 200, San Francisco, California USA 94107 414 Lesser St #4 Oakland, California USA 94601	414 Lesser St #4, Oakland, California USA 94601	2800 3rd St, Suite 200, San Francisco, California USA 94107 414 Lesser St #4 Oakland, California USA 94601	2800 3rd St, Suite 200, San Francisco, California USA 94107 414 Lesser St #4 Oakland, California USA 94601	N/A.

Schedule 4.1(bb)(ii)
Material Authorizations

Credit Party	Permit/License	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description
Herban Industries CA LLC	M11-18-0000061-Temp	Oakland, CA	04/27/19	Adult-Use and Medicinal Type 11 Distributor License
Herban Industries CA LLC	C11-18-0000024-Temp	Santa Rosa, CA	04/18/19	Medicinal Type 11 Distributor License
Herban Industries CA LLC	CDPH-T 00000782	Oakland, CA	03/23/19	Adult-Use and Medicinal Type 6 (Non-Volatile Solvent Extraction) Manufacturer License
Hometown Heart	A9-18-0000032-TEMP	San Francisco, CA	05/21/19	Retailer Nonstorefront Temporary License
Herban Industries OR LLC	No.020 1011442A893	Fall Creek, OR	08/16/19	Recreational Producer
Herban Industries OR LLC	No.060 1011452FFD4	Eugene, OR	08/16/19	Recreational Wholesaler

Schedule 4.1(bb)(iii)
Intellectual Property

Part I: Owned Intellectual Property

As of the date hereof, Herban OR (dba Winberry Farms) has registered the following four trademarks in the United States, including the "WINBERRY FARMS" name itself, related logos and distinctive to Winberry Farms' brand:

WINBERRY FARMS

"WINBERRY FARMS" was registered under registration number 87877429 on April 15, 2018. This mark consists of standard characters, without claim to any font style, size or color.

The Winberry Farms' logo consisting of "The mark consisting of a square containing the letter W" was registered under registration number 87877430 on April 15, 2018. This mark consists of standard characters, without claim to any font style, size or colour.

The Winberry Farms' logo consisting of "The mark consisting of a square containing the letter W" was registered under registration number 87877427 on April 15, 2018 for the use on goods and/or services identified by "Beanies; Caps being headwear; Coats; Hats; Hoodies; Jackets; Stocking caps; Sweatshirts; T-shirts." This mark consists of standard characters, without claim to any font style, size or colour.

The Winberry Farms' logo consisting of "The mark consisting of a square containing the letter W" was registered under registration number 87877431 on April 15, 2018 for the use on goods and/or services identified by "Oral vaporizers for smoking purposes; Electronic cigarette lanyards." This mark consists of standard characters, without claim to any font style, size or colour.

All federal registered trademarks in the United States described above are subject to renewal ten (10) years from the date of registration.

Part II: Licensed Intellectual Property

The Alexander Fields trademark licensed pursuant to a trademark license agreement between Herban Industries, Inc., as licensee, and Zander Fields LLC, as licensor, dated June 2, 2018.

Schedule 4.1(bb)(iv)

Litigation

Nil.

Schedule 4.1(bb)(v)
Material Agreements

1. Indenture dated as of June 14, 2018 between DionyMed Holdings Inc. (a predecessor of the Borrower) and Odyssey Trust Company, as supplemented by supplemental indentures dated August 28, 2018 and November 27, 2018, providing for the issue of 14.0% senior unsecured Convertible Debentures.

2. Indenture dated as of June 14, 2018 between DionyMed Holdings Inc. (a predecessor of the Borrower) and Odyssey Trust Company, as supplemented by supplemental indentures dated August 28, 2018 and November 27, 2018, providing for the issue of 14.0% senior series A Convertible Debentures.

3. Warrant indenture, dated June 14, 2018, between DionyMed Holdings Inc. (a predecessor of the Borrower) and Odyssey Trust Company, as supplemented by a supplemental indenture dated November 27, 2018, providing for the issue of common share purchase warrants.

4. Warrant indenture, dated June 14, 2018, between DionyMed Holdings Inc. (a predecessor of the Borrower) and Odyssey Trust Company, as supplemented by a supplemental indenture dated November 28, 2018, providing for the issue of series A share purchase warrants.

5. Royalty purchase agreement dated April 4, 2018 among DionyMed Holdings Inc. (a predecessor of the Borrower), Grenville Strategic Royalty Corp. ("**Grenville**") and Darwin Strategic Royalty Corporation, as amended and restated on May 25, 2018 pursuant to the amended and restated royalty purchase agreement among DionyMed Holdings Inc. (a predecessor of the Borrower), Darwin Strategic Royalty Fund, L.P., Grenville (a predecessor of Flow Capital Corp.), and Royco LLC.

6. Assignment and option agreement dated December 5, 2018 among Herban Industries, Inc., DionyMed Holdings Inc. (a predecessor of the Borrower) and Evan Tenenbaum (the "**Assignment and Option Agreement**").

7. Master Services Agreement dated December 5, 2018 between Herban Industries, Inc. and Hometown Heart (the "**Master Services Agreement**").

Schedule 4.1(bb)(vi)
Credit Parties' Accounts

Part I: Bank Accounts

Credit Party	Name of Institution	Type of Account	Account No.	Jurisdiction
DionyMed Brands Inc.	Alterna Savings and Credit Union Limited	Deposit Account	45 002 0173199	Ontario
DionyMed Inc.	Alterna Savings and Credit Union Limited	Deposit Account	45 002 0203030	Ontario
DionyMed Brands Inc.	Questrade, Inc.	Trade Account	2030179	Ontario
Herban Industries OR LLC	Salal Credit Union	Deposit Account	1600000205222	Washington
Hometown Heart	Chase Bank	Deposit Account	312062265	California

Hometown Heart	Chase Bank	Deposit Account	3712170522	California
Hometown Heart	Umpqua Bank	Deposit Account	4862436252	California
Hometown Heart	Lead Bank	Deposit Account	5680000091	California

Part II: Securities Accounts

Nil.

Schedule 5.2(g)
Affiliate Transactions

Part I: Restricted Payments

Credit Party	Restricted Payments
DionyMed Brands Inc.	None.
DionyMed Inc.	Consulting fee to Green Field Management LLP including retainer and expenses, in each case pursuant to the consultancy agreement described in Section 5.2(g)(ii).
Herban Industries, Inc.	Management fee to Westfield Partners, LLC (controlled by Edward Fields) which fee is subject to the Compensation Cap in Section 5.2(g)(ii).
Herban Industries CA LLC	None.
Herban Industries OR LLC	None.
Herban Industries NJ LLC	None.
Hometown Heart	None.

Part II: Transactions with Related Parties

Credit Party	Transactions with Related Parties
DionyMed Brands Inc.	None other than intercompany loans and dividend issuances.
DionyMed Inc.	None other than intercompany loans and dividend issuances.
Herban Industries, Inc.	Indemnity agreement, dated December 5, 2018, between Herban Industries, Inc. and Evan Tenenbaum (as indemnitee).
Herban Industries CA LLC	None other than intercompany loans and dividend issuances.
Herban Industries OR LLC	None other than intercompany loans and dividend issuances.
Herban Industries NJ LLC	None other than intercompany loans and dividend issuances.
Hometown Heart	None other than intercompany loans and dividend issuances.

Exhibit 1
Form of Compliance Certificate

TO: GLAS USA LLC (the "**Administrative Agent**")

AND TO: The Lenders

FROM: DionyMed Brands Inc. (the "**Borrower**")

RE: Compliance Certificate delivered pursuant to the Credit Agreement dated as of January 16, 2019 (as amended, supplemented, modified or replaced from time to time, the "**Credit Agreement**", the terms defined therein being used herein as therein defined), among the Borrower, HomeTown Heart, DionyMed Inc., Herban Industries Inc., Herban Industries CA LLC, Herban Industries OR LLC, Herban Industries NJ LLC and their respective subsidiaries party thereto from time to time, as Credit Parties, the lenders party thereto from time to time (collectively, the "**Lenders**"), GLAS USA LLC, as Administrative Agent, and GLAS Americas LLC, as Collateral Agent

DATE: ●

I, the undersigned **[Chief Financial Officer]** of the Borrower, hereby certify, without personal liability, to the Administrative Agent and the Lenders that:

1. I have read the provisions of the Credit Agreement which are relevant to this certificate and have made such examinations or investigations as are necessary to enable me to express an informed opinion on the matters contained in this certificate.

2. As at or for the relevant period ending **[date]** (the **"Determination Date"**), the following calculations and amounts were true and correct:

    (a) Market Capitalization Ratio is _____ (required minimum of 4.0:1.0). See details of calculations on Schedule I (Market Capitalization) and Schedule II (Debt).

    (a) EBITDA is _____ (required minimum of 0). See details of calculations on Schedule III.[1]

    (b) Current Ratio is _____ (required minimum of 1.0:1.0). See details of calculations on Schedule IV.

    (c) Unrestricted Cash is $_____ (required minimum of $5,000,000).

    (d) Accounts payable of the Credit Parties (exclusive of administrative expenses of the Borrower incurred by it in the ordinary course of its business as a CSE-listed holding company) is equal to _____% (permitted maximum of 120%)

[1] Applicable to Financial Quarter ending December 31, 2019 and each subsequent Financial Quarter.

of accounts receivable of the Credit Parties, in each case, calculated on a consolidated basis. See details of calculations on Schedule V.

(e) No individual account payable (exclusive of accounts payable to Eaze Solutions, Inc. pursuant to the payment schedule in existence on the Closing Date) greater than $10,000 (up to an aggregate of $50,000 for all such accounts payable) remained unpaid more than 90 days after such account payable was due and payable **[except _____]**.

(f) Adjusted Debt is $_____ (permitted maximum of $40,000,000). See details of calculations on Schedule VI.

3. The financial statements attached hereto have been prepared in accordance with IFRS **[(provided that such financial statements may not contain all footnote disclosures required in accordance with IFRS and may be subject to normal year-end audit adjustments)]**[2] and each presents fairly and consistently:

(a) the assets, liabilities, (whether accrued, absolute, contingent or otherwise) and financial position of the Credit Parties and their respective subsidiaries as at the date of the relevant statements; and

(b) the sales and earnings of the Credit Parties and their respective subsidiaries during the periods covered by such statements.

No change in IFRS or in the application thereof has occurred since the date of the audited annual financial statements of the Borrower previously delivered pursuant to Section 5.1(a)(i) of the Credit Agreement **[except _____ [NTD: If a change has occurred, specify the details of the change and its effect on the accompanying financial statements]].**

4. No Default or Event of Default has occurred and is continuing except _____ **[specify nature and period of existence of any Default or Event of Default and any action which the Borrower has taken or proposes to take with respect thereto]**.

5. The representations and warranties contained in Article 4 of the Credit Agreement are true and correct as though made on this date, in each case, except for those changes to the representations and warranties which have been disclosed to and accepted by the Majority Lenders pursuant to Section 9.1 of the Credit Agreement and any representation and warranty which is stated to be made only as of a certain date (and then as of such date) **[except _____]**.

6. The principal amount of Convertible Debentures outstanding on the date hereof is $_____.

[2] If certificate delivered in connection with quarterly (as opposed to audited annual) financial statements.

7. Each Annex listed below and attached hereto sets out all changes (if any) required to ensure that the information disclosed on the corresponding Schedule of the Credit Agreement is correct and complete on and as at the date hereof:

Annex	Credit Agreement Schedule
A	4.1(i) – Owned Properties and Leased Properties
B	4.1(u) – Corporate Structure
C	4.1(bb)(i) – Location of Assets and Business
D	4.1(bb)(ii) – Material Authorizations
E	4.1(bb)(v) – Material Agreements
F	4.1(bb)(vi) – Bank Accounts and Securities Accounts

_____

Name:
Title:

SCHEDULE I
TO COMPLIANCE CERTIFICATE

Details of Market Capitalization:

Volume weighted average price at which the Subordinate Voting Shares have traded on the CSE for the 30 consecutive trading days ending one trading day before the Determination Date, as reported by the CSE	$		(1)
Number of issued and outstanding Subordinate Voting Shares			(2)
The number of Subordinate Voting Shares into which the issued and outstanding Series A Multiple/Subordinate Voting shares are convertible			(3)
The number of Subordinate Voting Shares into which the issued and outstanding Series F Multiple Voting Shares are convertible			(4)
The number of Convertible Debenture/Warrant/Option Shares			(5)
Number of Subordinate Voting Shares on a partially diluted basis **[(2) + (3) + (4) + (5)]**			(6)
Market Capitalization **[(1) x (6)]**	$		(7)
Debt (See Schedule II)	$		(8)
Market Capitalization Ratio **[(7): (8)]**			

SCHEDULE II
TO COMPLIANCE CERTIFICATE

Details of Debt:

Indebtedness for borrowed money	$		(1)
Indebtedness for deferred purchase price of Assets and services	$		(2)
Indebtedness under conditional sale or other title retention agreements	$		(3)
Obligations evidenced by a note or similar instrument	$		(4)
Indebtedness under receivables sold or discounted			(5)
Capital leases and synthetic leases	$		(6)
Marked to market value of derivative transactions			(7)
Amount attributable to Equity Securities which mature, are redeemable at the sole option of the holder, or provide for scheduled payments in cash on or prior to the Repayment Date	$		(8)
Contingent liabilities	$		(9)
Debt resulting from ownership interest in or relationship with another entity	$		(10)
[(1) + (2) + (3) + (4) + (5) + (6) + (7) + (8) + (9) + (10)]	$		(11)

SCHEDULE III
TO COMPLIANCE CERTIFICATE

Details of EBITDA:

Net income (loss) of the Borrower and Subsidiaries determined on a consolidated basis and reported to the CSE	$		(1)
Interest Charges	$		(2)
Income taxes accrued in accordance with IFRS	$		(3)
Depreciation Expense	$		(4)
Non-cash compensation expense from the granting of stock options and similar arrangements	$		(5)
Transaction expenses paid in relation to Permitted Acquisitions in an amount approved in advance by the Majority Lenders	$		(6)
Earn-out obligations	$		(7)
Transaction expenses paid to arm's length third parties during such period in connection with equity raises			(8)
Other adjustments approved in advance by the Majority Lenders	$		(9)
EBITDA **[(1) + (2) + (3) + (4) + (5) + (6) + (7) + (8) + (9)]**	$		(10)

SCHEDULE IV
TO COMPLIANCE CERTIFICATE

Details of Current Ratio:

Current Assets	$	_____	(1)
Current liabilities of the Borrower and the Subsidiaries on a consolidated basis	$	_____	(2)
Current liabilities in respect of the Facilities	$	_____	(3)
Current liabilities in respect of earn-out obligations	$	_____	(4)
Current liabilities in respect of the Convertible Debentures	$	_____	(5)
Current Liabilities **[(2) – (3) – (4) – (5)]**	$	_____	(6)
Current Ratio **[(1) : (6)]**		_____	

SCHEDULE V
TO COMPLIANCE CERTIFICATE

Details of accounts payable and accounts receivable (calculated on a consolidated basis):

Consolidated accounts payable of the Credit Parties	$	_____	(1)
Administrative expenses of the Borrower incurred in the ordinary course of its business as a CSE-listed holding company to the extent included in (1)	$	_____	(2)
Consolidated accounts receivable of the Credit Parties	$	_____	(3)
[((1) – (2))/(3)] expressed as a percentage:		_____	%

SCHEDULE VI
TO COMPLIANCE CERTIFICATE

Details of Adjusted Debt:

Debt (See Schedule II)	$	_____	(1)
Outstanding Debt under Capital Leases and Purchase Money Mortgages (up to a maximum of $1,000,000)	$	_____	(2)
Outstanding mortgage Debt permitted pursuant to Section 5.2(a)(iv)	$	_____	(3)
Outstanding Debt under the Convertible Debentures	$	_____	(4)
Outstanding Debt under earn-out obligations in existence on the Closing Date in a maximum aggregate amount of $20,000,000 and earn-out obligations incurred pursuant to Permitted Acquisitions completed after the Closing Date	$	_____	(5)
Adjusted Debt **[(1) – (2) – (3) – (4) –(5)]**	$	_____	

Exhibit 2
Form of Borrowing Notice

TO: GLAS USA LLC (the "**Administrative Agent**")

AND TO: The Lenders

FROM: DionyMed Brands Inc. (the "**Borrower**")

RE: Compliance Certificate delivered pursuant to the Credit Agreement dated as of January 16, 2019 (as amended, supplemented, modified or replaced from time to time, the "**Credit Agreement**", the terms defined therein being used herein as therein defined), among the Borrower, HomeTown Heart, DionyMed Inc., Herban Industries Inc., Herban Industries CA LLC, Herban Industries OR LLC, Herban Industries NJ LLC and their respective subsidiaries party thereto from time to time, as Credit Parties, the lenders party thereto from time to time (collectively, the "**Lenders**"), GLAS USA LLC, as Administrative Agent, and GLAS Americas LLC, as Collateral Agent

DATE: ●

This Borrowing Notice is delivered to you pursuant to the Credit Agreement. The Borrower hereby requests the making of an Advance from the Lenders as follows:

(a) Date of Advance: ●

(b) Facility: [Term Facility]/[Delayed Draw Facility]

(c) Total principal amount of Advance: $●

No Default or Event of Default has occurred or is continuing or would arise immediately after giving effect to or as a result of the aforementioned Advance.

The Advance will not violate any Applicable Law.

The representations and warranties made in or pursuant to Article 4 of the Credit Agreement are true and correct on and as of the date hereof, and will be true and correct on the date of the Advance, as if such representations and warranties had been made on and as of the date hereof and the date of the Advance, except for any representation and warranty which is stated to be made only as of a certain date (and then such representation or warranty shall be true and correct as of such date).

You are hereby irrevocably directed to wire the proceeds of the Advance to the Borrower's Account in accordance with the following details, and this shall be your good, sufficient and irrevocable authority for so doing:

[NTD: Borrower to insert applicable wire instructions]

DIONYMED BRANDS INC.

By: _____

Name: ●

Title: ●

By: _____

Name: ●

Title: ●

Exhibit 3
Security Documents

General Security Agreement granted by the Borrower to the Collateral Agent

Pledge Agreement between the Borrower and the Collateral Agent (with respect to the shares of Herban Industries Inc.)

Guarantee granted by DionyMed Inc. in favour of the Secured Creditors

General Security Agreement granted by DionyMed Inc. to the Collateral Agent

Guaranty Agreement granted by Herban Industries, Inc., Herban Industries CA LLC, Herban Industries OR LLC, Herban Industries NJ LLC and HomeTown Heart to the Secured Creditors

Pledge and Security Agreement between Herban Industries, Inc., Herban Industries CA LLC, Herban Industries OR LLC, Herban Industries NJ LLC and HomeTown Heart and the Collateral Agent

Trademark Security Agreement granted by Herban Industries OR LLC to the Collateral Agent

Assignment Agreements between Herban Industries, Inc., HomeTown Heart and Evan Tanenbaum (as applicable) and the Collateral Agent with respect to (i) the assignment and option agreement dated as of December 5, 2018 with repect to the shares of HomeTown Heart and (ii) the master services agreement dated as of December 5, 2018 between Herban Industries, Inc. and HomeTown Heart

Exhibit 4
Eligible Accounts Criteria

Eligible Accounts shall be Accounts owing to a Credit Party (net of any credit balance, returns, trade discounts, credit card fees, taxes to be collected, intercompany balances or unbilled amounts or retention) that meet and at all times continue to meet all of the standards of eligibility for Eligible Accounts from time to time established by the Majority Lenders and revised by the Majority Lenders in their reasonable business judgment. Without in any way limiting the discretion of the Majority Lenders to establish other or further standards of eligibility from time to time, Eligible Accounts shall not include any Account for which any of the following statements is not accurate and complete (and the Borrower, by including such Account in any computation of the Borrowing Base, shall be deemed to represent and warrant to the Agents and the Lenders that all of the following statements are accurate and complete with respect to such Account):

(a) the Account is a bona fide account arising from the rendering of services or the sale (on an absolute basis and not on a consignment, approval, or sale-and-return basis) of inventory by a Credit Party in the ordinary course of its business, which services have been performed for, or which goods have been shipped or delivered to, the account debtor;

(b) an invoice relating to the Account has been issued by the Credit Party and sent to the account debtor;

(c) when aggregated with other Accounts then owing by the same account debtor, the aggregate amount of such Accounts exceeds $2000;

(d) the Account is a valid and legally enforceable obligation of the account debtor;

(e) the Account is subject to a duly perfected Lien in favour of the Collateral Agent and the Secured Creditors ranking in priority to all other Liens and rights of third parties, and is free and clear of all other Liens (other than Permitted Liens that are not consensual);

(f) the Account represents an amount owing to a Credit Party without any obligation on such Credit Party to remit such amount or a corresponding amount to any Governmental Authority, so that the Account is expected to result in net cash flow to the applicable Credit Party after taxes to be collected from the account debtor in connection therewith have been remitted;

(g) if the Account relates to the distribution or other rendering of services by a Credit Party in respect of goods of a third party, and the amount of the invoice for such Account includes a charge for such third party's goods (and not just for the services provided by the Credit Party), the Account shall be only in respect of the services provided by the Credit Party and shall not include any amount on account of such third party's goods ;

(h) the Account is denominated in Canadian Dollars or U.S. Dollars;

(i) the Account is not outstanding more than 90 days after the date of the original invoice issued with respect thereto or more than 60 days past its due date;

(j) no more than 15% of the Accounts owing by the account debtor under the account are not Eligible Accounts pursuant to clause (i) of this definition, or are otherwise ineligible hereunder;

(k) the Account is not the subject of any dispute, set-off (other than any credit balance, returns, trade discounts, credit card fees, taxes to be collected, or unbilled amounts or retention, in each case, which amounts have been netted in respect of the Account and otherwised deducted from the amount of the invoice giving rise to such Account), counterclaim or other claim or defence on the part of the account debtor denying liability under such account in whole or in part;

(l) when aggregated with all other Accounts owing by the account debtor, it does not exceed 25% of the aggregate Eligible Accounts, provided that only any excess shall be ineligible and provided that this clause (l) does not apply with respect to Accounts owing by Eaze Solutions, Inc. to HomeTown Heart;

(m) the Account is not evidenced by a judgment, instrument or chattel paper;

(n) no Credit Party has any obligation to hold any portion of the Account in trust or as agent for any other Person;

(o) the relevant Credit Party is licensed to sell the inventory generating such Account;

(p) the Account is not subject to undue credit risk in the opinion of the Majority Lenders in their reasonable business judgment; and

(q) The Account is not owed by:

(i) an account debtor which (w) becomes insolvent or generally not able to pay its debts as they become due, (x) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit of creditors, (y) institutes or has instituted against it any proceeding seeking (a) to adjudicate it a bankrupt or insolvent, (b) liquidation, winding up, administration, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any Applicable Law relating to bankruptcy, insolvency, reorganization or relief of debtors including any proceeding under applicable corporate law seeking a compromise or arrangement of, or stay of proceedings to enforce, some or all of the debts of such account debtor, or (c) the entry of an order for relief or the

appointment of a receiver, receiver-manager, administrator, custodian, monitor, trustee or other similar official for it or for any substantial part of its Assets, or (z) takes any corporate action to authorize any of the above actions;

(ii) an account debtor which is a resident of any country other than Canada or the United States of America;

(iii) any Governmental Authority, unless such Account has been assigned to the Collateral Agent on behalf of the Secured Creditors in accordance with all Applicable Laws and all steps required by the Majority Lenders in connection therewith, including notice to any such Governmental Authority, have been duly taken; or

(iv) any Credit Party, or an Affiliate, officer, director or employee of any Credit Party.

Exhibit 5
Eligible Inventory Criteria

Eligible Inventory shall be Inventory of a Credit Party held for sale in the ordinary course of the business of the Credit Party that meets and at all times continues to meet all of the standards of eligibility for Eligible Inventory from time to time established by the Majority Lenders and revised by the Majority Lenders in their reasonable business judgment. Without in any way limiting the discretion of the Majority Lenders to establish other or further standards of eligibility from time to time, Eligible Inventory shall not include any Inventory for which any of the following statements is not accurate and complete (and the Borrower by including such Inventory in any computation of the Borrowing Base shall be deemed to represent and warrant to the Agents and the Lenders that all of the following statements are accurate and complete with respect to such Inventory):

(a) it is (i) finished goods, and not raw materials or work in progress, or (ii) or saleable unprocessed cannabis biomass;

(b) it is subject to a duly perfected Lien in favour of the Collateral Agent and the Secured Creditors ranking in priority to all other Liens and rights of third parties, and is free and clear of all other Liens (other than Permitted Liens that are not consensual);

(c) it has passed the relevant testing required by Applicable Law in order to be saleable and is not held or required to be held in quarantine; it is new or unused, and it is not perished, spoiled, unfit for human consumption, obsolete, unsalable, slow-moving, unmerchantable, recalled, returned or rejected by customers, to be returned to suppliers, a restrictive or custom item unless subject to a legally enforceable purchase order, discontinued, recalled, returned or defective goods or so-called "held ware" (i.e., held for inspection for quality control reasons);

(d) it has not been Inventory for longer than 90 days;

(e) other than saleable unprocessed cannabis biomass, it is not a component that is supplied, used or consumed in producing finished goods;

(f) it is not delivered to or held by a Credit Party, on "sale on approval", "sale return" or "consignment", "guarantee sale", "bill and hold", or subject to any title retention, repurchase or return agreement, or otherwise having terms by reason of which the ownership of the Credit Party, or possession thereof may be conditional;

(g) it is not subject to a negotiable document of title;

(h) it is not in transit;

(i) if it is located in California, (i) it is located in the Santa Rosa facility existing on the Closing Date or the Oakland depot at 414 Lesser Street, and (ii) from

and after the 45th day following the Closing Date, the Collateral Agent is in possession of waivers or subordinations in form and substance satisfactory to the Majority Lenders;

(j) if it is not located in California, it is located on premises owned by a Credit Party or, if not so located, from and after the 45th day following the Closing Date, the Collateral Agent is in possession of waivers or subordinations in form and substance satisfactory to the Majority Lenders;

(k) it is located within a state of the United States in which the applicable Credit Party is licensed to possess such Inventory, and it is not in transit outside of the United States to or from a Credit Party; and

(l) except as provided under applicable state Cannabis Laws with which such Credit Party is in compliance as required under Section 5.1(e) of this Agreement, it is not subject to any license or other arrangement that restricts the right of the Credit Party or the Collateral Agent to dispose of such Inventory.

For greater certainty, saleable unprocessed cannabis biomass included in Eligible Inventory shall not exceed $500,000 at any time.

Exhibit 6
Form of Lender Joinder

Lender Joinder dated ●, 20● (this "**Lender Joinder**") among ● (the "**Lender**"), DionyMed Brands Inc. (the "**Borrower**"), GLAS USA LLC, as Administrative Agent, and GLAS Americas LLC, as Collateral Agent.

Reference is made to the credit agreement dated as of January 16, 2019 (as amended, supplemented, modified or replaced from time to time, the "**Credit Agreement**", the terms defined therein being used herein as therein defined), among the Borrower, HomeTown Heart, DionyMed Inc., Herban Industries Inc., Herban Industries CA LLC, Herban Industries OR LLC, Herban Industries NJ LLC and their respective subsidiaries party thereto from time to time, as Credit Parties, the lenders party thereto from time to time (collectively, the "**Lenders**"), GLAS USA LLC, as Administrative Agent, and GLAS Americas LLC, as Collateral Agent.

The Lender hereby agrees as follows:

1. By its execution of this Lender Joinder, it will be deemed to be a party to the Credit Agreement and a "Lender" and a "Secured Creditor" for all purposes of the Credit Agreement and the other Credit Documents, and shall have all of the rights and obligations of a Lender and a Secured Creditor thereunder as if it had executed the Credit Agreement and the other Credit Documents.

2. The Term Facility Commitment of the Lender is $● and the Delayed Draw Facility Commitment of the Lender is $●.

3. The Lender (i) confirms that it has received a copy of the Credit Agreement; (ii) agrees that it will be bound by the provisions of the Credit Agreement, including without limitation the representations, agreements and other provisions of Article 8 thereof, and will perform in accordance with its terms all the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender; and (iii) without limiting the foregoing, appoints and authorizes each Agent to take such action as agent on its behalf and to exercise such powers under the Credit Agreement and the other Credit Documents as are delegated to such Agent by the terms thereof, together with such powers as are reasonably incidental thereto.

4. This Lender Joinder shall be governed by, and construed in accordance with, the laws of the Province of British Columbia and the laws of Canada applicable therein.

5. This Lender Joinder may be executed in one or more counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Lender Joinder by telecopy or by sending a scanned copy by electronic mail shall be effective as delivery of a manually executed counterpart of this Lender Joinder.

IN WITNESS WHEREOF, the undersigned have caused this Lender Joinder to be duly executed and delivered by their duly authorized officers as of the date first written above.

[LENDER], as Lender

By: _____
Name: ●
Title: ●

By: _____
Name: ●
Title: ●

Accepted and Agreed:

DIONYMED BRANDS INC.

By: _____
Name: ●
Title: ●

By: _____
Name: ●
Title: ●

GLAS USA LLC,
as Administrative Agent

By: _____
Name: ●
Title: ●

GLAS AMERICAS LLC,
as Collateral Agent

By: _____
Name: ●
Title: ●

Exhibit 7
Form of Warrant

(See attached)

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS FOUR MONTHS AND A DAY AFTER [the distribution date].

Warrants equal to **[●]** Subordinate Voting Shares Warrant Certificate No. **[●]**

WARRANTS TO PURCHASE SUBORDINATE VOTING SHARES OF

DIONYMED BRANDS INC.

THIS CERTIFIES that, for value received, **[●]** (the "**Holder**") is the registered holder of that number of warrants indicated above (each, a "**Warrant**" and collectively, the "**Warrants**") represented by this certificate (this "**Warrant Certificate**", which shall include any certificate issued in replacement thereof). Each whole Warrant shall entitle the Holder, subject to the terms and conditions set forth in this Warrant Certificate, to acquire from DionyMed Brands Inc. (the "**Corporation**") one (1) fully paid and non-assessable Subordinate Voting Share (as defined below) on payment of the Exercise Price (as defined below) per Subordinate Voting Share multiplied by the number of Subordinate Voting Shares subscribed for, on and subject to the terms and conditions set forth below, at any on or before the Expiry Time (as defined below). The number of Subordinate Voting Shares which the Holder is entitled to acquire upon exercise of the Warrants and the payment of the Exercise Price are subject to adjustment as hereinafter provided.

1. Definitions

In this Warrant Certificate, including the preamble, unless there is something in the subject matter or context inconsistent therewith, the following expressions shall have the following meanings namely:

(a) "**Business Day**" means a day, other than a Saturday, Sunday or statutory holiday, on which the principal commercial banks located in Toronto and Sydney are open for business during normal banking hours;

(b) "**Eligible Advisors**" means a firm of independent chartered accountants;

(c) "**Equity Shares**" means the Subordinate Voting Shares and any shares of any other class or series of capital stock of the Corporation which may from time to time be authorized for issue if by their terms such shares confer on the holders hereof the right to participate in the distribution of assets upon the voluntary or involuntary liquidation, dissolution or winding up of the Corporation beyond a fixed sum or a fixed sum plus accrued dividends;

(d) "**Exercise Price**" means CAD$●[1] unless such price shall have been adjusted in accordance with the provisions of Section 11, in which case it shall mean the adjusted price in effect at such time;

[1] Exercise Price (i) with respect to the Warrants issued in connection with the first US$20,000,000 aggregate principal amount of Advances, to be the lower of (x) Cdn.$4.65 and (y) a 50% premium to the volume weighted average price at which the Subordinate Voting Shares have traded on

(e) "**Expiry Time**" means 5:00 p.m., Toronto, Ontario time, on the date that is three years from date of issue of the Warrants;

(f) "**Person**" means any individual, sole proprietorship, limited or unlimited liability corporation, partnership, unincorporated association, unincorporated syndicate, body corporate, joint venture, trust, pension fund, union, governmental authority, and a natural person including in such natural person's capacity as trustee, heir, beneficiary, executor, administrator or other legal representative;

(g) "**Subordinate Voting Shares**" means the subordinate voting shares of the Corporation as such shares are constituted on the date hereof, as the same may be reorganized, reclassified or redesignated pursuant to any of the events set out in Section 11 hereof;

(h) "**Subscription Form**" means the form of subscription annexed hereto as Schedule "A"; and

(i) "**this Warrant Certificate**", "**Warrant Certificate**", "**herein**", "**hereby**", "**hereof**", "**hereto**", "**hereunder**" and similar expressions mean or refer to this Warrant Certificate and any deed or instrument supplemental or ancillary thereto and any schedules hereto or thereto and not to any particular article, section, subsection, clause, subclause or other portion hereof.

2. Expiry Time

After the Expiry Time, all rights under any Warrant evidenced hereby, in respect of which the right of subscription and purchase herein provided for shall not theretofore have been exercised, shall wholly cease and terminate and such Warrants shall be void and of no value or effect.

3. Exercise Procedure

The Holder may exercise, in whole or in part, at any time commencing the date hereof, the right of purchase provided herein prior to the Expiry Time provided that:

(a) this Warrant Certificate, with the Subscription Form is duly completed and executed by the Holder or its legal representative or attorney, duly appointed by an instrument in writing in form and manner satisfactory to the Corporation; and

(b) a certified cheque, money order or bank draft payable to or to the order of the Corporation in Canadian currency in an amount equal to the Exercise Price multiplied by the number of Subordinate Voting Shares for which such subscription is being made.

Any Warrant Certificate and cash, certified cheque, money order or bank draft referred to in the foregoing clauses shall be deemed to be surrendered only upon delivery thereof to the Corporation at its principal office in the manner provided in Section 27 hereof.

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the CSE for the ten (10) consecutive trading days ending one trading day before the date of the relevant Advance, as reported by the CSE, and (ii) with respect to Warrants issued in connection with any other Advance (or portion thereof), to be 50% premium to the lower of (x) Cdn.$4.25 and (y) the volume weighted average price at which the Subordinate Voting Shares have traded on the CSE for the ten (10) consecutive trading days ending one trading day before the date of the relevant Advance, as reported by the CSE; provided that the Exercise Price will not be less than the closing market price of the Subordinate Voting Shares on the CSE on the trading day before the earlier of (x) the dissemination of a news release disclosing the issuance of the Warrant and (y) the posting of notice of the proposed issuance of the Warrant.

This Warrant Certificate is exchangeable, upon the surrender hereof by the Holder, for new Warrant Certificates of like tenor representing, in the aggregate, the same number of Warrants and entitling the Holder to the right to subscribe for the same aggregate number of Subordinate Voting Shares at the same Exercise Price which may be subscribed for hereunder.

4. Entitlement to Warrant Certificate

Upon such delivery and payment as aforesaid, the Corporation shall cause to be issued to the Holder hereof the Subordinate Voting Shares subscribed for not exceeding those which such Holder is entitled to purchase pursuant to the Warrants represented by this Warrant Certificate, and the Holder hereof shall become a shareholder of the Corporation in respect of such shares with effect from the date of such delivery and payment, and shall be entitled to delivery of a certificate or certificates evidencing such shares and the Corporation shall cause such certificate or certificates to be mailed to the Holder at the address or addresses specified in such subscription within three (3) Business Days of such delivery and payment. The issuance of certificates of Subordinate Voting Shares upon the exercise of the Warrants shall be made without charge to the Holder for any issuance tax in respect thereto, provided that the Corporation shall not be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of any certificate in a name other than that of the Holder.

5. Partial Exercise

The Holder may subscribe for and purchase a number of Subordinate Voting Shares less than the number the Holder is entitled to purchase pursuant to this Warrant Certificate. In the event of any such subscription and purchase prior to the Expiry Time, the Holder shall, in addition, be entitled to receive, without charge, a new Warrant Certificate representing Warrants in respect of the balance of the Subordinate Voting Shares of which the Holder was entitled to purchase pursuant to this Warrant Certificate and which were then not purchased.

6. No Fractional Shares

Notwithstanding any adjustments provided for in Section 11 hereof or otherwise, under no circumstances shall the Corporation be obliged to issue any fractional Subordinate Voting Shares or any cash or other consideration in lieu thereof upon the exercise of one or more Warrants. To the extent that the Holder of one or more Warrants would otherwise have been entitled to receive on the exercise or partial exercise thereof a fraction of a Subordinate Voting Share, the Holder may exercise that right in respect of the fraction only in combination with another Warrant or Warrants that in the aggregate entitle the Holder to acquire a whole number of Subordinate Voting Shares.

7. Not a Shareholder

Nothing in this Warrant Certificate or in the holding of the Warrants evidenced hereby shall be construed as conferring upon the Holder any right or interest whatsoever as a shareholder of the Corporation.

8. No Obligation to Purchase

Nothing herein contained or done pursuant hereto shall obligate the Holder to purchase or pay for, or the Corporation to issue, any shares except those shares in respect of which the Holder shall have exercised its right to purchase hereunder in the manner provided herein.

9. Transfer

Subject to compliance with applicable laws, the Holder shall have the right to transfer this Warrant certificate to any Person without the prior written consent of the Corporation.

10. Covenants

(a) The Corporation covenants and agrees that:

(i) so long as any Warrants evidenced hereby remain outstanding, it shall reserve and there shall remain unissued out of its authorized capital at least a number of Subordinate Voting Shares sufficient to satisfy the right of purchase herein provided for should the Holder determine to exercise its rights in respect of all the Subordinate Voting Shares for the time being called for by such outstanding Warrants; and

(ii) all Subordinate Voting Shares which shall be issued upon the exercise of the right to purchase herein provided for, upon payment therefor of the amount at which such Subordinate Voting Shares may at the time be purchased pursuant to the provisions hereof, shall be issued as fully paid and non-assessable Subordinate Voting Shares and the holders thereof shall not be liable to the Corporation or to its creditors in respect thereof.

(b) The Corporation shall preserve and maintain its corporate existence.

(c) If for any reason, other than the failure or default of the Holder, the Corporation is unable to issue and deliver the Subordinate Voting Shares or other securities as contemplated herein to the Holder upon the proper exercise by the Holder of the right to purchase any of the Subordinate Voting Shares under the Warrants evidenced hereby, in satisfaction of its obligations hereunder, the Corporation shall pay to the Holder, in cash, an amount equal to the difference between the Exercise Price and the fair market value of the Subordinate Voting Shares (calculated as at the date of exercise).

11. Adjustment to Exercise Price

The Exercise Price in effect at any time is subject to adjustment from time to time in the events and in the manner provided as follows:

(a) If and whenever at any time after the date hereof and ending at the Expiry Time the Corporation:

(i) issues Subordinate Voting Shares or securities exchangeable for or convertible into Subordinate Voting Shares to all or substantially all the holders of the Subordinate Voting Shares as a stock dividend; or

(ii) makes a distribution on its outstanding Subordinate Voting Shares payable in Subordinate Voting Shares or securities exchangeable for or convertible into Subordinate Voting Shares; or

(iii) subdivides, redivides or changes its outstanding Subordinate Voting Shares into a greater number of Subordinate Voting Shares; or

(iv) consolidates, combines or reduces its outstanding Subordinate Voting Shares into a smaller number of Subordinate Voting Shares;

(any of such events being called a "**Subordinate Voting Share Reorganization**"), then the Exercise Price will be adjusted effective immediately after the effective date or record date for the happening of a Subordinate Voting Share Reorganization, as the case may be, at which the holders of Subordinate Voting Shares are determined for the purpose of the Subordinate Voting Share Reorganization, by multiplying the Exercise Price in effect immediately prior to such effective date or record date by a fraction, the numerator of which is the number of Subordinate Voting Shares outstanding on such effective date or record date before giving effect to such Subordinate Voting Share Reorganization and the denominator of which is the number of Subordinate Voting Shares outstanding immediately after giving effect to such Subordinate Voting Share Reorganization (including, in the case where securities exchangeable for or convertible into Subordinate Voting Shares are distributed, the number of Subordinate Voting Shares that would have been outstanding had all such securities been exchanged for or converted into Subordinate Voting Shares on such effective date or record date). Such adjustment shall be made successively whenever any such event shall occur. Any such issue of Subordinate Voting Shares by way of a stock dividend shall be deemed to have been made on the record date for such stock dividend for the purpose of calculating the number of outstanding Subordinate Voting Shares under paragraphs 10(a) and (b) hereof.

(b) If and whenever at any time after the date hereof and ending at the Expiry Time the Corporation fixes a record date for the issue of rights, options or warrants to the holders of all or substantially all of its outstanding Subordinate Voting Shares under which such holders are entitled to subscribe for or purchase Subordinate Voting Shares or securities exchangeable for or convertible into Subordinate Voting Shares, where:

(i) the right to subscribe for or purchase Subordinate Voting Shares, or the right to exchange securities for or convert securities into Subordinate Voting Shares, expires not more than 45 days after the date of such issue (the period from the record date to the date of expiry being herein in this Section 11 called the "**Rights Period**"), plus

(ii) the cost per Subordinate Voting Share during the Rights Period (inclusive of any cost of acquisition of securities exchangeable for or convertible into Subordinate Voting Shares in addition to any direct cost of Subordinate Voting Shares) (herein in this Section 11 called the "**Per Share Cost**") is less than 95% of the fair market value of the Subordinate Voting Shares as determined by the auditors of the Corporation (the "**Current Market Price**") of the Subordinate Voting Shares on the record date,

(any of such events being called a "**Rights Offering**"), then the Exercise Price will be adjusted effective immediately after the end of the Rights Period to a price determined by multiplying the Exercise Price in effect immediately prior to the end of the Rights Period by a fraction:

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

(1) the number of Subordinate Voting Shares outstanding as of the record date for the Rights Offering; plus

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

(I) where the event giving rise to the application of this subsection 11(b) was the issue of rights, options or warrants to the holders of Subordinate Voting Shares under which such holders are entitled to subscribe for or purchase additional Subordinate Voting Shares, the number of Subordinate Voting Shares so subscribed for or purchased during the Rights Period, or

(II) where the event giving rise to the application of this subsection 11(b) was the issue of rights, options or warrants to the holders of Subordinate Voting Shares under which such holders are entitled to subscribe for or purchase securities exchangeable for or convertible into Subordinate Voting Shares, the number of Subordinate Voting 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 of the Subordinate Voting Shares as of the record date for the Rights Offering; and

(B) the denominator of which is:

(1) in the case described in subparagraph 10(b)(A)(2)(I), the number of Subordinate Voting Shares outstanding, or

(2) in the case described in subparagraph 10(b)(A)(2)(II), the number of Subordinate Voting Shares that would be outstanding if all the Subordinate Voting Shares described in subparagraph 10(b)(A)(2)(II) had been issued,

as at the end of the Rights Period.

Any Subordinate Voting Shares owned by or held for the account of the Corporation or any subsidiary or affiliate (as defined in the *Securities Act* (British Columbia)) of the Corporation will be deemed not to be outstanding for the purpose of any such computation.

If by the terms of the rights, options or warrants referred to in this Section 11, there is more than one purchase, conversion or exchange price per Subordinate Voting Share, the aggregate price of the total number of additional Subordinate Voting 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:

(I) the lowest purchase, conversion or exchange price per Subordinate Voting Share, as the case may be, if such price is applicable to all Subordinate Voting Shares which are subject to the rights, options or warrants, and

(II) the average purchase, conversion or exchange price per Subordinate Voting Share, as the case may be, if the applicable price is determined by reference to the number of Subordinate Voting Shares acquired.

To the extent that any adjustment in the Exercise Price occurs pursuant to this Section 11 as a result of the fixing by the Corporation of a record date for the distribution of rights, options or warrants referred to in this Section 11, the Exercise Price will be readjusted immediately after the expiration of any relevant exchange, conversion or exercise right to the Exercise Price which would then be in effect based upon the number of Subordinate Voting Shares actually issued and remaining issuable after such expiration, and will be further readjusted in such manner upon expiration of any further such right.

If the Holder has exercised this Warrant Certificate in accordance herewith during the period beginning immediately after the record date for a Rights Offering and ending on the last day of the Rights Period therefor, the Holder will, in addition to the Subordinate Voting Shares to which it is otherwise entitled upon such exercise, be entitled to that number of additional Subordinate Voting Shares equal to the result obtained when the Exercise Price in effect immediately prior to the end of such Rights Offering pursuant to this subsection is multiplied by the number of Subordinate Voting Shares received upon the exercise of the Warrants evidenced hereby during such period, and the resulting product is divided by the Exercise Price as adjusted for such Rights Offering pursuant to this subsection; provided that the provisions of Section 7 will be applicable to any fractional interest in a Subordinate Voting Share to which such Holder might otherwise

be entitled. Such additional Subordinate Voting Shares will be deemed to have been issued to the Holder immediately following the end of the Rights Period and a certificate for such additional Subordinate Voting Shares will be delivered to such Holder within three (3) Business Days following the end of the Rights Period.

(c) If and whenever at any time after the date hereof and ending at the Expiry Time the Corporation fixes a record date for the issue or the distribution to the holders of all or substantially all its Subordinate Voting Shares of:

(i) shares of the Corporation of any class other than Subordinate Voting Shares;

(ii) rights, options or warrants to acquire shares or securities exchangeable for or convertible into shares or property or other assets of the Corporation;

(iii) evidence of indebtedness; or

(iv) cash, securities or any property or other assets,

and if such issuance or distribution does not constitute (A) a Subordinate Voting Share Reorganization, (B) a Rights Offering or (C) the issue of rights, options or warrants to the holders of all or substantially all of its outstanding Subordinate Voting Shares under which such holders are entitled to subscribe for or purchase Subordinate Voting Shares or securities exchangeable for or convertible into Subordinate Voting Shares, where:

(A) the right to subscribe for or purchase Subordinate Voting Shares, or the right to exchange securities for or convert securities into Subordinate Voting Shares, expires not more than 45 days after the date of such issue, and

(B) the cost per Subordinate Voting Share during the Rights Period, inclusive of the Per Share Cost, is 95% or more than the Current Market Price of the Subordinate Voting Shares on the record date

(any of such non-excluded events being called a "**Special Distribution**"), the Exercise Price will be adjusted effective immediately after such record date to a price determined by multiplying the Exercise Price in effect on such record date by a fraction:

(C) the numerator of which is:

(1) the product of the number of Subordinate Voting Shares outstanding on such record date and the Current Market Price of the Subordinate Voting Shares on the earlier of such record date and the date on which the Corporation announces its intent to make such a distribution; less

(2) the aggregate fair market value (as determined by action by the directors of the Corporation) to the holders of the Subordinate Voting Shares of such securities or property or other assets so issued or distributed in the Special Distribution; and

(D) the denominator of which is the number of Subordinate Voting Shares outstanding on such record date multiplied by the Current Market Price of the Subordinate Voting Shares on such record date.

Any Subordinate Voting Shares owned by or held for the account of the Corporation or any subsidiary or affiliate (as defined in the *Securities Act* (British Columbia)) of the Corporation will be deemed not to be outstanding for the purpose of any such computation.

(d) If and whenever at any time after the date hereof there is a reclassification or redesignation of the Subordinate Voting Shares outstanding at any time or change of the Subordinate Voting Shares into other shares or into other securities (other than a Subordinate Voting Share Reorganization), or a consolidation, amalgamation or merger of the Corporation 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 Subordinate Voting Shares or a change of the Subordinate Voting Shares into other shares), or a transfer of the undertaking or assets of the Corporation as an entirety or substantially as an entirety to another corporation or other entity (any of such events being called a "**Capital Reorganization**"), the Holder, upon exercising the Warrants evidenced hereby after the effective date of such Capital Reorganization, will be entitled to receive in lieu of the number of Subordinate Voting Shares to which such Holder was theretofore entitled upon such exercise, the aggregate number of shares, other securities or other property which such Holder would have been entitled to receive as a result of such Capital Reorganization if, on the effective date thereof, the Holder had been the registered holder of the number of Subordinate Voting Shares to which such Holder was theretofore entitled upon exercise of the Warrants evidenced hereby. If determined appropriate by action of the directors of the Corporation, appropriate adjustments will be made as a result of any such Capital Reorganization in the application of the provisions set forth in this Section 11 with respect to the rights and interests thereafter of the Holder to the end that the provisions set forth in this Section 11 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 exercise hereof. Any such adjustment must be made by and set forth in an amendment to this Warrant Certificate approved by action by the directors of the Corporation and will for all purposes be conclusively deemed to be an appropriate adjustment.

(e) If at any time after the date hereof and prior to the Expiry Time any adjustment in the Exercise Price shall occur as a result of:

(i) an event referred to in subsection 11(a);

(ii) the fixing by the Corporation of a record date for an event referred to in subsection 11(b); or

(iii) the fixing by the Corporation of a record date for an event referred to in subsection 11(c) if such event constitutes the issue or distribution to the holders of all or substantially all of its outstanding Subordinate Voting Shares of

(A) Equity Shares, or (B) securities exchangeable for or convertible into Equity Shares at an exchange or conversion price per Equity Shares less than the Current Market Price on such record date or (C) rights, options or warrants to acquire Equity Shares at an exercise, exchange or conversion price per Equity Share less than the Current Market Price on such record date,

then the number of Subordinate Voting Shares purchasable upon the subsequent exercise of the Warrants evidenced hereby shall be simultaneously adjusted by multiplying the number of Subordinate Voting Shares purchasable upon the exercise of the Warrants evidenced hereby immediately prior to such adjustment by a fraction which shall be the reciprocal of the fraction employed in the adjustment of the Exercise Price. To the extent any adjustment in subscription rights occurs pursuant to this subsection 11(e) as a result of a distribution of exchangeable or convertible securities other than Equity Shares referred to in subsection 11(a) or as a result of the fixing by the Corporation of a record date for the distribution of rights, options or warrants referred to in subsection 11(b), the number of Subordinate Voting Shares purchasable upon exercise of the Warrants evidenced hereby shall be readjusted immediately after the expiration of any relevant exchange, conversion or exercise right to the number of Subordinate Voting Shares which would be purchasable based upon the number of Subordinate Voting Shares actually issued and remaining issuable immediately after such expiration, and shall be further readjusted in such manner upon expiration of any further such right. To the extent that any adjustment in subscription rights occurs pursuant to this subsection 11(e) as a result of the fixing by the Corporation of a record date for the distribution of exchangeable or convertible securities other than Equity Shares or rights, options or warrants referred to in subsection 11(c), the number of Subordinate Voting Shares purchasable upon exercise of the Warrants evidenced hereby shall be readjusted immediately after the expiration of any relevant exchange, conversion or exercise right to the number which would be purchasable pursuant to this subsection 11(e) if the fair market value of such securities or such rights, options or warrants had been determined for purposes of the adjustment pursuant to this subsection 11(e) on the basis of the number of Equity Shares issued and remaining issuable immediately after such expiration, and shall be further readjusted in such manner upon expiration of any further such right.

12. Rules Regarding Calculation of Adjustment of Exercise Price

(a) The adjustments provided for in Section 11 are cumulative and will, in the case of adjustments to the Exercise Price, be computed to the nearest whole Subordinate Voting Share and will be made successively whenever an event referred to therein occurs, subject to the following subsections of this Section 12.

(b) No adjustment in the Exercise Price is required to be made unless such adjustment would result in a change of at least five percent (5%) in the prevailing Exercise Price and no adjustment in the Exercise Price is required unless such an adjustment would result in a change of at least one one-hundredth of a Subordinate Voting Share; provided, however, that any adjustments which, except for the provisions of this subsection, would otherwise have been required to be made, will be carried forward and taken into account in any subsequent adjustments.

(c) No adjustment in the Exercise Price will be made in respect of any event described in Section 11, other than the events referred to in clauses 11(a)(iii) and (iv), if the Holder is entitled to participate in such event on the same terms, *mutatis mutandis*, as if the Holder had exercised this Warrant prior to or on the effective date or record date of such event.

(d) No adjustment in the Exercise Price will be made under Section 11 in respect of the issue from time to time of Subordinate Voting Shares issuable from time to time as dividends paid in the ordinary course to holders of Subordinate Voting Shares who exercise an option or election to receive substantially equivalent dividends in Subordinate Voting Shares in lieu of receiving a cash dividend, and any such issue will be deemed not to be a Subordinate Voting Share Reorganization.

(e) If at any time a dispute arises with respect to adjustments provided for in Section 11, such dispute will be conclusively determined by the auditors of the Corporation or if they are unable or unwilling to act, by such other Eligible Advisors as may be selected by action by the directors of the Corporation, acting reasonably and in good faith, and any such determination, where required, will be binding upon the Corporation and the Holder. The Corporation will provide such auditors or Eligible Advisors with access to all necessary records of the Corporation.

(f) In case the Corporation after the date of issuance of this Warrant Certificate takes any action affecting the Subordinate Voting Shares, other than action described in Section 11, which in the opinion of the board of directors of the Corporation would materially affect the rights of the Holder, the Exercise Price will be adjusted in such manner, if any, and at such time, by action by the directors of the Corporation in their sole discretion.

(g) If the Corporation sets a record date to determine the holders of the Subordinate Voting Shares for the purpose of entitling them to receive any dividend or distribution or sets a record date to take any other action and, thereafter and before the distribution to such shareholders of any such dividend or distribution or the taking of any other action, decides not to implement its plan to pay or deliver such dividend or distribution or take such other action, then no adjustment in the Exercise Price will be required by reason of the setting of such record date.

(h) In the absence of a resolution of the directors of the Corporation fixing a record date for a Special Distribution or Rights Offering, the Corporation will be deemed to have fixed as the record date therefor the date on which the Special Distribution or Rights Offering is effected.

(i) As a condition precedent to the taking of any action which would require any adjustment to this Warrant Certificate, including the Exercise Price, the Corporation must take any corporate action which may be necessary in order that the Corporation or any successor to the Corporation or successor to the undertaking or assets of the Corporation have unissued and reserved in its authorized capital and may validly and legally issue as fully paid and non-assessable all the shares or other securities which the

Holder is entitled to receive on the full exercise thereof in accordance with the provisions hereof.

(j) The Corporation will from time to time, immediately after the occurrence of any event which requires an adjustment or readjustment as provided in Section 11, forthwith give notice to the Holder specifying the event requiring such adjustment or readjustment and the results thereof, including the resulting Exercise Price.

(k) The Corporation covenants to and in favour of the Holder that so long as this Warrant Certificate remains outstanding, it will give notice to the Holder of its intention to fix a record date for any event referred to in subsections 11(a), (b) or (c) (other than the subdivision or consolidation of the Subordinate Voting Shares) which may give rise to an adjustment in the Exercise Price or the number and type of securities issuable upon the exercise of the Warrants and, in each case, such notice must specify the particulars of such event and the record date and the effective date for such event; provided that the Corporation is only required to specify in such notice such particulars of such event as have been fixed and determined on the date on which such notice is given. Such notice shall be given not less than 14 days prior to each such applicable record date or effective date.

(l) In any case that an adjustment pursuant to Section 12 shall become effective immediately after a record date for or an effective date of an event referred to herein, the Corporation may defer, until the occurrence and consummation of such event, issuing to the Holder of this Warrant, if exercised after such record date or effective date and before the occurrence and consummation of such event, the additional Subordinate Voting Shares or other securities or property issuable upon such exercise by reason of the adjustment required by such event, provided, however, that the Corporation will deliver to the Holder an appropriate instrument evidencing the Holder's right to receive such additional Subordinate Voting Shares or other securities or property upon the occurrence and consummation of such event and the right to receive any dividend or other distribution in respect of such additional Subordinate Voting Shares or other securities or property declared in favour of the holders of record of Subordinate Voting Shares or of such other securities or property on or after the Exercise Date or such later date as the Holder would, but for the provisions of this subsection, have become the holder of record of such additional Subordinate Voting Shares or of such other securities or property.

13. Consolidation and Amalgamation

(a) The Corporation shall not enter into any transaction whereby all or substantially all of its undertaking, property and assets would become the property of any other corporation (herein called a "**successor corporation**") whether by way of reorganization, reconstruction, consolidation, amalgamation, merger, transfer, sale, disposition or otherwise, unless prior to or contemporaneously with the consummation of such transaction the Corporation and the successor corporation shall have executed such instruments and done such things as the Corporation, acting reasonably, considers necessary or advisable to establish that upon the consummation of such transaction:

(i) the successor corporation will have assumed all the covenants and obligations of the Corporation under this Warrant Certificate, and

(ii) this Warrant Certificate will be a valid and binding obligation of the successor corporation entitling the Holder, as against the successor corporation, to all the rights of the Holder under this Warrant Certificate.

(b) Whenever the conditions of subsection 13(a) shall have been duly observed and performed the successor corporation shall possess, and from time to time may exercise, each and every right and power of the Corporation under this Warrant Certificate in the name of the Corporation or otherwise and any act or proceeding by any provision hereof required to be done or performed by any director or officer of the Corporation may be done and performed with like force and effect by the like directors or officers of the successor corporation.

14. Certificate as to Adjustment

The Corporation shall from time to time, immediately after the occurrence of any event which requires an adjustment or readjustment as provided in this Warrant, deliver an Officers' Certificate to the Holder 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 provided, however, that in the event the Holder does not agree with the adjustment as set forth in the Officers' Certificate provided as aforesaid, the Corporation may obtain the certificate or opinion of a firm of independent chartered accountants appointed by the Corporation, which certificate or opinion shall be conclusive and binding on all parties in interest hereto. When so approved, the Corporation shall, except in respect of any subdivision, redivision, reduction, combination or consolidation of the Subordinate Voting Shares, forthwith give notice to the Holder in the manner provided in Section 27 specifying the event requiring such adjustment or readjustment and the results thereof, including the resulting Exercise Price.

15. Representations and Warranties

The Corporation hereby represents and warrants with and to the Holder that the Corporation is duly authorized and has the corporate and lawful power and authority to create and issue the Warrants evidenced hereby and the Subordinate Voting Shares issuable upon the exercise hereof and perform its obligations hereunder and that this Warrant Certificate represents a valid, legal and binding obligation of the Corporation enforceable in accordance with its terms.

16. If Share Transfer Books Closed

The Corporation shall not be required to deliver certificates for Subordinate Voting Shares while the share transfer books of the Corporation are properly closed, prior to any meeting of shareholders or for the payment of dividends or for any other purpose and in the event of the surrender of any Warrants in accordance with the provisions hereof and the making of any subscription and payment for the Subordinate Voting Shares called for thereby during any such period delivery of certificates for Subordinate Voting Shares may be postponed for not exceeding five (5) Business Days after the date of the re-opening of said share transfer books; provided, however, that any such postponement of delivery of certificates shall be without prejudice to the right of the Holder, if the Holder has surrendered the

same and made payment during such period, to receive such certificates for the Subordinate Voting Shares called for after the share transfer books have been re-opened.

17. Protection of Shareholders, Officers and Directors

Subject as herein provided, all or any of the rights conferred upon the Holder may be enforced by the Holder by appropriate legal proceedings. No recourse under or upon any obligation, covenant or agreement herein contained or in any of the Warrants evidenced hereby shall be taken against any shareholder, officer or director of the Corporation, either directly or through the Corporation, it being expressly agreed and declared that the obligations under the Warrants evidenced hereby are solely corporate obligations of the Corporation and that no personal liability whatever shall attach to or be incurred by the shareholders, officers, or directors of the Corporation or any of them in respect thereof, any and all rights and claims against every such shareholder, officer or director being hereby expressly waived as a condition of and as a consideration for the issue of the Warrants evidenced hereby.

18. Lost Warrant Certificate

If the Warrant Certificate evidencing the Warrants issued hereby becomes stolen, lost, mutilated or destroyed the Corporation may, on such terms, as it may in its discretion impose, respectively issue and countersign a new certificate evidencing the Warrants of like denomination, tenor and date as the certificate so stolen, lost mutilated or destroyed provided that the Holder shall bear the reasonable cost of the issue thereof and in case of loss, destruction or theft, shall, as a condition precedent to the issue thereof, furnish to the Corporation such evidence of ownership and of the loss, destruction or theft of the Warrant Certificate which shall be satisfactory to the Corporation, in its sole discretion acting reasonably, and the Holder may also be required to furnish an indemnity in form satisfactory to the Corporation, in its sole discretion acting reasonably, and shall pay the reasonable charges of the Corporation in connection therewith..

19. Governing Law

This Warrant Certificate shall be governed by, and construed in accordance with, the laws of the Province of British Columbia and the federal laws of Canada applicable therein, governing contracts made and to be performed wholly therein, and without reference to its principles governing the choice or conflict of laws.

20. Severability

If, in any jurisdiction, any provision of this Agreement or its application to the Corporation and/or the Holder or circumstance is restricted, prohibited or unenforceable, such provision shall, as to such jurisdiction, be ineffective only to the extent of such restriction, prohibition or unenforceability without invalidating the remaining provisions of this Warrant Certificate, without affecting the validity or enforceability of such provision in any other jurisdiction and without affecting its application to other parties or circumstances..

21. Headings

The headings of the sections, subsections and clauses of this Warrant Certificate have been inserted for convenience and reference only and do not define, limit, alter or enlarge the meaning of any provision of this Warrant Certificate.

22. Numbering

Unless otherwise stated, a reference herein to a numbered or lettered section, subsection, clause, subclause or schedule refers to the section, subsection, clause, subclause or schedule bearing that number or letter in this Warrant Certificate.

23. Gender

Whenever used in this Warrant Certificate, words importing the singular number only shall include the plural, and vice versa, and words importing the masculine gender shall include the feminine gender.

24. Day not a Business Day

In the event that any day on or before which any action is required to be taken hereunder is not a Business Day, then such action shall be required to be taken on or before the requisite time on the next succeeding day that is a Business Day.

25. Computation of Time Period

Except to the extent otherwise provided herein, in the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

26. Binding Effect

This Warrant Certificate and all of its provisions shall enure to the benefit of the Holder and its successors and permitted assigns and shall be binding upon the Corporation and its successors and permitted assigns.

27. Notice

Any notice, direction or other communication given pursuant to this Agreement (each a "**Notice**") must be in writing, sent by personal delivery, courier or email and addressed:

if to the Corporation:

DionyMed Brands Inc.
2200 – 885 West Georgia Street
Vancouver, BC, Canada
V6C3E8

Attention: _____
Email: _____

if to the Holder at:

_____
_____

_____
_____

Attention: _____
Email: _____

Any Notice, if personally delivered (including through delivery by courier), shall be deemed to have been validly and effectively given and received on the date of such delivery, if delivered before 5:00 p.m. on a Business Day in the place of delivery, or the next Business Day in the place of delivery, if not delivered on a Business Day or if delivered after 5:00 p.m. on a Business Day in the place of delivery, and if sent by electronic communication with confirmation of transmission, shall be deemed to have been validly and effectively given and received on the Business Day on the date of such electronic communication, if received before 5:00 p.m. on a Business Day in the place of receipt, or the next Business Day in the place of receipt, if not received on a Business Day or if received after 5:00 p.m. on a Business Day in the place of receipt. Any Party may at any time change its address for service from time to time by giving notice to the other Party in accordance with this Agreement.

28. Time of Essence

Time shall be of the essence hereof.

29. Execution

This Warrant may be executed and delivered by fax or other means of electronic transmission (e.g. PDF), and all such counterparts and faxes (or PDFs) together constitute one agreement.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF the Corporation has caused this Warrant Certificate to be signed by its duly authorized officer as of this _____ day of _____, 20___.

DIONYMED BRANDS INC.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

SCHEDULE "A"

SUBSCRIPTION FORM

TO: **DIONYMED BRANDS INC.**

The undersigned holder of the within warrant certificate hereby irrevocably subscribes for Subordinate Voting Shares of DionyMed Brands Inc. (the "**Corporation**") pursuant to the within warrant certificate at the Exercise Price per share specified in the said warrant certificate and encloses herewith cash or a certified cheque, money order or bank draft payable to the order of the Corporation in payment of the subscription price therefor. Capitalized terms used herein have the meanings set forth in the within warrant certificate.

The undersigned hereby acknowledges that the following legends may be placed on the certificates representing the Subordinate Voting Shares:

> **UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS FOUR MONTHS AND A DAY AFTER [the distribution date].**

DATED this _____ day of _____, 20____.

NAME: _____

Signature: _____

Address: _____

□ Please check box if these Subordinate Voting Share certificates are to be delivered at the office where this warrant certificate is surrendered, failing which the Subordinate Voting Shares certificates will be mailed to the subscriber at the address set out above.

If any Warrants represented by this certificate are not being exercised, a new certificate will be issued and delivered with the Subordinate Voting Share certificates.

Exhibit 8
Form of Supplemental Agreement

Supplemental Agreement dated as of ●, 20● (this "**Supplement**") between ● (the "**Additional Credit Party**") and GLAS USA LLC, as Administrative Agent, and GLAS Americas LLC, as Collateral Agent.

RECITALS:

(b) Reference is hereby made to the credit agreement dated as of January 16, 2019 (as amended, supplemented, modified or replaced from time to time, the "**Credit Agreement**", the terms defined therein being used herein as therein defined), among DionyMed Brands Inc., as borrower (the "**Borrower**"), HomeTown Heart, DionyMed Inc., Herban Industries Inc., Herban Industries CA LLC, Herban Industries OR LLC, Herban Industries NJ LLC and their respective subsidiaries party thereto from time to time, as Credit Parties, the lenders party thereto from time to time (collectively, the "**Lenders**"), and the Administrative Agent and Collateral Agent;

(c) the Additional Credit Party is a subsidiary of **[identify Credit Party]**;

(d) pursuant to Section 5.1(s) of the Credit Agreement, subsidiaries of Credit Parties are required to become Credit Parties under the Credit Agreement by executing a Supplement in consideration for Advances made or to be made by the Lenders and as consideration for the other agreements of the Lenders and Agents under the Credit Documents.

In consideration of the foregoing, and for other good and valuable consideration, the receipt and adequacy of which are acknowledged, the parties hereto agree as follows:

1. The Additional Credit Party hereby acknowledges, agrees and confirms that, by its execution of this Supplement, it will be deemed to be a party to the Credit Agreement and a "Credit Party" for all purposes of the Credit Agreement and the other Credit Documents, and shall have all of the obligations of a Credit Party thereunder as if it had executed the Credit Agreement and the other Credit Documents.

2. The Additional Credit Party hereby ratifies, as of the date hereof, and agrees to be bound by, all of the terms, provisions and conditions contained in the Credit Agreement applicable to it as a Credit Party, including without limitation (i) all of the representations and warranties with respect to the Credit Parties set forth in Article 4 of the Credit Agreement, as supplemented from time to time in accordance with the terms thereof, and (ii) all of the covenants set forth in Article 5 of the Credit Agreement.

3. Without limiting the generality of the foregoing, the Additional Credit Party represents and warrants that each representation and warranty made by the Borrower in Article 4 of the Credit Agreement, to the extent it pertains to the Additional Credit Party or any of its subsidiaries, the Business or the Credit Documents to which the Additional Credit Party or any of its subsidiaries is a party, is true, accurate and complete in all respects as of

the date hereof with the same force and effect as if made at and as of the date hereof, including the information required to be updated in the schedules to the Credit Agreement, such information having been attached hereto in Schedule A.

4. This Supplement and the rights and obligations of the parties hereunder shall be governed by, and construed in accordance with, the laws of the Province of British Columbia and the federal laws of Canada applicable in that Province.

5. If any court of competent jurisdiction from which no appeal exists or is taken, determines any provision of this Supplement to be illegal, invalid or unenforceable, that provision will be severed from this Supplement and the remaining provisions will remain in full force and effect.

6. This Supplement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Supplement by telecopy or by sending a scanned copy by electronic mail shall be effective as delivery of a manually executed counterpart of this Agreement.

[Signature Pages Follow]

In witness whereof, the parties have executed this Supplement.

[ADDITIONAL CREDIT PARTY]

By: _____

Name: ●

Title: ●

By: _____

Name: ●

Title: ●

GLAS USA LLC,
as Administrative Agent

By: _____

Name: ●

Title: ●

GLAS AMERICAS LLC,
as Collateral Agent

By: _____

Name: ●

Title: ●

Exhibit 9
Assignment and Assumption

Assignment and Assumption (the "**Assignment and Assumption**"), between ● (the "**Assignor**", as further defined and set forth on Schedule 1 hereto and made a part hereof) and ● (the "**Assignee**", as further defined and set forth on Schedule 1 hereto and made a part hereof) is dated as of the Effective Date (as defined on Schedule 1 hereto and made a part hereof).

Reference is made to the credit agreement dated as of January 16, 2019 (as amended, supplemented, modified or replaced from time to time, the "**Credit Agreement**", the terms defined therein being used herein as therein defined), among DionyMed Brands Inc., as borrower (the "**Borrower**"), HomeTown Heart, DionyMed Inc., Herban Industries Inc., Herban Industries CA LLC, Herban Industries OR LLC, Herban Industries NJ LLC and their respective subsidiaries party thereto from time to time, as Credit Parties, the lenders party thereto from time to time (collectively, the "**Lenders**"), GLAS USA LLC, as Administrative Agent, and GLAS Americas LLC, as Collateral Agent.

The Assignor and the Assignee agree as follows:

1. The Assignor hereby irrevocably sells and assigns to the Assignee without recourse to the Assignor (subject to Section 2), and the Assignee hereby irrevocably purchases and assumes from the Assignor without recourse to the Assignor (subject to Section 2), as of the Effective Date, an undivided interest (the "**Assigned Interest**") in and to all the Assignor's rights and obligations under the Credit Agreement to the extent related to the principal amount and percentage interest identified in Schedule 1 of all such rights and obligations, and all right, title and interest of the Assignor in and to the Credit Documents relating thereto.

2. The Assignor (i) represents and warrants that it is legally authorized to enter into this Assignment and Assumption, (ii) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement or any other instrument, document or agreement executed in conjunction therewith (collectively the "**Ancillary Documents**") or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement, any Collateral thereunder or any of the Ancillary Documents furnished pursuant thereto, other than that it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim and (iii) makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or any other Credit Party or the performance or observance by the Borrower or any other Credit Party of any of its respective obligations under the Credit Agreement or any of the Ancillary Documents furnished pursuant thereto.

3. The Assignee (i) represents and warrants that it is legally authorized to enter into this Assignment and Assumption; (ii) confirms that it has received a copy of the Credit Agreement and such other documents and information as it has deemed appropriate to make its own credit analysis; (iii) agrees that it will, independently and without reliance

upon any Agent, the Assignor or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement; (iv) appoints and authorizes each Agent to take such action as agent on its behalf and to exercise such powers under the Credit Agreement and the Ancillary Documents as are delegated to such Agent by the terms thereof, together with such powers as are reasonably incidental thereto; and (v) agrees that it will be bound by the provisions of the Credit Agreement and will perform in accordance with its terms all the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender.

4. Following the execution of this Assignment and Assumption, it will be delivered to the Administrative Agent **[for acceptance by it, effective as of the Effective Date]**.[3]

5. Upon such delivery **[and acceptance,]**[1] from and after the Effective Date, the Administrative Agent shall make all payments in respect of the assigned interest (including payments of principal, interest, fees and other amounts) to the Assignee, whether such amounts have accrued prior to the Effective Date or accrue subsequent to the Effective Date. The Assignor and Assignee shall make all appropriate adjustments in payments for periods prior to the Effective Date made by the Administrative Agent or with respect to the making of this assignment directly between themselves.

6. From and after the Effective Date, (i) the Assignee shall be a party to the Credit Agreement and, to the extent provided in this Assignment and Assumption, have the rights and obligations of a Lender thereunder, and (ii) the Assignor shall, to the extent provided in this Assignment and Assumption, relinquish its rights and be released from its obligations under the Credit Agreement.

7. This Assignment and Assumption shall be governed by, and construed in accordance with, the laws of the Province of British Columbia and the laws of Canada applicable therein.

8. This Assignment and Assumption may be executed in one or more counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy or by sending a scanned copy by electronic mail shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption.

[3] To be included only if the consent of the Administrative Agent is required by the terms of the Credit Agreement.

IN WITNESS WHEREOF, the undersigned have caused this Supplement to be duly executed and delivered by their duly authorized officers as of the date first written above.

[ASSIGNEE], as Assignee

By: _____
Name: ●
Title: ●

By: _____
Name: ●
Title: ●

[ASSIGNOR], as Assignor

By: _____
Name: ●
Title: ●

By: _____
Name: ●
Title: ●

[Accepted]: [4]

[GLAS USA LLC, as Administrative Agent]

By: _____
Name: ●
Title: ●

By: _____
Name: ●
Title: ●

[4] To be included only if consent of the Administrative Agent is required by the terms of the Credit Agreement.

Schedule 1 to Assignment and Assumption

Name of Assignor: ●

Name of Assignee: ●

Effective Date of Assignment: _____, 20__

Facility Assigned	**Aggregate Amount of Commitments/ Advances for all Lenders**	**Principal Amount of Commitments/ Advances Assigned**	**Percentage of Facility Assigned**[5]
Term Facility	$●	$●	●%
Delayed Draw Facility	$●	$●	●%

[5] Set forth, to at least 9 decimals, as a percentage of the applicable Commitments/Advances of all Lenders under the applicable Facility.

Exhibit 10
Form of Borrowing Base Certificate

TO: GLAS USA LLC (the "**Administrative Agent**")

AND TO: The Lenders

FROM: DionyMed Brands Inc. (the "**Borrower**")

RE: Compliance Certificate delivered pursuant to the Credit Agreement dated as of January 16, 2019 (as amended, supplemented, modified or replaced from time to time, the "**Credit Agreement**", the terms defined therein being used herein as therein defined), among the Borrower, HomeTown Heart, DionyMed Inc., Herban Industries Inc., Herban Industries CA LLC, Herban Industries OR LLC, Herban Industries NJ LLC and their respective subsidiaries party thereto from time to time, as Credit Parties, the lenders party thereto from time to time (collectively, the "**Lenders**"), GLAS USA LLC, as Administrative Agent, and GLAS Americas LLC, as Collateral Agent

DATE: ●

I, the undersigned **[Chief Financial Officer]** of the Borrower, hereby certify, without personal liability, to the Administrative Agent and the Lenders that as of this date:

1.	Eligible Inventory (as calculated on Schedule I)	=	$
2.	Eligible Accounts (as calculated on Schedule II)	=	$
3.	Eligible Real Property (as calculated on Schedule III)	=	$
4.	Reserves (as calculated on Schedule IV)	=	$

Borrowing Base = (1) + (2) + (3) – (4) = $ _____

The undersigned expects the Borrowing Base to continue to exceed the principal amount of Advances currently outstanding under the Delayed Draw Facility at all times until the Repayment Date.

All values are stated in U.S. Dollars.

_____
Name:
Title:

SCHEDULE I
TO BORROWING BASE CERTIFICATE

Details of Eligible Inventory:

1.	Total Inventory (lower of cost ($_____) and Net Realizable Value ($_____):			$
2.	Less: Inventory which is not Eligible Inventory:			$
	(a) Inventory that is raw materials or work in progress (other than saleable unprocessed cannabis biomass)	$		
	(b) Inventory that is not subject to Collateral Agent's first priority perfected Lien or not free and clear of all other Liens (other than Permitted Liens that are not consensual)	$		
	(c) Inventory that has not passed the relevant testing required by Applicable Law to be saleable or is held or required to be held in quarantine; or is perished, spoiled, unfit for human consumption, obsolete, unsalable, slow-moving, unmerchantable, recalled, returned or rejected by customers, to be returned to suppliers, a restrictive or custom item unless subject to a legally enforceable purchase order, discontinued, recalled, returned or defective goods or so-called "held ware" (i.e., held for inspection for quality control reasons)	$		
	(d) Inventory that has been Inventory for longer than 90 days	$		
	(e) Inventory that is a component that is supplied, used or consumed in producing finished goods (other than saleable unprocessed cannabis biomass)	$		
	(f) Inventory that is delivered to or held by a Credit Party, on "sale on approval", "sale return" or "consignment", "guarantee sale", "bill and hold", or subject to any title retention, repurchase or return agreement, or otherwise having terms by reason of which the ownership of the Credit Party, or possession thereof may be conditional	$		
	(g) Inventory that is subject to a negotiable document of title	$		
	(h) Inventory that is in transit	$		

(i)	Inventory (i) located in California that is not located in the Santa Rosa facility existing on the Closing Date or the Oakland depot at 414 Lesser Street, or (ii) from and after the 45th day following the date of the Credit Agreement, located in either of such locations if the Collateral Agent is not in possession of waivers or subordinations in form and substance satisfactory to the Majority Lenders		
(j)	Inventory (i) that is not located in California and is not located on premises owned by a Credit Party, and (ii) from and after the 45th day following the date of the Credit Agreement, the Collateral Agent is not in possession of waivers or subordinations in form and substance satisfactory to the Majority Lenders	$	
(k)	Inventory that is not located within a state of the United States in which the applicable Credit Party is licensed to possess such Inventory, or is in transit outside of the United States to or from a Credit Party	$	
(l)	Inventory (i) that is subject to any license or other arrangement that restricts the right of the Credit Party or the Collateral Agent to dispose of such Inventory (except as provided under applicable state Cannabis Laws) or (ii) subject to applicable state Cannabis Laws if the Credit Party is not in compliance with such laws	$	
(m)	Trim Inventory that is not described in (a) through (m) above, in excess of $500,000	$	
3.	Eligible Inventory = (1) – (2)		$

For greater certainty, saleable unprocessed cannabis biomass included in Eligible Inventory does not exceed $500,000.

SCHEDULE II
TO BORROWING BASE CERTIFICATE

Details of Eligible Accounts:

1.	Total Accounts			$
2.	Less: Accounts which are not Eligible Accounts:			$
	(a) Accounts that are not bona fide accounts arising from the rendering of services or the sale (on an absolute basis and not on a consignment, approval, or sale-and-return basis) of inventory by a Credit Party in the ordinary course of its business, which services have been performed for, or which goods have been shipped or delivered to, the account debtor	$		
	(b) Accounts that have not been invoiced	$		
	(c) Accounts that, when aggregated with other Accounts owing by the same account debtor, do not exceed $2000	$		
	(d) Accounts that are not valid or legally enforceable	$		
	(e) Accounts not subject to a duly perfected Lien in favour of the Collateral Agent and the Secured Creditors ranking in priority to all other Liens and rights of third parties, or not free and clear of all other Liens (other than Permitted Liens that are not consensual)	$		
	(f) Accounts not representing amounts owing to a Credit Party without any obligation on such Credit Party to remit such amount or a corresponding amount to any Governmental Authority	$		
	(g) The amount payable by the Credit Party in respect of goods of a third party, in connection with Accounts relating to the distribution or other rendering of services by a Credit Party in respect of goods of a third party, if the amount of the invoice for such Account includes a charge for such third party's goods (and not just the services provided by the Credit Party)	$		
	(h) Accounts not denominated in Canadian Dollars or U.S. Dollars	$		
	(i) Accounts outstanding more than 90 days after the date of the original invoice issued with respect thereto or more than 60 days past their due date	$		

(j) All Accounts owing by an account debtor if more than 15% of the Accounts owing by such account debtor are not Eligible Accounts pursuant to clause (i), or are otherwise not Eligible Accounts

$ _____

(k) Accounts that are the subject of any dispute, set-off (other than any credit balance, returns, trade discounts, credit card fees, taxes to be collected, or unbilled amounts or retention, in each case, which amounts have been netted in respect of the Account and otherwised deducted from the amount of the invoice giving rise to such Account), counterclaim or other claim or defence on the part of the account debtor denying liability under such account in whole or in part

$ _____

(l) If, when aggregated, Accounts owing by an account debtor exceed 25% of the aggregate Eligible Accounts, the excess over 25% of the Accounts owing by such account debtor (other than Accounts owing by Eaze Solutions, Inc. to HomeTown Heart)

$ _____

(m) Accounts evidenced by a judgment, instrument or chattel paper

$ _____

(n) Accounts in respect of which a Credit Party has an obligation to hold any portion of such Account in trust or as agent for any other Person

$ _____

(o) Accounts generated in respect of inventory the relevant Credit Party is not licensed to sell

$ _____

(p) Accounts subject to undue credit risk in the opinion of the Majority Lenders in their reasonable business judgment

$ _____

(q) Accounts owed by:

(i) an account debtor which is insolvent, generally not able to pay its debts as they become due, admits in writing its inability to pay its debts generally or makes a general assignment for the benefit of creditors, institutes or has instituted against it any proceeding under any Applicable Law relating to bankruptcy, insolvency, reorganization or relief of debtors, or takes any corporate action to authorize any of the above actions;

$ _____

(ii) an account debtor resident in a country other

than Canada or the United States;

(iii) a Governmental Authority; or

(iv) a Credit Party, or an Affiliate, officer, director or employee of a Credit Party

3. Eligible Accounts = (1) – (2) $ _____

SCHEDULE III
TO THE BORROWING BASE CERTIFICATE

Details of Eligible Real Property:

	Eligible Real Property		Appraised Value
1.		$	
2.		$	
	Total Eligible Real Property:	$	

SCHEDULE IV
TO THE BORROWING BASE CERTIFICATE

Details of Reserves:

From and after the 45th day following the date of the Credit Agreement, three months rental payments (or similar charges) for each leased premise where Eligible Inventory is located for which no waiver or subordination in form and substance acceptable to the Majority Lenders has been delivered	$	
Three months estimated payments plus other applicable fees and charges owing to warehousemen or third party processors in possession of Eligible Inventory for which no waiver or subordination in form and substance acceptable to the Majority Lenders has been delivered	$	
Amounts past due and owing to (i) landlords for leased premises where Eligible Inventory is located or (ii) warehousemen or third party processors in possession of Eligible Inventory	$	
Reserves required by the Majority Lenders in respect of potential dilution (taking into account any difference between the nominal amount of an invoice and the amount to be received by a Credit Party)	$	
HomeTown Heart Reserve	$	
Manufactured Goods Reserve	$	
Royalty Reserve	$	
Canadian Priority Payables Reserve	$	
Such other Reserves as the Majority Lenders require	$	
Total Reserves:	$	

This is Exhibit "C" to the Affidavit of YANA KISLENKO sworn before me this 22nd day of October, 2019

Nannette Doncell

Notary Public for Taking Affidavits

NANNETTE DONCELL
NOTARY PUBLIC OF NEW JERSEY
COMMISSION EXPIRES 4-20-20

CONSENT AND WAIVER

TO: **GLAS USA LLC, as administrative agent**

Email: ClientServices.Americas@glas.agency

RE: Credit Agreement dated as of January 16, 2019 (as amended to the date hereof, the "**Credit Agreement**") between, *inter alios*, DionyMed Brands Inc. (the "**Borrower**"), as borrower, the lenders party thereto and GLAS USA LLC, as administrative agent (the "**Administrative Agent**")

Pursuant to Section 5.2(a) of the Credit Agreement, the Borrower cannot create, incur, assume or suffer to exist any Debt except for Debt specifically set out in Section 5.2(a). Furthermore, the Borrower has made representations pursuant to Section 4.1(x) that the only Debt outstanding is the Debt specifically set out in Section 5.2(a).

Notwithstanding the foregoing, the Borrower is party to an unsecured Term Loan Agreement dated September 19, 2018 between the Borrower and Comnia Group AG, as trustee for Benkelton Trust (the "**Unsecured Lende**r") in the amount of $510,000 (the "**Unsecured Term Loan**"), which was anticipated to be paid within 30 days of the listing of the Borrower on the Canadian Securities Exchange. Due to the inability of the Unsecured Lender to accept payment the Unsecured Term Loan was not able to be repaid by the Borrower.

In light of the foregoing, the Borrower hereby requests that the Administrative Agent, for and on behalf of the Majority Lenders (a) permit Debt of the Borrower to be outstanding pursuant to the Unsecured Term Loan in the maximum amount of $510,000 provided such Debt is repaid in full no later than the date that is thirty (30) days after the date of the initial Advance, and amend Section 5.2(a) of the Credit Agreement accordingly, and (b) waive any Default or Event of Default that may have occurred solely on account of the existence of the Unsecured Term Loan, including any breach of covenant (including, but not limited to, pursuant Section 5.2(a)) or any incorrect representation and warranty (including, but not limited to, pursuant to Section 4.1(x)) solely on account of the existence of the Unsecured Term Loan.

The Borrower acknowledges that the consent of the Administrative Agent, for and on behalf of the Majority Lenders, is and will be effective only for the existence of the Debt pursuant to the Unsecured Term Loan in the maximum amount of $510,000 and is not a consent to, or a waiver of, any preceding or succeeding breach of Section 5.2(a) of the Credit Agreement or any other covenant or provision of the Credit Agreement.

The Borrower also requests that the Administrative Agent, for and on behalf of the Majority Lenders agree that, notwithstanding Section 1.7 of the Credit Agreement, for the purposes of determining compliance with any covenant contained therein, Debt under the Convertible Debentures shall be deemed to be carried by the Borrower at 100% of the outstanding principal amount thereof (without reference to fair value or market value of such Debt).

Execution of this Consent and Waiver by, the Administrative Agent, on behalf of the Majority Lenders, shall evidence its agreement to the foregoing requests of the Borrower.

Each Credit Party confirms and agrees that the Credit Agreement, as modified pursuant hereto, and each of the other Credit Documents to which such Credit Party is a party remains in full force and effect, unamended, and is enforceable against such Credit Party in accordance with its terms, and the guarantees, security interests, assignments, mortgages, charges, hypothecations and pledges granted by such Credit Party in favour of the Collateral Agent continue to secure all debts, liabilities and obligations at any time or from time to time due or accruing due and owing by each such Credit Party to the Secured Creditors, pursuant to the Credit Agreement and the other Credit Documents to which such Credit Party is a party, as modified pursuant hereto.

All capitalized terms defined in the Credit Agreement and used herein shall have the meaning ascribed thereto in the Credit Agreement. This Consent and Waiver is a Credit Document.

This Consent and Waiver is governed by the laws of the Province of British Columbia and the laws of Canada applicable in that Province.

The Credit Parties acknowledge that:

(a) Evolution Trustees Limited (ABN 29 611 839 519) (the "**Lender**"), as sole trustee of SP1 Credit Fund (the "**Fund**") enters into and performs this document and the transactions contemplated by it only as trustee of the Fund and in no other capacity. To the extent permitted by law, the Lender's liability to pay any amount or satisfy any obligation under or in connection with this document is limited to the extent to which the Lender is actually indemnified out of the assets of the Fund. This limitation applies despite any other provision of this document and extends to all liabilities and obligations of the Lender in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to this document or its performance.

(b) No party to this document may sue the Lender in any capacity other than as trustee of the Fund, seek the appointment of a receiver, liquidator, administrator or other similar person to the Lender or seek to prove in any liquidation, administration or arrangement of or affecting the Lender other than in its capacity as trustee of the Fund and in respect of the assets of the Fund from which the Lender is actually indemnified.

(c) The provisions of Sections (a) through (d), inclusive, do not apply to any obligation or liability of the Lender to the extent that the Lender's right to be indemnified out of the assets of the Fund has been reduced by fraud, gross negligence or a material breach of trust provided that nothing in this Section (c) shall make the Lender liable to any claim for an amount greater than that which each person would have been able to recover from the assets of the Fund were it not for the reduction of the Lender's right of indemnity.

(d) The Lender is not obliged to do or refrain from doing anything under this document (including, without limitation, incur any liability or enter into any document) unless the Lender's liability is limited in the same manner as set out in Sections (a) through (d), inclusive.

[*Signature Page to Follow*]

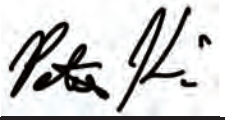
DATED the 30th day of January, 2019.

DIONYMED BRANDS INC.

By: 

Name: Peter Kampian
Title: Chief Financial Officer

DIONYMED INC.

By: 

Name: Peter Kampian
Title: Chief Financial Officer

HERBAN INDUSTRIES, INC.
on behalf of itself and each of the following Credit Parties, as sole manager:

HERBAN INDUSTRIES CA LLC
HERBAN INDUSTRIES OR LLC
HERBAN INDUSTRIES NJ LLC

By: 

Name: Peter Kampian
Title: Chief Financial Officer

HOMETOWN HEART

By: _____

Name: Evan Tenenbaum
Title: Assistant Secretary

DATED the 30th day of January, 2019.

DIONYMED BRANDS INC.

By: _____
Name: Peter Kampian
Title: Chief Financial Officer

DIONYMED INC.

By: _____
Name: Peter Kampian
Title: Chief Financial Officer

HERBAN INDUSTRIES, INC.
on behalf of itself and each of the following Credit Parties, as sole manager:

HERBAN INDUSTRIES CA LLC
HERBAN INDUSTRIES OR LLC
HERBAN INDUSTRIES NJ LLC

By: _____
Name: Peter Kampian
Title: Chief Financial Officer

HOMETOWN HEART

By: _____
Name: Evan Tenenbaum
Title: Assistant Secretary

Acknowledged and agreed by the Lender, Evolution Trustees Limited, as sole trustee of SP1 Credit Fund, which directs GLAS USA LLC, as Administrative Agent, to execute and deliver this Consent and Waiver:

EVOLUTION TRUSTEES LIMITED, as sole trustee of SP1 CREDIT FUND, as Lender

By: _____
Name: Rupert Smoke
Title: Directa

By: _____
Name: Masri Hunck
Title: Company Secretary

Acknowledged and Agreed this 30th day of January, 2019.

GLAS USA LLC, as Administrative Agent

By: _____
Name: Yana Kislenko
Title: Vice President

This is Exhibit "D" to the Affidavit of YANA KISLENKO sworn before me this 22nd day of October, 2019

Nannette Doncell

Notary Public for Taking Affidavits

NANNETTE DONCELL
NOTARY PUBLIC OF NEW JERSEY
COMMISSION EXPIRES 4-20-20

CONSENT AND WAIVER

TO: **GLAS USA LLC, as administrative agent**

Email: ClientServices.Americas@glas.agency

RE: Credit Agreement dated as of January 16, 2019 (as amended to the date hereof, the "**Credit Agreement**") between, *inter alios*, DionyMed Brands Inc. (the "**Borrower**"), as borrower, the lenders party thereto and GLAS USA LLC, as administrative agent (the "**Administrative Agent**")

Pursuant to Section 5.1(l) of the Credit Agreement, within 10 days of the initial Advance, the Borrower is obligated to acquire, or cause to be acquired by a Credit Party, for cancellation (as paid in full) the gross sales royalty granted under the royalty purchase agreement dated as at May 25, 2018 between DionyMed Holdings Inc., Grenville Strategic Royalty Corp. (now known as Flow Capital Corp.) ("**Flow**"), Darwin Strategic Royalty Fund, L.P. ("**Darwin**") and Royco I LLC ("**RoyCo**" and, collectively with Darwin and Flow, the "**Royalty Counterparties**") (the "**Grenville Royalty Acquisition**"). The Borrower has been actively negotiating with the Royalty Counterparties to reach agreement on the payout amount required to complete the Grenville Royalty Acquisition, and requires additional time to conclude these negotiations. As such, the Borrower is unable to complete the Grenville Royalty Acquisition by the deadline prescribed in Section 5.1(l) of the Credit Agreement.

Pursuant to Section 5.1(t) of the Credit Agreement, within 45 days of the Closing Date, the Borrower is, *inter alia*, obligated to deliver to the Collateral Agent fully executed landlord access agreements with respect to each location at which Eligible Inventory of the Credit Parties is located as of the Closing Date. Herban CA leases property and keeps Eligible Inventory at both 3416 Standish Ave, Suite 104, Santa Rosa, California, USA 95407 and 3418 Standish Ave, Suite E, Santa Rosa, California, USA 95407 (together, the "**Standish Avenue Properties**") from Jakl Holdings, LLC (the "**Landlord**"), and the Borrower has been actively negotiating with the Landlord in order to enter into landlord access agreements with respect to each of the Standish Avenue Properties (the "**Standish Avenue Landlord Waivers**"). Notwithstanding the foregoing, the Landlord has advised that it requires additional time to negotiate, review internally, and consider the current drafts of the Standish Avenue Landlord Waivers. Consequently, the Borrower anticipates it will be unable to deliver the Standish Avenue Landlord Waivers by the deadline prescribed in Section 5.1(t) of the Credit Agreement.

Pursuant to Section 5.2(p) of the Credit Agreement, within 30 days of the Closing Date, the Borrower is obligated to deliver to the Collateral Agent blocked account agreements, each executed by the relevant Credit Party and depository bank, with respect to each Bank Account of each Credit Party existing on the Closing Date. Herban OR holds a Bank Account (no. 1600000205222) with Salal Credit Union ("**Salal**") (the "**Salal Account**"), and the Borrower has been actively negotiating with Salal in order to enter into a blocked account agreement with respect to the Salal Account (the "**Salal DACA**"). Notwithstanding the foregoing, Salal has advised that it is unwilling to enter into the Salal DACA due to, *inter alia*, limitations in its

internal compliance and review procedures and the complexities involved in administering such an agreement.

The Borrower hereby represents and warrants to each Lender the accuracy of the negotiations and activities set forth in the above three paragraphs, acknowledging that each Lender is relying on such representations and warranties without independent investigation as to the matters referred to therein in connection with this Consent and Waiver.

In light of the foregoing, the Borrower hereby requests that the Administrative Agent, for and on behalf of the Majority Lenders,

(a) consent to an extension of the deadline under Section 5.1(l) of the Credit Agreement for the Borrower to complete (or cause the completion of) the Grenville Royalty Acquisition to March 2, 2019 (the "**Grenville Royalty Extension**");

(b) consent to an extension of the deadline under Section 5.1(t) of the Credit Agreement for the Borrower to deliver the Standish Avenue Landlord Waivers to April 2, 2019 (the "**Landlord Waiver Extension**");

(c) waive the requirement under Section 5.2(p) of the Credit Agreement for the Borrower to deliver the Salal DACA, on the condition that the Credit Parties undertake not to cause or permit the cash balance in the Salal Account to exceed US$2,000,000 at any time (the "**Salal DACA Waiver**");

(d) waive any Default or Event of Default arising solely from the Grenville Royalty Extension, the Landlord Waiver Extension, or the Salal DACA Waiver (including, but not limited to, pursuant to Sections 5.1(1), 5.1(t), or 5.2(p) of the Credit Agreement, or any incorrect representation or warranty in the Credit Agreement) (the "**Default Waiver**" and, collectively with the Grenville Royalty Extension, the Landlord Waiver Extension, and the Salal DACA Waiver, the "**Waiver Requests**")

Further to Section (c), above, each Credit Party covenants and undertakes not to cause or permit the cash balance in the Salal Account to exceed US$2,000,000 at any time and shall from time to time, upon request of the Majority Lenders, deliver to the Majority Lenders account statements issued by Salal with respect to the balance of the Salal Account at such time.

The Borrower acknowledges that the consent of the Administrative Agent, for and on behalf of the Majority Lenders, is and will be effective only for the Waiver Requests, as described herein, and is not a consent to, or a waiver of, any preceding or succeeding breach of Sections, 5.1(l), 5.1(t) or 5.2(p) of the Credit Agreement, as applicable, or any other covenant or provision of the Credit Agreement.

Execution of this Consent and Waiver by the Administrative Agent, on behalf of the Majority Lenders, shall evidence its agreement to the Waiver Requests.

Except as amended and modified by the consent and waiver dated January 30, 2019 among the Credit Parties, the Lender and the Administrative Agent (the "**January 30 Consent**") and this Consent and Waiver, each Credit Party confirms and agrees that the Credit Agreement and each of the other Credit Documents to which such Credit Party is a party remains in full force and effect, unamended, and is enforceable against such Credit Party in accordance with its terms, and the guarantees, security interests, assignments, mortgages, charges, hypothecations and pledges granted by such Credit Party in favour of the Collateral Agent continue to secure all debts, liabilities and obligations at any time or from time to time due or accruing due and owing by each such Credit Party to the Secured Creditors, pursuant to the Credit Agreement and the other Credit Documents to which such Credit Party is a party, as modified pursuant hereto and by the January 30 Consent.

All capitalized terms defined in the Credit Agreement and used herein shall have the meaning ascribed thereto in the Credit Agreement. This Consent and Waiver is a Credit Document.

This Consent and Waiver is governed by the laws of the Province of British Columbia and the laws of Canada applicable in that Province.

[*Signature Page to Follow*]

DATED the 14 day of February, 2019.

DIONYMED BRANDS INC.

By: _____
Name: Peter Kampian
Title: Chief Financial Officer

DIONYMED INC.

By: _____
Name: Peter Kampian
Title: Chief Financial Officer

HERBAN INDUSTRIES, INC. on behalf of itself and each of the following Credit Parties, as sole manager:

HERBAN INDUSTRIES CA LLC
HERBAN INDUSTRIES OR LLC
HERBAN INDUSTRIES NJ LLC

By: _____
Name: Peter Kampian
Title: Chief Financial Officer

HOMETOWN HEART

By: _____
Name: Evan Tenenbaum
Title: Assistant Secretary

DATED the 14 day of February, 2019.

DIONYMED BRANDS INC.

By: _____
Name: Peter Kampian
Title: Chief Financial Officer

DIONYMED INC.

By: _____
Name: Peter Kampian
Title: Chief Financial Officer

HERBAN INDUSTRIES, INC. on behalf of itself and each of the following Credit Parties, as sole manager:

HERBAN INDUSTRIES CA LLC
HERBAN INDUSTRIES OR LLC
HERBAN INDUSTRIES NJ LLC

By: _____
Name: Peter Kampian
Title: Chief Financial Officer

HOMETOWN HEART

By: _____
Name: Evan Tenenbaum
Title: Assistant Secretary

Acknowledged and Agreed this 14th day of February, 2019.

GLAS USA LLC, as Administrative Agent

By: _____

Name: Yana Kislenko
Title: Vice President

This is Exhibit "E" to the Affidavit of YANA KISLENKO sworn before me this 22nd day of October, 2019

Nannette Doncell

Notary Public for Taking Affidavits

NANNETTE DONCHILL
NOTARY PUBLIC OF NEW JERSEY
COMMISSION EXPIRES 4-20-20

CONSENT AND WAIVER

TO: **GLAS USA LLC, as administrative agent**

Email: ClientServices.Americas@glas.agency

RE: Credit Agreement dated as of January 16, 2019 (as amended to the date hereof, the "**Credit Agreement**") between, *inter alios*, DionyMed Brands Inc. (the "**Borrower**"), as borrower, the lenders party thereto and GLAS USA LLC, as administrative agent (the "**Administrative Agent**")

Pursuant to Section 5.1(l) of the Credit Agreement, within 10 days of the initial Advance, the Borrower is obligated to acquire, or cause to be acquired by a Credit Party, for cancellation (as paid in full) the gross sales royalty granted under the royalty purchase agreement dated as at May 25, 2018 between DionyMed Holdings Inc., Grenville Strategic Royalty Corp. (now known as Flow Capital Corp.) ("**Flow**"), Darwin Strategic Royalty Fund, L.P. ("**Darwin**") and Royco I LLC ("**RoyCo**" and, collectively with Darwin and Flow, the "**Royalty Counterparties**") (the "**Grenville Royalty Acquisition**"). Pursuant to the consent and waiver dated February 14, 2019 among the Credit Parties and the Administrative Agent (the "**February 14 Consent**"), the Administrative Agent, for and on behalf of the Majority Lenders agreed to, *inter alia*, extend the deadline under Section 5.1(l) of the Credit Agreement for the Borrower to complete (or cause the completion of) the Grenville Royalty Acquisition to March 2, 2019.

The Borrower has been actively negotiating with the Royalty Counterparties to reach agreement on the payout amount required to complete the Grenville Royalty Acquisition, and requires further additional time to conclude these negotiations. As such, the Borrower is unable to complete the Grenville Royalty Acquisition by the deadline prescribed in Section 5.1(l) of the Credit Agreement, as extended by the February 14 Consent.

The Borrower hereby represents and warrants to each Lender the accuracy of the negotiations and activities set forth in the above paragraphs, acknowledging that each Lender is relying on such representations and warranties without independent investigation as to the matters referred to therein in connection with this Consent and Waiver.

In light of the foregoing, the Borrower hereby requests that the Administrative Agent, for and on behalf of the Majority Lenders,

(a) consent to a further extension of the deadline under Section 5.1(l) of the Credit Agreement, as extended by the February 14 Consent, for the Borrower to complete (or cause the completion of) the Grenville Royalty Acquisition to the date that is the earlier of: (i) the date on which the aggregate amount of Commitments made available to the Borrower by the Lenders equals or exceeds US$20,000,000; and (ii) September 2, 2019 (the "**Additional Grenville Royalty Extension**"); and

(b) waive any Default or Event of Default arising solely from the Additional Grenville Royalty Extension (including, but not limited to, pursuant to Section 5.1(1) of the Credit Agreement, or any incorrect representation or warranty in the Credit Agreement) (the "**Default Waiver**" and, collectively with the Additional Grenville Royalty Extension, the "**Waiver Requests**")

The Borrower acknowledges that the consent of the Administrative Agent, for and on behalf of the Majority Lenders, is and will be effective only for the Waiver Requests, as described herein, and is not a consent to, or a waiver of, any preceding or succeeding breach of Sections, 5.1(l) of the Credit Agreement, or any other covenant or provision of the Credit Agreement.

Execution of this Consent and Waiver by the Administrative Agent, on behalf of the Majority Lenders, shall evidence its agreement to the Waiver Requests.

Except as amended and modified by the consent and waiver dated January 30, 2019 among the Credit Parties, the Lender and the Administrative Agent (the "**January 30 Consent**"), the February 14 Consent (together with the January 30 Consent, the "**Previous Consents**"), and this Consent and Waiver, each Credit Party confirms and agrees that the Credit Agreement and each of the other Credit Documents to which such Credit Party is a party remains in full force and effect, unamended, and is enforceable against such Credit Party in accordance with its terms, and the guarantees, security interests, assignments, mortgages, charges, hypothecations and pledges granted by such Credit Party in favour of the Collateral Agent continue to secure all debts, liabilities and obligations at any time or from time to time due or accruing due and owing by each such Credit Party to the Secured Creditors, pursuant to the Credit Agreement and the other Credit Documents to which such Credit Party is a party, as modified pursuant hereto and by the Previous Consents.

All capitalized terms defined in the Credit Agreement and used herein shall have the meaning ascribed thereto in the Credit Agreement. This Consent and Waiver is a Credit Document.

This Consent and Waiver is governed by the laws of the Province of British Columbia and the laws of Canada applicable in that Province.

[*Signature Page to Follow*]

DATED the 28 day of February, 2019.

DIONYMED BRANDS INC.

By: _____
Name: Peter Kampian
Title: Chief Financial Officer

DIONYMED INC.

By: _____
Name: Peter Kampian
Title: Chief Financial Officer

HERBAN INDUSTRIES, INC. on behalf of itself and each of the following Credit Parties, as sole manager:

HERBAN INDUSTRIES CA LLC
HERBAN INDUSTRIES OR LLC
HERBAN INDUSTRIES NJ LLC

By: _____
Name: Peter Kampian
Title: Chief Financial Officer

HOMETOWN HEART

By: _____
Name: Evan Tenenbaum
Title: Assistant Secretary

DATED the 28 day of February, 2019.

DIONYMED BRANDS INC.

By: _____
Name: Peter Kampian
Title: Chief Financial Officer

DIONYMED INC.

By: _____
Name: Peter Kampian
Title: Chief Financial Officer

HERBAN INDUSTRIES, INC. on behalf of itself and each of the following Credit Parties, as sole manager:

HERBAN INDUSTRIES CA LLC
HERBAN INDUSTRIES OR LLC
HERBAN INDUSTRIES NJ LLC

By: _____
Name: Peter Kampian
Title: Chief Financial Officer

HOMETOWN HEART

By: _____
Name: Evan Tenenbaum
Title: Assistant Secretary

Acknowledged and Agreed this 28 day of February 2019.

GLAS USA LLC, as Administrative Agent

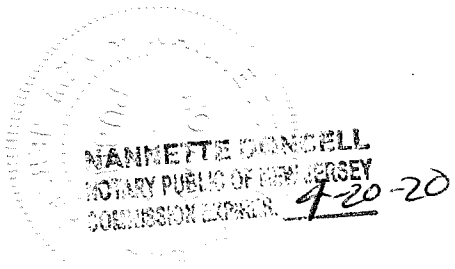
By: _____

Name: Yana Kislenko
Title: Vice President

This is Exhibit "F" to the Affidavit of YANA KISLENKO sworn before me this 22nd day of October, 2019

Nannette Doncell

Notary Public for Taking Affidavits



AMENDING AGREEMENT

Amending Agreement dated as of July 18, 2019 among DionyMed Brands Inc., as Borrower, HomeTown Heart, DionyMed Inc., Herban Industries, Inc., Herban Industries CA LLC, Herban Industries OR LLC, Herban Industries NJ LLC, as Credit Parties, and GLAS USA LLC, as Administrative Agent for and on behalf of the Lenders.

RECITALS:

(a) The lenders party thereto from time to time (collectively, the "**Lenders**") made certain credit facilities available to DionyMed Brands Inc. (together with its successors and permitted assigns, the "**Borrower**") upon the terms and conditions contained in a credit agreement dated as of January 16, 2019 among the Borrower, HomeTown Heart, DionyMed Inc., Herban Industries, Inc., Herban Industries CA LLC, Herban Industries OR LLC, Herban Industries NJ LLC and their respective subsidiaries from time to time party thereto, as Credit Parties, the Lenders, GLAS USA LLC, as Administrative Agent, and GLAS Americas LLC, as Collateral Agent (the "**Original Credit Agreement**");

(b) The Borrower and the Lenders have agreed to certain consents and waivers pursuant to consent and waiver agreements dated January 30, 2019, February 14, 2019 and February 28, 2019 (the Original Credit Agreement as amended by such consent and waiver agreements, the "**Credit Agreement**");

(c) The Borrower has requested, among other things, (i) a waiver of the requirement that it obtain landlord waivers for its Standish Avenue facility in order to include inventory at that location in the Borrowing Base, (ii) a waiver with respect to the Market Capitalization Ratio and minimum Unrestricted Cash covenants in Section 5.3 of the Credit Agreement, (iii) an extension of the deadline to complete the acquisition of the Equity Securities in the capital of HomeTown Heart to September 30, 2019, and (iv) the consent of the Majority Lenders to the acquisition of certain assets from MM Esperanza 2 LLC ("**MMAC**");

(d) The parties wish to increase the maximum principal amount of Term Facility Commitments to $15,000,000, expecting that Marin Finance Fund LP will become a Lender with a Term Facility Commitment of $1,000,000 and will make the Marin Advance and that SP1 Credit Fund will increase its Term Facility Commitment from $13,000,000 to $14,000,000 and make an additional Advance under the Term Facility of $1,000,000; and

(e) It is a condition precedent of the Lenders' consent to such waivers and extensions and to such additional Term Facility Commitments that the parties enter into this Amending Agreement.

In consideration of the foregoing and the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

Section 1 Defined Terms.

Capitalized terms used in this Amending Agreement and not otherwise defined have the meanings specified in the Credit Agreement.

Section 2 Headings.

Section headings in this Amending Agreement are included for convenience of reference only and shall not constitute a part of this Amending Agreement for any other purpose.

Section 3 Waivers.

(1) Notwithstanding Section 5.3(b) of the Credit Agreement, the Borrower shall maintain, at all times during the period beginning on the date of this Amending Agreement and ending on September 30, 2019 (or such later date as the Majority Lenders may agree), a Market Capitalization Ratio of not less than 1.0:1.0, provided that the Borrower shall be in compliance with Section 5.3(b) of the Credit Agreement at all times from and after October 1, 2019 (or such later date as the Majority Lenders may agree).

(2) Notwithstanding Section 5.3(e) of the Credit Agreement, the Borrower shall maintain, on a consolidated basis, at all times during the period:

(a) beginning on the date of this Amending Agreement and ending on July 31, 2019 (or such later date as the Majority Lenders may agree), Unrestricted Cash in a minimum amount of $1,000,000; and

(b) beginning on August 1, 2019 and ending on August 31, 2019 (or such later date as the Majority Lenders may agree), Unrestricted Cash in a minimum amount of $2,000,000

provided that the Borrower shall be in compliance with Section 5.3(e) of the Credit Agreement at all times from and after September 1, 2019 (or such later date as the Majority Lenders may agree).

Section 4 Consent.

The consent of the Majority Lenders to the acquisition of certain assets from MM Esperanza 2 LLC is contained in a separate consent dated as of the date hereof, at the request of the Borrower, which consent shall be delivered in connection with and become effective with this Amending Agreement.

Section 5 Amendments to the Credit Agreement.

(1) Section 1.1 of the Credit Agreement is hereby amended as follows:

(a) The following definition is added before the definition of "**Account**" in Section 1.1 of the Credit Agreement:

""**6-Month DSR**" means, at any time, an amount equal to the aggregate amount of interest and fees (other than any discretionary component of such fees) payable to or for the benefit of the Lenders pursuant to the Credit Documents for the period beginning at such time and ending six consecutive months thereafter, as determined by the Majority Lenders. For the purposes of calculating 6-Month DSR at any time, the LIBOR Rate determined for the then-current Interest Period shall be used provided that the 6-Month DSR shall not be reduced solely as a result of a decrease in the LIBOR Rate from one Interest Period to another."

(b) After the definition of "**Debt**" and before the definition of "**Default**" in Section 1.1 of the Credit Agreement, the following definition is added:

""**Debt Service Reserve Account**" means a Bank Account of the Borrower that is subject to a blocked account agreement among the Borrower, the Collateral Agent and the depository bank, in form and substance satisfactory to the Collateral Agent, which agreement shall provide, among other things, that any withdrawal from such Bank Account is subject to prior approval of the Collateral Agent."

(c) After the definition of "**Manufactured Goods Reserve**" and before the definition of "**Market Capitalization**", the following definitions are added:

""**Marin Advance**" means an Advance in the principal amount of $1,000,000 that may be made by the Marin Lender to the Borrower on or about July 18, 2019 pursuant to the Term Facility.

"**Marin Lender**" means Marin Finance Fund LP."

(d) The definition of "**Unrestricted Cash**" in Section 1.1 of the Credit Agreement is deleted and the following is substituted:

""**Unrestricted Cash**" means, on any date, cash and Cash Equivalents of the Credit Parties (in each case, free and clear of all Liens other than the Security) to the extent the use thereof for the application to payment of Debt is not prohibited by law or any contract to which any Credit Party is a party and excluding cash and Cash Equivalents listed as "restricted" on the consolidated balance sheet of the Borrower as of such date, provided that cash and Cash Equivalents on deposit in the Debt Service Reserve Account on such date shall be Unrestricted Cash notwithstanding that the use thereof is restricted by this Agreement."

(e) The definition of "**Warrant Exercise Price**" in Section 1.1 of the Credit Agreement is deleted and the following is substituted:

""**Warrant Exercise Price**" means, (i) with respect to the Warrants issued in connection with the first $20,000,000 aggregate principal amount of Advances, the lower of (x) Cdn.$4.65 and (y) a 50% premium to the volume weighted average price at which the Subordinate Voting Shares have traded on the CSE for the ten (10) consecutive trading days ending one trading day before the date of

the relevant Advance, as reported by the CSE, and (ii) with respect to Warrants issued in connection with any other Advance (or portion thereof), 50% premium to the lower of (x) Cdn.$4.25 and (y) the volume weighted average price at which the Subordinate Voting Shares have traded on the CSE for the ten (10) consecutive trading days ending one trading day before the date of the relevant Advance, as reported by the CSE; provided that the Warrant Exercise Price for any Warrant will not be less than the closing market price of the Subordinate Voting Shares on the CSE on the trading day before the earlier of (x) the dissemination of a news release disclosing the issuance of such Warrant and (y) the posting of notice of the proposed issuance of such Warrant and provided further that, with respect to Warrants issued in connection with the Marin Advance, if and when made, the Warrant Exercise Price shall be the lower of (x) Cdn.$2.25 and (y) a 25% premium to the volume weighted average price at which the Subordinate Voting Shares have traded on the CSE for the ten (10) consecutive trading days ending one trading day before the date of the Marin Advance, as reported by the CSE."

(f) The definition of "**Warrants**" in Section 1.1 of the Credit Agreement is deleted and the following is substituted:

""**Warrants**" means purchase warrants issued to (or as directed by) the Lenders in their capacities as such, in the form set out on Exhibit 7 or such other form as may be agreed to by the applicable Lender and the Borrower, each entitling the holder to subscribe for Subordinate Voting Shares of the Borrower."

(2) Article 2 of the Credit Agreement is hereby amended as follows:

(a) Section 2.1(2) of the Credit Agreement is deleted and the following is substituted:

"After the Closing Date, upon and subject to an increase in the Term Facility Commitment, Lenders with Term Facility Commitments may make additional Advances under the Term Facility in accordance with such Commitments on any Business Day prior to the Repayment Date in a maximum principal amount not to exceed $2,000,000 in the aggregate, upon satisfaction of the applicable conditions set out in Article 3 to the extent required by the Lender making such Advances, provided that the principal amount of Advances made under the Term Facility at any time shall not exceed the Term Facility Commitment at such time. The Borrower will pay a fee in the amount equal to 2.0% of the principal amount of the Marin Advance to the Marin Lender, such amount to be due and payable on the date the Marin Advance is made. The Marin Lender may withhold the amount of such fee from the proceeds of the Marin Advance."

(b) Section 2.1(4) of the Credit Agreement is amended by inserting "or such shorter period as may be agreed by the Borrower and the Lenders making such subsequent Advance" in the third sentence of such Section after the phrase "ten (10) Business Days prior notice" and before the punctuation ",".

(c) Section 2.4 of the Credit Agreement is amended by adding the following at the end of such Section: "The proceeds of the second Advance by SP1 Credit Fund (in the principal amount of $1,000,000), if and when made, shall be used to repay the promissory note dated July 1, 2019 issued by the Borrower to Tribeca Global Natural Resources Credit Fund in the principal amount of $430,513.42, the fees payable by the Borrower in connection with the Fee Letters and the increase in the Term Facility Commitments to $15,000,000 and other fees payable in connection with the Credit Documents. SP1 Credit Fund may withhold the amount of any such fees from the proceeds of such Advance to pay such fees and amounts owing to SP1 Credit Fund, Tribeca Global Resources Credit Pty Ltd and certain affiliated funds including Tribeca Global Natural Resources Credit Fund."

(d) After Section 2.13, the following Section 2.14 is added:

"Section 2.14 MFN Clause.

The Borrower will not and will not permit any other Credit Party to (a) enter into any agreement to borrow money or (b) agree to any amendment, waiver, consent, modification, refunding, refinancing or replacement of any agreement to borrow money, in either case, with terms the effect of which is to grant the lender(s) of such borrowed money a rate of return that is higher than the aggregate of the interest applicable to Advances hereunder pursuant to Section 2.2 plus the anniversary fee described in the Fee Letters, unless the Borrower, within ten Business Days (x) notifies the Lenders and the Administrative Agent thereof and (y) incorporates herein such increased rate of return. If the Majority Lenders at the time so elect by notice to the Credit Parties and the Administrative Agent, the incorporation of each such increased rate of return shall be deemed to occur automatically without any further action or the execution of any additional document by any of the parties to this Agreement. If the Majority Lenders do not elect to effect such an automatic incorporation, the Majority Lenders shall promptly tender to the Credit Parties for execution by them an amendment incorporating such increased rate of return. For greater certainty, this Section 2.14 does not constitute the consent of the Lenders to the incurrence of Debt that is not Permitted Debt."

(3) Article 5 of the Credit Agreement is hereby amended as follows:

(a) Section 5.1(l) of the Credit Agreement is amended by deleting the phrase "ten (10) days after the initial Advance" and substituting the phrase "the date that is the earlier of: (i) the date on which the aggregate amount of Commitments made available to the Borrower by the Lenders equals or exceeds $20,000,000 and (ii) September 2, 2019 (or such later date as the Majority Lenders may agree)".

(b) Section 5.1(q) of the Credit Agreement is amended by deleting the phrase "one such appraisal" and substituting the phrase "two such appraisals".

(c) Section 5.1(u) of the Credit Agreement is amended by deleting the phrase "ninety (90) days after the Closing Date" and substituting the phrase "September 30, 2019".

(d) Section 5.2(p) of the Credit Agreement is amended by inserting the following phrase after "within 30 days after the Closing Date" and before the punctuation ";":

". The Borrower shall not, and shall ensure that no other Credit Party shall, cause or permit the cash balance in Bank Accounts of the Credit Parties at Salal Credit Union to exceed $2,000,000 at any time, and the Credit Parties shall, from time to time, deliver to the Majority Lenders account statements issued by Salal Credit Union with respect to the balance of such accounts at such time"

(e) Section 5.2(q) of the Credit Agreement is amended by deleting the punctation "." where it appears at the end of such Section and substituting the punctuation ";".

(f) After Section 5.2(q) of the Credit Agreement, the following Section 5.2(r) is added:

"(r) **Proceeds of Borrower Equity**. Lend, invest or otherwise transfer funds from the Borrower or any other Credit Party formed in a Canadian jurisdiction (a "**Canadian Credit Party**") to or for the benefit of a Credit Party formed in a U.S. jurisdiction (a "**U.S. Credit Party**") except that the Canadian Credit Parties may lend, invest or otherwise transfer funds to the U.S. Credit Parties in an aggregate amount not to exceed the amount by which (x) the U.S. Credit Parties' aggregate costs and expenses (including for the acquisition of assets and other *bona fide* business expenses) for the immediately following four (4) weeks exceed (y) the funds of the U.S. Credit Parties."

(g) After Section 5.3(g) of the Credit Agreement, the following Section 5.3(h) is added:

"(h) **Debt Service Reserve Account**. Maintain at all times, from and after October 1, 2019 (or such later date as may be agreed by the Majority Lenders), an amount at least equal to the 6-Month DSR in the Debt Service Reserve Account."

(4) Section 8.13 of the Credit Agreement is hereby amended by deleting "or (y)" where it appears in that Section and replacing it with ", (y) any payment or distribution received by Marin Finance Fund LP pursuant to the personal guarantee dated July 17, 2019 granted by Edward Shields to Marin Finance Fund LP or any collateral provided by Edward Shields therefor, or (z)".

(5) The Exhibits of the Credit Agreement are hereby amended as follows:

(a) Exhibit 1 (Form of Compliance Certificate) of the Credit Agreement is deleted and the form of Exhibit 1 attached hereto at Schedule A is substituted.

(b) Exhibit 5 (Eligible Inventory Criteria) of the Credit Agreement is deleted and the form of Exhibit 5 attached hereto at Schedule B is substituted.

(c) Exhibit 10 (Form of Borrowing Base Certificate) of the Credit Agreement is deleted and the form of Exhibit 10 attached hereto at Schedule C is substituted.

Section 6 Representations, Warranties and Covenants.

To induce the Administrative Agent to enter into this Amending Agreement, each Credit Party represents, warrants and covenants to the Administrative Agent and the Secured Creditors as follows, which representations, warranties and covenants shall survive the execution and delivery hereof:

(a) All necessary action has been taken to authorize the execution, delivery and performance of this Amending Agreement. This Amending Agreement has been duly executed and delivered by such Credit Party and constitutes legal, valid and binding obligations of such Credit Party enforceable against it in accordance with its terms;

(b) The execution and delivery by such Credit Party and the performance by it of its obligations under this Amending Agreement will not conflict with or result in a breach of any of the terms or conditions of its constating documents or by-laws, any Applicable Law or any contractual restriction binding on or affecting it or its Assets;

(c) Each of the representations and warranties contained in Article 4 of the Credit Agreement and in any other Credit Document are true and correct on the date hereof as if they were made on such date except for any representation and warranty which is stated to be made only as of a certain date (and then as of such date);

(d) No Default or Event of Default exists under the Credit Agreement after giving effect to this Amending Agreement; and

(e) The Credit Agreement, as amended pursuant hereto, and each of the other Credit Documents to which such Credit Party is a party remains in full force and effect, unamended (except as expressly provided herein), and is enforceable against such Credit Party in accordance with its terms; and the guarantee granted by such Credit Party, as applicable, in favour of the Secured Creditors extends to all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, at any time or from time to time due or accruing due and owing by or otherwise payable by the Borrower to the Secured Creditors or any one or more of them, in any currency, under or in connection with or pursuant to the Credit Agreement, as amended by this Amending Agreement; and the security interests, assignments, mortgages, charges, hypothecations and pledges granted

by such Credit Party in favour of the Collateral Agent continue to secure all debts, liabilities and obligations at any time or from time to time due or accruing due and owing by such Credit Party to the Secured Creditors pursuant to the Credit Agreement, as amended by this Amending Agreement.

Section 7 Warrants.

In consideration for the Lenders agreeing to enter into this Amending Agreement, the Borrower will pay a fee to be satisfied by the issuance by the Borrower of 563,318 Warrants to (or as directed by) the Lenders, each such Warrant having an exercise price of Cdn$1.80 and expiring on June 28, 2022 and otherwise being in form and substance satisfactory to the Lenders. Notwithstanding Section 2.3 of the Credit Agreement, no Warrants shall be required to be delivered in connection with the additional $1,000,000 Advance by SP1 Credit Fund, if and when such Advance is made.

Section 8 Reference to and Effect on the Credit Agreement.

(1) Upon this Amending Agreement becoming effective, each reference in the Credit Agreement to "this Agreement" and each reference to the Credit Agreement in the other Credit Documents and any and all other agreements, documents and instruments delivered by any of the Secured Creditors, the Credit Parties or any other Person shall mean and be a reference to the Credit Agreement as amended by this Amending Agreement. Except as specifically amended by this Amending Agreement, the Credit Agreement shall remain in full force and effect.

(2) Except to the extent expressly set forth herein, (a) the execution, delivery and effectiveness of this Amendment and any consents and waivers set forth herein shall not directly or indirectly (i) constitute a consent or waiver of any past, present or future violations of any provisions of the Credit Agreement or any other Credit Document; (ii) amend, modify or operate as a waiver of any provision of the Credit Agreement or any other Credit Document or any right, power or remedy of any Secured Creditor thereunder; or (iii) constitute a course of dealing or other basis for altering any obligations or any other contract or instrument; and (b) the Secured Creditors reserve all of their respective rights, powers and remedies under the Credit Agreement, the other Credit Documents and Applicable Law.

Section 9 Costs and Expenses.

The Borrower agrees to reimburse the Administrative Agent and the Lenders for all reasonable fees, costs and expenses, including the reasonable fees, costs and expenses of counsel, in connection with this Amending Agreement and the other agreements and documents executed in connection herewith.

Section 10 Effectiveness.

This Amending Agreement shall become effective upon the following conditions precedent being satisfied:

(a) duly executed signature pages for this Amending Agreement shall have been delivered to the Administrative Agent;

(b) the representations and warranties contained herein shall be true and correct;

(c) SP1 Credit Fund shall have received the warrants described in Section 7 of this Amending Agreement;

(d) the Marin Lender shall have executed a Lender Joinder; and

(e) the Lender Joinder previously delivered by SP1 Credit Fund shall have been amended or restated to increase its Term Facility Commitment to $14,000,000.

Section 11 Governing Law.

This Amending Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

Section 12 Counterparts.

This Amending Agreement may be executed in any number of counterparts, each of which is deemed to be an original, and such counterparts together constitute one and the same instrument. Transmission of an executed signature page by facsimile, e-mail or other electronic means is as effective as a manually executed counterpart of this Amending Agreement.

Section 13 Credit Document.

For greater certainty, this Amending Agreement is a Credit Document.

IN WITNESS WHEREOF the parties have executed this Amending Agreement.

DIONYMED BRANDS INC.,
as Borrower

By: _____
Authorized Signing Officer

DIONYMED INC.,
as a Credit Party

By: _____
Authorized Signing Officer

HOMETOWN HEART,
as a Credit Party

By: _____
Authorized Signing Officer

HERBAN INDUSTRIES, INC.,
on behalf of itself, as a Credit Party, and each of the following Credit Parties, as sole manager:

HERBAN INDUSTRIES CA LLC
HERBAN INDUSTRIES OR LLC
HERBAN INDUSTRIES NJ LLC

By: _____
Authorized Signing Officer

IN WITNESS WHEREOF the parties have executed this Amending Agreement.

DIONYMED BRANDS INC.,
as Borrower

By: _____
Authorized Signing Officer

DIONYMED INC.,
as a Credit Party

By: _____
Authorized Signing Officer

HOMETOWN HEART,
as a Credit Party

By: DocuSigned by: Evan Tenenbaum 9CC8E15E9E0446D
Authorized Signing Officer

HERBAN INDUSTRIES, INC.,
on behalf of itself, as a Credit Party, and each of the following Credit Parties, as sole manager:

HERBAN INDUSTRIES CA LLC
HERBAN INDUSTRIES OR LLC
HERBAN INDUSTRIES NJ LLC

By: _____
Authorized Signing Officer

GLAS USA LLC, as Administrative Agent

By: _____

Authorized Signing Officer

Yana Kislenko
Vice President

SCHEDULE A
(see attached)

Exhibit 1
Form of Compliance Certificate

TO: GLAS USA LLC (the "**Administrative Agent**")

AND TO: The Lenders

FROM: DionyMed Brands Inc. (the "**Borrower**")

RE: Compliance Certificate delivered pursuant to the Credit Agreement dated as of January 16, 2019 (as amended, supplemented, modified or replaced from time to time, the "**Credit Agreement**", the terms defined therein being used herein as therein defined), among the Borrower, HomeTown Heart, DionyMed Inc., Herban Industries Inc., Herban Industries CA LLC, Herban Industries OR LLC, Herban Industries NJ LLC and their respective subsidiaries party thereto from time to time, as Credit Parties, the lenders party thereto from time to time (collectively, the "**Lenders**"), GLAS USA LLC, as Administrative Agent, and GLAS Americas LLC, as Collateral Agent

DATE: ●

I, the undersigned **[Chief Financial Officer]** of the Borrower, hereby certify, without personal liability, to the Administrative Agent and the Lenders that:

1. I have read the provisions of the Credit Agreement which are relevant to this certificate and have made such examinations or investigations as are necessary to enable me to express an informed opinion on the matters contained in this certificate.

2. As at or for the relevant period ending **[date]** (the **"Determination Date"**), the following calculations and amounts were true and correct:

   (a) Market Capitalization Ratio is _____ (required minimum of 4.0:1.0). See details of calculations on Schedule I (Market Capitalization) and Schedule II (Debt).

   (b) EBITDA is _____ (required minimum of 0). See details of calculations on Schedule III.[1]

   (c) Current Ratio is _____ (required minimum of 1.0:1.0). See details of calculations on Schedule IV.

   (d) Unrestricted Cash is $_____ (required minimum of $5,000,000).

   (e) Accounts payable of the Credit Parties (exclusive of administrative expenses of the Borrower incurred by it in the ordinary course of its business as a CSE-listed holding company) is equal to _____% (permitted maximum of 120%)

[1] Applicable to Financial Quarter ending December 31, 2019 and each subsequent Financial Quarter.

of accounts receivable of the Credit Parties, in each case, calculated on a consolidated basis. See details of calculations on Schedule V.

(f) No individual account payable (exclusive of accounts payable to Eaze Solutions, Inc. pursuant to the payment schedule in existence on the Closing Date) greater than $10,000 (up to an aggregate of $50,000 for all such accounts payable) remained unpaid more than 90 days after such account payable was due and payable **[except _____]**.

(g) Adjusted Debt is $_____ (permitted maximum of $40,000,000). See details of calculations on Schedule VI.

3. The balance in the Debt Service Reserve Account is $_____ (to be at least equal to the 6-Month DSR).

4. The financial statements attached hereto have been prepared in accordance with IFRS **[(provided that such financial statements may not contain all footnote disclosures required in accordance with IFRS and may be subject to normal year-end audit adjustments)]** [2] and each presents fairly and consistently:

(a) the assets, liabilities, (whether accrued, absolute, contingent or otherwise) and financial position of the Credit Parties and their respective subsidiaries as at the date of the relevant statements; and

(b) the sales and earnings of the Credit Parties and their respective subsidiaries during the periods covered by such statements.

No change in IFRS or in the application thereof has occurred since the date of the audited annual financial statements of the Borrower previously delivered pursuant to Section 5.1(a)(i) of the Credit Agreement **[except _____ [NTD: If a change has occurred, specify the details of the change and its effect on the accompanying financial statements]].**

5. No Default or Event of Default has occurred and is continuing except _____ **[specify nature and period of existence of any Default or Event of Default and any action which the Borrower has taken or proposes to take with respect thereto]**.

6. The representations and warranties contained in Article 4 of the Credit Agreement are true and correct as though made on this date, in each case, except for those changes to the representations and warranties which have been disclosed to and accepted by the Majority Lenders pursuant to Section 9.1 of the Credit Agreement and any representation and warranty which is stated to be made only as of a certain date (and then as of such date) **[except _____]**.

[2] If certificate delivered in connection with quarterly (as opposed to audited annual) financial statements.

7. The principal amount of Convertible Debentures outstanding on the date hereof is $_____.

8. Each Annex listed below and attached hereto sets out all changes (if any) required to ensure that the information disclosed on the corresponding Schedule of the Credit Agreement is correct and complete on and as at the date hereof:

Annex	Credit Agreement Schedule
A	4.1(i) – Owned Properties and Leased Properties
B	4.1(u) – Corporate Structure
C	4.1(bb)(i) – Location of Assets and Business
D	4.1(bb)(ii) – Material Authorizations
E	4.1(bb)(v) – Material Agreements
F	4.1(bb)(vi) – Bank Accounts and Securities Accounts

_____
Name:
Title:

SCHEDULE I
TO COMPLIANCE CERTIFICATE

Details of Market Capitalization:

Volume weighted average price at which the Subordinate Voting Shares have traded on the CSE for the 30 consecutive trading days ending one trading day before the Determination Date, as reported by the CSE	$		(1)
Number of issued and outstanding Subordinate Voting Shares			(2)
The number of Subordinate Voting Shares into which the issued and outstanding Series A Multiple/Subordinate Voting shares are convertible			(3)
The number of Subordinate Voting Shares into which the issued and outstanding Series F Multiple Voting Shares are convertible			(4)
The number of Convertible Debenture/Warrant/Option Shares			(5)
Number of Subordinate Voting Shares on a partially diluted basis **[(2) + (3) + (4) + (5)]**			(6)
Market Capitalization **[(1) x (6)]**	$		(7)
Debt (See Schedule II)	$		(8)
Market Capitalization Ratio **[(7): (8)]**			

SCHEDULE II
TO COMPLIANCE CERTIFICATE

Details of Debt:

Indebtedness for borrowed money	$		(1)
Indebtedness for deferred purchase price of Assets and services	$		(2)
Indebtedness under conditional sale or other title retention agreements	$		(3)
Obligations evidenced by a note or similar instrument	$		(4)
Indebtedness under receivables sold or discounted			(5)
Capital leases and synthetic leases	$		(6)
Marked to market value of derivative transactions			(7)
Amount attributable to Equity Securities which mature, are redeemable at the sole option of the holder, or provide for scheduled payments in cash on or prior to the Repayment Date	$		(8)
Contingent liabilities	$		(9)
Debt resulting from ownership interest in or relationship with another entity	$		(10)
[(1) + (2) + (3) + (4) + (5) + (6) + (7) + (8) + (9) + (10)]	$		(11)

SCHEDULE III
TO COMPLIANCE CERTIFICATE

Details of EBITDA:

Net income (loss) of the Borrower and Subsidiaries determined on a consolidated basis and reported to the CSE	$		(1)
Interest Charges	$		(2)
Income taxes accrued in accordance with IFRS	$		(3)
Depreciation Expense	$		(4)
Non-cash compensation expense from the granting of stock options and similar arrangements	$		(5)
Transaction expenses paid in relation to Permitted Acquisitions in an amount approved in advance by the Majority Lenders	$		(6)
Earn-out obligations	$		(7)
Transaction expenses paid to arm's length third parties during such period in connection with equity raises			(8)
Other adjustments approved in advance by the Majority Lenders	$		(9)
EBITDA **[(1) + (2) + (3) + (4) + (5) + (6) + (7) + (8) + (9)]**	$		(10)

SCHEDULE IV
TO COMPLIANCE CERTIFICATE

Details of Current Ratio:

Current Assets	$	_____	(1)
Current liabilities of the Borrower and the Subsidiaries on a consolidated basis	$	_____	(2)
Current liabilities in respect of the Facilities	$	_____	(3)
Current liabilities in respect of earn-out obligations	$	_____	(4)
Current liabilities in respect of the Convertible Debentures	$	_____	(5)
Current Liabilities **[(2) – (3) – (4) – (5)]**	$	_____	(6)
Current Ratio **[(1) : (6)]**		_____	

SCHEDULE V
TO COMPLIANCE CERTIFICATE

Details of accounts payable and accounts receivable (calculated on a consolidated basis):

Consolidated accounts payable of the Credit Parties	$	_____	(1)
Administrative expenses of the Borrower incurred in the ordinary course of its business as a CSE-listed holding company to the extent included in (1)	$	_____	(2)
Consolidated accounts receivable of the Credit Parties	$	_____	(3)
[((1) – (2))/(3)] expressed as a percentage:		_____	%

SCHEDULE VI
TO COMPLIANCE CERTIFICATE

Details of Adjusted Debt:

Debt (See Schedule II)	$	_____	(1)
Outstanding Debt under Capital Leases and Purchase Money Mortgages (up to a maximum of $1,000,000)	$	_____	(2)
Outstanding mortgage Debt permitted pursuant to Section 5.2(a)(iv)	$	_____	(3)
Outstanding Debt under the Convertible Debentures	$	_____	(4)
Outstanding Debt under earn-out obligations in existence on the Closing Date in a maximum aggregate amount of $20,000,000 and earn-out obligations incurred pursuant to Permitted Acquisitions completed after the Closing Date	$	_____	(5)
Adjusted Debt **[(1) – (2) – (3) – (4) –(5)]**	$	_____	

SCHEDULE B
(see attached)

Exhibit 5
Eligible Inventory Criteria

Eligible Inventory shall be Inventory of a Credit Party held for sale in the ordinary course of the business of the Credit Party that meets and at all times continues to meet all of the standards of eligibility for Eligible Inventory from time to time established by the Majority Lenders and revised by the Majority Lenders in their reasonable business judgment. Without in any way limiting the discretion of the Majority Lenders to establish other or further standards of eligibility from time to time, Eligible Inventory shall not include any Inventory for which any of the following statements is not accurate and complete (and the Borrower by including such Inventory in any computation of the Borrowing Base shall be deemed to represent and warrant to the Agents and the Lenders that all of the following statements are accurate and complete with respect to such Inventory):

(a) it is (i) finished goods, and not raw materials or work in progress, or (ii) or saleable unprocessed cannabis biomass;

(b) it is subject to a duly perfected Lien in favour of the Collateral Agent and the Secured Creditors ranking in priority to all other Liens and rights of third parties, and is free and clear of all other Liens (other than Permitted Liens that are not consensual);

(c) it has passed the relevant testing required by Applicable Law in order to be saleable and is not held or required to be held in quarantine; it is new or unused, and it is not perished, spoiled, unfit for human consumption, obsolete, unsalable, slow-moving, unmerchantable, recalled, returned or rejected by customers, to be returned to suppliers, a restrictive or custom item unless subject to a legally enforceable purchase order, discontinued, recalled, returned or defective goods or so-called "held ware" (i.e., held for inspection for quality control reasons);

(d) it has not been Inventory for longer than 90 days;

(e) other than saleable unprocessed cannabis biomass, it is not a component that is supplied, used or consumed in producing finished goods;

(f) it is not delivered to or held by a Credit Party, on "sale on approval", "sale return" or "consignment", "guarantee sale", "bill and hold", or subject to any title retention, repurchase or return agreement, or otherwise having terms by reason of which the ownership of the Credit Party, or possession thereof may be conditional;

(g) it is not subject to a negotiable document of title;

(h) it is not in transit;

(i) if it is located in California, (i) it is located in the Santa Rosa facility existing on the Closing Date or the Oakland depot at 414 Lesser Street, and (ii) from

and after the 45th day following the Closing Date, the Collateral Agent is in possession of waivers or subordinations in form and substance satisfactory to the Majority Lenders or, in respect of Inventory located at the Santa Rosa facility, the Majority Lenders have established a Reserve in an amount equal to three (3) months rental payments payable by the Obligors in respect of the Santa Rosa facility;

(j) if it is not located in California, it is located on premises owned by a Credit Party or, if not so located, from and after the 45th day following the Closing Date, the Collateral Agent is in possession of waivers or subordinations in form and substance satisfactory to the Majority Lenders;

(k) it is located within a state of the United States in which the applicable Credit Party is licensed to possess such Inventory, and it is not in transit outside of the United States to or from a Credit Party; and

(l) except as provided under applicable state Cannabis Laws with which such Credit Party is in compliance as required under Section 5.1(e) of this Agreement, it is not subject to any license or other arrangement that restricts the right of the Credit Party or the Collateral Agent to dispose of such Inventory.

For greater certainty, saleable unprocessed cannabis biomass included in Eligible Inventory shall not exceed $500,000 at any time.

SCHEDULE C
(see attached)

Exhibit 10
Form of Borrowing Base Certificate

TO: GLAS USA LLC (the "**Administrative Agent**")

AND TO: The Lenders

FROM: DionyMed Brands Inc. (the "**Borrower**")

RE: Compliance Certificate delivered pursuant to the Credit Agreement dated as of January 16, 2019 (as amended, supplemented, modified or replaced from time to time, the "**Credit Agreement**", the terms defined therein being used herein as therein defined), among the Borrower, HomeTown Heart, DionyMed Inc., Herban Industries Inc., Herban Industries CA LLC, Herban Industries OR LLC, Herban Industries NJ LLC and their respective subsidiaries party thereto from time to time, as Credit Parties, the lenders party thereto from time to time (collectively, the "**Lenders**"), GLAS USA LLC, as Administrative Agent, and GLAS Americas LLC, as Collateral Agent

DATE: ●

I, the undersigned **[Chief Financial Officer]** of the Borrower, hereby certify, without personal liability, to the Administrative Agent and the Lenders that as of this date:

1.	Eligible Inventory (as calculated on Schedule I)	=	$
2.	Eligible Accounts (as calculated on Schedule II)	=	$
3.	Eligible Real Property (as calculated on Schedule III)	=	$
4.	Reserves (as calculated on Schedule IV)	=	$

Borrowing Base = (1) + (2) + (3) – (4) = $ _____

The undersigned expects the Borrowing Base to continue to exceed the principal amount of Advances currently outstanding under the Delayed Draw Facility at all times until the Repayment Date.

All values are stated in U.S. Dollars.

_____
Name:
Title:

SCHEDULE I
TO BORROWING BASE CERTIFICATE

Details of Eligible Inventory:

1.	Total Inventory (lower of cost ($_____) and Net Realizable Value ($_____):			$
2.	Less: Inventory which is not Eligible Inventory:			$
	(a) Inventory that is raw materials or work in progress (other than saleable unprocessed cannabis biomass)	$		
	(b) Inventory that is not subject to Collateral Agent's first priority perfected Lien or not free and clear of all other Liens (other than Permitted Liens that are not consensual)	$		
	(c) Inventory that has not passed the relevant testing required by Applicable Law to be saleable or is held or required to be held in quarantine; or is perished, spoiled, unfit for human consumption, obsolete, unsalable, slow-moving, unmerchantable, recalled, returned or rejected by customers, to be returned to suppliers, a restrictive or custom item unless subject to a legally enforceable purchase order, discontinued, recalled, returned or defective goods or so-called "held ware" (i.e., held for inspection for quality control reasons)	$		
	(d) Inventory that has been Inventory for longer than 90 days	$		
	(e) Inventory that is a component that is supplied, used or consumed in producing finished goods (other than saleable unprocessed cannabis biomass)	$		
	(f) Inventory that is delivered to or held by a Credit Party, on "sale on approval", "sale return" or "consignment", "guarantee sale", "bill and hold", or subject to any title retention, repurchase or return agreement, or otherwise having terms by reason of which the ownership of the Credit Party, or possession thereof may be conditional	$		
	(g) Inventory that is subject to a negotiable document of title	$		
	(h) Inventory that is in transit	$		

(i)	Inventory (i) located in California that is not located in the Santa Rosa facility existing on the Closing Date or the Oakland depot at 414 Lesser Street, or (ii) from and after the 45th day following the date of the Credit Agreement, located in either of such locations if the Collateral Agent is not in possession of waivers or subordinations in form and substance satisfactory to the Majority Lenders or, in respect of Inventory located at the Santa Rosa facility, the Majority Lenders have not established a Reserve in an amount equal to three (3) months rental payments payable by the Obligors in respect of the Santa Rosa facility		
(j)	Inventory (i) that is not located in California and is not located on premises owned by a Credit Party, and (ii) from and after the 45th day following the date of the Credit Agreement, the Collateral Agent is not in possession of waivers or subordinations in form and substance satisfactory to the Majority Lenders	$	
(k)	Inventory that is not located within a state of the United States in which the applicable Credit Party is licensed to possess such Inventory, or is in transit outside of the United States to or from a Credit Party	$	
(l)	Inventory (i) that is subject to any license or other arrangement that restricts the right of the Credit Party or the Collateral Agent to dispose of such Inventory (except as provided under applicable state Cannabis Laws) or (ii) subject to applicable state Cannabis Laws if the Credit Party is not in compliance with such laws	$	
(m)	Trim Inventory that is not described in (a) through (m) above, in excess of $500,000	$	
3.	Eligible Inventory = (1) – (2)		$

For greater certainty, saleable unprocessed cannabis biomass included in Eligible Inventory does not exceed $500,000.

SCHEDULE II
TO BORROWING BASE CERTIFICATE

Details of Eligible Accounts:

1.	Total Accounts			$
2.	Less: Accounts which are not Eligible Accounts:			$
	(a) Accounts that are not bona fide accounts arising from the rendering of services or the sale (on an absolute basis and not on a consignment, approval, or sale-and-return basis) of inventory by a Credit Party in the ordinary course of its business, which services have been performed for, or which goods have been shipped or delivered to, the account debtor	$		
	(b) Accounts that have not been invoiced	$		
	(c) Accounts that, when aggregated with other Accounts owing by the same account debtor, do not exceed $2000	$		
	(d) Accounts that are not valid or legally enforceable	$		
	(e) Accounts not subject to a duly perfected Lien in favour of the Collateral Agent and the Secured Creditors ranking in priority to all other Liens and rights of third parties, or not free and clear of all other Liens (other than Permitted Liens that are not consensual)	$		
	(f) Accounts not representing amounts owing to a Credit Party without any obligation on such Credit Party to remit such amount or a corresponding amount to any Governmental Authority	$		
	(g) The amount payable by the Credit Party in respect of goods of a third party, in connection with Accounts relating to the distribution or other rendering of services by a Credit Party in respect of goods of a third party, if the amount of the invoice for such Account includes a charge for such third party's goods (and not just the services provided by the Credit Party)	$		
	(h) Accounts not denominated in Canadian Dollars or U.S. Dollars	$		
	(i) Accounts outstanding more than 90 days after the date of the original invoice issued with respect thereto or more than 60 days past their due date	$		

(j) All Accounts owing by an account debtor if more than 15% of the Accounts owing by such account debtor are not Eligible Accounts pursuant to clause (i), or are otherwise not Eligible Accounts

$ _____

(k) Accounts that are the subject of any dispute, set-off (other than any credit balance, returns, trade discounts, credit card fees, taxes to be collected, or unbilled amounts or retention, in each case, which amounts have been netted in respect of the Account and otherwised deducted from the amount of the invoice giving rise to such Account), counterclaim or other claim or defence on the part of the account debtor denying liability under such account in whole or in part

$ _____

(l) If, when aggregated, Accounts owing by an account debtor exceed 25% of the aggregate Eligible Accounts, the excess over 25% of the Accounts owing by such account debtor (other than Accounts owing by Eaze Solutions, Inc. to HomeTown Heart)

$ _____

(m) Accounts evidenced by a judgment, instrument or chattel paper

$ _____

(n) Accounts in respect of which a Credit Party has an obligation to hold any portion of such Account in trust or as agent for any other Person

$ _____

(o) Accounts generated in respect of inventory the relevant Credit Party is not licensed to sell

$ _____

(p) Accounts subject to undue credit risk in the opinion of the Majority Lenders in their reasonable business judgment

$ _____

(q) Accounts owed by:

(i) an account debtor which is insolvent, generally not able to pay its debts as they become due, admits in writing its inability to pay its debts generally or makes a general assignment for the benefit of creditors, institutes or has instituted against it any proceeding under any Applicable Law relating to bankruptcy, insolvency, reorganization or relief of debtors, or takes any corporate action to authorize any of the above actions;

$ _____

(ii) an account debtor resident in a country other

than Canada or the United States;

(iii) a Governmental Authority; or

(iv) a Credit Party, or an Affiliate, officer, director or employee of a Credit Party

3. Eligible Accounts = (1) – (2) $ _____

SCHEDULE III
TO THE BORROWING BASE CERTIFICATE

Details of Eligible Real Property:

	Eligible Real Property		Appraised Value
1.		$	
2.		$	
	Total Eligible Real Property:	$	

SCHEDULE IV
TO THE BORROWING BASE CERTIFICATE

Details of Reserves:

From and after the 45th day following the date of the Credit Agreement, three months rental payments (or similar charges) for each leased premise (including the Santa Rosa facility) where Eligible Inventory is located for which no waiver or subordination in form and substance acceptable to the Majority Lenders has been delivered	$	
Three months estimated payments plus other applicable fees and charges owing to warehousemen or third party processors in possession of Eligible Inventory for which no waiver or subordination in form and substance acceptable to the Majority Lenders has been delivered	$	
Amounts past due and owing to (i) landlords for leased premises where Eligible Inventory is located or (ii) warehousemen or third party processors in possession of Eligible Inventory	$	
Reserves required by the Majority Lenders in respect of potential dilution (taking into account any difference between the nominal amount of an invoice and the amount to be received by a Credit Party)	$	
HomeTown Heart Reserve	$	
Manufactured Goods Reserve	$	
Royalty Reserve	$	
Canadian Priority Payables Reserve	$	
Such other Reserves as the Majority Lenders require	$	
Total Reserves:	$	

This is Exhibit "G" to the Affidavit of YANA KISLENKO sworn before me this 22nd day of October, 2019

Nannette Doncell

Notary Public for Taking Affidavits

CONSENT

TO: DionyMed Brands Inc. (the "**Borrower**")

FROM: GLAS USA LLC, as Administrative Agent for and on behalf of the Lenders

RE: Credit Agreement dated as of January 16, 2019 among the Borrower, HomeTown Heart, DionyMed Inc., Herban Industries, Inc., Herban Industries CA LLC, Herban Industries OR LLC, Herban Industries NJ LLC and their respective subsidiaries from time to time party thereto, as Credit Parties, the Lenders, GLAS USA LLC, as Administrative Agent, and GLAS Americas LLC, as Collateral Agent, as amended from time to time to the date hereof (capitalized terms used herein and not defined having the meanings given therein).

AND RE: The request by the Borrower for the consent of the Majority Lenders to the acquisition of certain assets from MM Esperanza 2 LLC ("**MMAC**")

DATE: July 18, 2019

The Borrower has notified the Lenders that Herban Industries, Inc. (or its subsidiaries including, in the case of certain Cannabis licences, Herban CA) intends to acquire certain assets from MMAC including, but not limited to, the land, property, buildings, facilities and equipment used to cultivate, distribute, process and retail medical and adult-use marijuana and non-marijuana products in Los Angeles, all facility leases, tenant improvements, equipment and other assets related to the business, and certain contracts for a purchase price, payable in cash and series A preferred shares of the Borrower, of $19,067,000 (subject to closing adjustments) (the "**Acquisition**").

In connection with the Acquisition, Herban Industries, Inc. will sell the assets so purchased, except for certain excluded property, to IIP Operating Partnership, LP, a Delaware limited partnership, which will, in turn, lease such assets back to Herban CA and the Borrower (the "**Sale-Leaseback**"). For greater certainty, Herban CA will retain the Cannabis licences acquired pursuant to the Acquisition and such licences shall not be subject to the Sale-Leaseback. The Acquisition and Sale-Leaseback constitute the "**MMAC Transaction**".

The Majority Lenders hereby consent to the MMAC Transaction. For greater certainty, no prepayment is required pursuant to Section 2.6(3) of the Credit Agreement in connection with the MMAC Transaction.

Except to the extent expressly set forth herein, (a) the execution, delivery and effectiveness of this Consent and any consents and waivers set forth herein shall not directly or indirectly (i) constitute a consent or waiver of any past, present or future violations of any provisions of the Credit Agreement or any other Credit Document; (ii) amend, modify or operate as a waiver of any provision of the Credit Agreement or any other Credit Document or any right, power or remedy of any Secured Creditor thereunder; or (iii) constitute a course of dealing or other basis for altering any obligations or any other contract or instrument; and (b) the Secured Creditors reserve all of their respective rights, powers and remedies under the Credit Agreement, the other Credit Documents and Applicable Law.

This Consent may be executed in any number of counterparts, each of which is deemed to be an original, and such counterparts together constitute one and the same instrument. Transmission of an executed signature page by facsimile, e-mail or other electronic means is as effective as a manually executed counterpart of this Consent.

This Consent is governed by the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

[Signatures appear on the following page]

DIONYMED BRANDS INC.
as Borrower

By: _____
Authorized Signing Officer

By: _____
Authorized Signing Officer

GLAS USA LLC, as Administrative Agent

By: _____
Authorized Signing Officer

DIONYMED BRANDS INC.,
as Borrower

By: _____
Authorized Signing Officer

By: _____
Authorized Signing Officer

GLAS USA LLC, as Administrative Agent

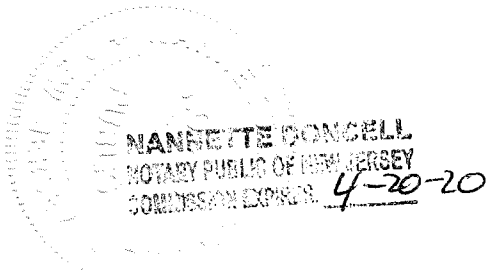
By: _____
Authorized Signing Officer

Yana Kislenko
Vice President

This is Exhibit "H" to the Affidavit of YANA KISLENKO sworn before me this 22nd day of October, 2019

Nannette Doncell

Notary Public for Taking Affidavits



CONSENT, WAIVER AND AMENDMENT

TO: **DionyMed Brands Inc.**, as Borrower

TO: **GLAS USA LLC**, as Administrative Agent for and on behalf of the Lenders

RE: Credit Agreement dated as of January 16, 2019 among the Borrower, HomeTown Heart, DionyMed Inc., Herban Industries, Inc., Herban Industries CA LLC, Herban Industries OR LLC, Herban Industries NJ LLC and their respective subsidiaries from time to time party thereto, as Credit Parties, the Lenders, GLAS USA LLC, as Administrative Agent, and GLAS Americas LLC, as Collateral Agent, as amended from time to time prior to the date hereof (the "**Credit Agreement**").

AND RE: The request by the Borrower for the consent of the Lenders to the transaction with Gotham Green Partners, LLC (and/or one or more of its affiliates, collectively, "**GGP**"), whereby GGP extends certain credit facilities to the Borrower.

DATE: July 30, 2019

Pursuant to Section 5.1(s) of the Credit Agreement, within 15 Business Days of the formation or acquisition by a Credit Party of a subsidiary, the Borrower shall, among other things, cause the subsidiary to become a Credit Party and duly execute and deliver a guarantee and Security Documents along with all corporate documents as required under the Credit Agreement.

Pursuant to Section 5.2(a) of the Credit Agreement, the Borrower and the other Credit Parties cannot create, incur, assume or suffer to exist any Debt except for Debt specifically permitted by Section 5.2(a). Furthermore, the Borrower has made representations pursuant to Section 4.1(x) that the only Debt outstanding is the Debt specifically set out in Section 5.2(a).

Pursuant to Section 5.2(b) of the Credit Agreement, the Borrower and the other Credit Parties cannot create, incur, assume or suffer to exist any Lien on any of the Credit Parties' respective Assets except Permitted Liens. Furthermore, the Borrower has made representations pursuant to Section 4.1(z) that the Secured Creditors have a legal, valid and perfected first priority Lien (subject only to Permitted Liens which rank by law in priority).

Herban Industries, Inc. and Herban CA acquired certain Assets from MM Esperanza 2 LLC and Club-Cal Management LLC (the "**MMAC Acquisition**"). Certain of such acquired Assets are currently held by Herban CA (the "**MMAC Assets**") and the MMAC Assets will be transferred to a newly-formed wholly-owned subsidiary of Herban CA, Herban CA 2 LLC ("**Herban CA 2**"). In connection with the MMAC Acquisition, Herban Industries, Inc. assumed an option agreement from Club-Cal Management LLC and exercised its option under the option agreement to acquire all outstanding equity or memberships of Gourmet Green Room Inc. ("**GGR**"), whereby GGR is now, or will imminently be, a wholly-owned subsidiary of Herban CA 2 (the "**GGR Acquisition**").

The Borrower and Herban CA 2 propose to enter into a bridge loan (the "**Bridge Loan**") with GGP, whereby GGP will advance a secured loan of US$2,000,000 to the Borrower and Herban CA 2, as joint and several borrowers of the loan. In connection with, and as security for, the Bridge Loan: (i) Herban CA 2 will grant GGP a first priority Lien in all of its property and assets, including, without limitation, the MMAC Assets; (ii) GGR will grant GGP a Lien on all of its property and assets; (iii) Herban CA, as the sole shareholder of Herban CA 2, will grant a first priority Lien in, and pledge of, its Equity Securities in the capital of Herban CA 2 to GGP; (iv) Herban CA 2, as the sole shareholder of GGR, will grant a Lien in, and pledge of, its Equity Securities in the capital of GGR to GGP; (v) Herban Industries, Inc. will provide an unsecured guarantee under the Bridge Loan; (vi) Herban CA will provide a guarantee secured by the pledge of the Equity Securities in the capital of Herban CA 2; and (vii) GGR will provide a guarantee secured by the Liens in all of its property and assets.

Pursuant to Section 5.1(s) and Section 9.3(1) of the Credit Agreement, the Borrower is required to cause Herban CA 2 and GGR to become Credit Parties within 15 Business Days of its formation or acquisition, as the case may be, and enter and deliver certain documents as required pursuant to the Credit Agreement, such as, but not limited to, each providing an unconditional guarantee and certain security documents. The Borrower requests the below waiver with respect to (i) the time period required for Herban CA 2 and GGR to provide the guarantee and other deliveries required pursuant to Section 5.1(s) and Section 9.3(1) of the Credit Agreement, (ii) the Liens required to be provided over the Equity Securities in the capital of Herban CA 2 and GGR and (iii) the security documents required to be provided by Herban CA 2 and GGR pursuant to such Section 5.1(s) of the Credit Agreement, provided that the Borrower causes the balance of the deliveries required by Section 5.1(s) of the Credit Agreement to be made including, without limitation, the guarantee by Herban CA 2 and GGR of the obligations of the Borrower under the Credit Documents.

The Borrower further proposes to enter into a permanent credit facility (the "**GGP Facility**") with GGP for an amount up to US$25,000,000 which will refinance and replace the Bridge Loan, and the other Credit Parties will guarantee the GGP Facility and, together with the Borrower, will grant a security interest to GGP in the Collateral. The priority of the Liens of the Secured Creditors and GGP in the Collateral will be determined pursuant to an intercreditor agreement to be negotiated and entered into on mutually agreeable terms by the Secured Creditors and GGP, including without limitation that the Liens of the Secured Creditors and GGP rank pari passu (the "**GGP Intercreditor**"). Collectively, (i) the transfer of the MMAC Assets from Herban CA to Herban CA 2, (ii) the incurrence of Debt by the Borrower and Herban CA 2 pursuant to the Bridge Loan in a maximum principal amount of US$2,000,000, (iii) the guarantee thereof by Herban Industries, Inc., Herban CA, and GGR (iv) the grant of a first priority Lien in the MMAC Assets by Herban CA 2, the grant of a Lien in GGR's property and assets, the grant of a first priority Lien in the Equity Securities in the capital of Herban CA 2 by Herban CA, and the grant of a Lien in the Equity Securities in the capital of GGR by Herban CA 2, in each case, as security for the Bridge Loan, (v) the incurrence of Debt by the Borrower pursuant to the GGP Facility in a maximum principal amount of US$25,000,000, (vi) the guarantee thereof by the other Credit Parties and (vii) the grant of Liens to GGP in the Collateral as security for the GGP Facility, in the case of each of (v) through (vii), on terms and conditions satisfactory to the Majority Lenders, including without limitation, in the case of (vii), such Liens being subject to the GGP Intercreditor, are the "**GGP Transactions**".

In light of the foregoing, the Borrower hereby requests that the Administrative Agent, for and on behalf of the Lenders, (a) consent to (x) the GGR Acquisition as a Permitted Acquisition, (y) the GGP Transactions and (z) the extension of the time period required for Herban CA 2 and GGR to provide the guarantee and other deliveries required pursuant to Section 5.1(s) and Section 9.3(1) of the Credit Agreement to within 15 Business Days of the date of this Consent, Waiver and Amendment, and (b) waive the requirements pursuant to the Credit Agreement that (w) prior written consent from the Majority Lenders be obtained for the GGR Acquisition, (x) Herban CA 2 and GGR provide the Secured Creditors with a legal, valid and perfected first priority Lien in its Assets (provided that it shall be required to provide such a first priority Lien to the Secured Creditors prior to or concurrently with entering into or incurring Debt under the GGP Facility which shall rank pari passu with the Liens provided to GGP), (y) Herban CA provide the Secured Creditors with a legal, valid and perfected first priority Lien in the Equity Securities in the capital of Herban CA 2 (provided that it shall be required to provide such a first priority Lien to the Secured Creditors prior to or concurrently with entering into or incurring Debt under the GGP Facility which shall rank pari passu with the Liens provided to GGP) and (z) Herban CA 2 provide the Secured Creditors with a legal, valid and perfected first priority Lien in the Equity Securities in the capital of GGR (provided that it shall be required to provide such a first priorty Lien to the Secured Creditors prior to or concurrently with entering into or incurring Debt under the GGP Facility which shall rank pari passu with the Liens provided to GGP).

Execution of this Consent, Waiver and Amendment by the Administrative Agent, on behalf of the Lenders, shall evidence its agreement to the requests of the Borrower in the immediately preceding paragraph, subject to the agreements of the parties herein, and the pledge and security agreement granted by Herban CA, among others, to the Collateral Agent and the Lenders dated January 30, 2019 is hereby amended to provide that the Equity Securities in the capital of Herban CA 2 and GGR are not Collateral (as defined therein).

Further to Section 2.14 of the Credit Agreement, effective as and from the earlier of the date of the execution and delivery of the agreement governing the Bridge Loan and the incurrence by any Credit Party of Debt pursuant to the Bridge Loan, (i) the definition of "LIBOR Rate" in Section 1.1 of the Credit Agreement is hereby amended by deleting "zero" each time it appears and replacing it with "two and one-half (2.5%) percent" and (ii) Section 2.2 of the Credit Agreement is hereby amended by deleting "eight (8.0%) percent" and replacing it with "ten (10.0%) percent".

To induce the Administrative Agent to enter into this Consent, each Credit Party represents, warrants and covenants to the Administrative Agent and the Secured Creditors as follows, which representations, warranties and covenants shall survive the execution and delivery hereof:

(a) The Borrower shall cause Herban CA 2 and GGR to make the deliveries required pursuant to, and to otherwise comply with, Section 5.1(s) and Section 9.3(1) of the Credit Agreement, subject to the waivers and extension provided herein and, for greater certainty, the Borrower shall cause Herban CA 2 and GGR to deliver a guarantee of the obligations of the Borrower under the Credit Documents;

(b) The Borrower shall promptly cause (i) Herban CA 2 and GGR to provide the Secured Creditors with a legal, valid and perfected first priority Lien in its Assets, (ii) Herban CA

to provide the Secured Creditors with a legal, valid and perfected first priority Lien in the Equity Securities in the capital of Herban CA 2, and (iii) Herban CA 2 to provide the Secured Creditors with a legal, valid and perfected first priority Lien in the Equity Securities in the capital of GGR, in each case, upon the earliest to occur of the termination of the Bridge Loan, the Bridge Loan ceasing to prohibit such Liens, or such Assets or Equity Securities ceasing to secure the Bridge Loan (and, in any event, prior to or concurrently with any Credit Party entering into or incurring Debt under the GGP Facility in which case all such Liens will rank pari passu with the Liens granted to GGP);

(c) All necessary action has been taken to authorize the execution, delivery and performance of this Consent, Waiver and Amendment. This Consent, Waiver and Amendment has been duly executed and delivered by such Credit Party and constitutes legal, valid and binding obligations of such Credit Party enforceable against it in accordance with its terms;

(d) The execution and delivery by such Credit Party and the performance by it of its obligations under this Consent, Waiver and Amendment will not conflict with or result in a breach of any of the terms or conditions of its constating documents or by-laws, any Applicable Law or any contractual restriction binding on or affecting it or its Assets;

(e) Each of the representations and warranties contained in Article 4 of the Credit Agreement and in any other Credit Document are true and correct on the date hereof as if they were made on such date except for any representation and warranty which is stated to be made only as of a certain date (and then as of such date);

(f) No Default or Event of Default exists under the Credit Agreement; and

(g) The Credit Agreement, as amended pursuant hereto, and each of the other Credit Documents to which such Credit Party is a party remains in full force and effect, unamended (except as expressly provided herein), and is enforceable against such Credit Party in accordance with its terms; and the guarantee granted by such Credit Party, as applicable, in favour of the Secured Creditors extends to all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, at any time or from time to time due or accruing due and owing by or otherwise payable by the Borrower to the Secured Creditors or any one or more of them, in any currency, under or in connection with or pursuant to the Credit Agreement, as amended by this Consent, Waiver and Amendment; and the security interests, assignments, mortgages, charges, hypothecations and pledges granted by such Credit Party in favour of the Collateral Agent continue to secure all debts, liabilities and obligations at any time or from time to time due or accruing due and owing by such Credit Party to the Secured Creditors pursuant to the Credit Agreement, as amended by this Consent, Waiver and Amendment.

Each of the Credit Parties acknowledges that the consent and waiver of the Administrative Agent, for and on behalf of the Lenders, is and will be effective only for the existence of the Debt incurred and Liens created pursuant to the GGP Transactions and is not a consent to, or a waiver of, any preceding or succeeding breach of the Credit Agreement or any other covenant or provision of the Credit Agreement.

Except to the extent expressly set forth herein, (a) the execution, delivery and effectiveness of this Consent, Waiver and Amendment and any consents and waivers set forth herein shall not directly or indirectly (i) constitute a consent or waiver of any past, present or future violations of any provisions of the Credit Agreement or any other Credit Document; (ii) amend, modify or operate as a waiver of any provision of the Credit Agreement or any other Credit Document or any right, power or remedy of any Secured Creditor thereunder; or (iii) constitute a course of dealing or other basis for altering any obligations or any other contract or instrument; and (b) the Secured Creditors reserve all of their respective rights, powers and remedies under the Credit Agreement, the other Credit Documents and Applicable Law.

All capitalized terms defined in the Credit Agreement and used herein shall have the meaning ascribed thereto in the Credit Agreement. This Consent, Waiver and Amendment is a Credit Document.

This Consent, Waiver and Amendment is governed by the laws of the Province of British Columbia and the laws of Canada applicable in that Province.

[*Signature Page to Follow*]

IN WITNESS WHEREOF this Consent, Waiver and Amendment has been executed by the parties hereto on the day and year first above written.

DIONYMED BRANDS INC.,
as Borrower

By: _____
Authorized Signing Officer

By: _____
Authorized Signing Officer

HERBAN INDUSTRIES, INC.,
on behalf of itself and each of the following Credit Parties, as sole manager:

HERBAN INDUSTRIES CA LLC
HERBAN INDUSTRIES OR LLC
HERBAN INDUSTRIES NJ LLC

By: _____
Authorized Signing Officer

By: _____
Authorized Signing Officer

DIONYMED INC.,
as a Credit Party

By: _____
Authorized Signing Officer

By: _____
Authorized Signing Officer

HOMETOWN HEART,
as a Credit Party

By: _____
Authorized Signing Officer

By: _____
Authorized Signing Officer

IN WITNESS WHEREOF this Consent, Waiver and Amendment has been executed by the parties hereto on the day and year first above written.

DIONYMED BRANDS INC.,
as Borrower

By: _____
Authorized Signing Officer

By: _____
Authorized Signing Officer

HERBAN INDUSTRIES, INC.,
on behalf of itself and each of the following Credit Parties, as sole manager:

HERBAN INDUSTRIES CA LLC
HERBAN INDUSTRIES OR LLC
HERBAN INDUSTRIES NJ LLC

By: _____
Authorized Signing Officer

By: _____
Authorized Signing Officer

DIONYMED INC.,
as a Credit Party

By: _____
Authorized Signing Officer

By: _____
Authorized Signing Officer

HOMETOWN HEART,
as a Credit Party

By: _____
Authorized Signing Officer

By: Evan Tenenbaum
Authorized Signing Officer

GLAS USA LLC, as Administrative Agent

By: _____

Authorized Signing Officer

Yana Kislenko
Vice President

GLAS AMERICAS LLC,
as Collateral Agent

By: _____

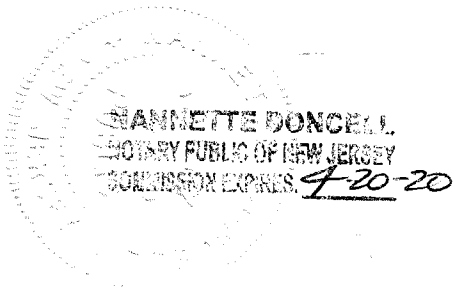
Authorized Signing Officer

Yana Kislenko
Vice President

This is Exhibit "I" to the Affidavit of YANA KISLENKO sworn before me this 22nd day of October, 2019

Nannette Doncell

Notary Public for Taking Affidavits



WAIVER

TO: **GLAS USA LLC, as administrative agent**

Email: ClientServices.Americas@glas.agency

RE: Credit Agreement dated as of January 16, 2019 between, *inter alios*, DionyMed Brands Inc. (the "**Borrower**"), as borrower, the lenders party thereto and GLAS USA LLC, as administrative agent (the "**Administrative Agent**") as amended and modified by (i) the consent and waiver dated January 30, 2019 among the Credit Parties, a Lender and the Administrative Agent; (ii) the consent and waiver dated February 14, 2019 among the Credit Parties and the Administrative Agent; (iii) the consent and waiver dated February 28, 2019; (iv) the amending agreement dated July 18, 2019 among the Credit Parties and the Administrative Agent; (v) the consent dated July 18, 2019 granted by the Administrative Agent to the Borrower; and (vi) the consent, waiver, and amendment dated July 30, 2019 (the "**Credit Agreement**")

Pursuant to Section 5.3(d) of the Credit Agreement, the Borrower must maintain, at all times, a Current Ratio of greater than 1.0:1.0.

Pursuant to Section 5.3(f) of the Credit Agreement, the Borrower must ensure, at all times, that (i) accounts payable of the Credit Parties (exclusive of administrative expenses of the Borrower incurred by it in the ordinary course of its business as a CSE-listed holding company), calculated on a consolidated basis, do not exceed 120% of accounts receivable of the Credit Parties, calculated on a consolidated basis, and (ii) except for accounts payable to Eaze Solutions, Inc. pursuant to the payment schedule in existence on the Closing Date, no individual account payable greater than $10,000 (up to an aggregate of $50,000 for all such accounts payable) shall remain unpaid more than ninety (90) days after such account payable is due and payable.

The Borrower is currently unable to satisfy its obligations under Section 5.3(d) and Section 5.3(f) of the Credit Agreement, and, accordingly, is seeking waivers of these requirements from the Lenders.

In light of the foregoing, the Borrower hereby requests that the Administrative Agent, for and on behalf of the Majority Lenders,

(a) waive the requirement under Section 5.3(d) of the Credit Agreement for the Borrower to maintain, in respect of the period beginning April 1, 2019 and ending September 30, 2019, a Current Ratio of greater than 1.0:1.0;

(b) waive the requirement under Section 5.3(f)(i) of the Credit Agreement for the Borrower to ensure, in respect of the period beginning April 1, 2019 and ending September 30, 2019, accounts payable of the Credit Parties (exclusive of administrative expenses of the Borrower incurred by it in the ordinary

course of its business as a CSE-listed holding company), calculated on a consolidated basis, do not exceed 120% of accounts receivable of the Credit Parties, calculated on a consolidated basis;

(c) waive the requirement under Section 5.3(f)(ii) of the Credit Agreement for the Borrower to ensure, in respect of the period beginning April 1, 2019 and ending September 30, 2019, that except for accounts payable to Eaze Solutions, Inc. pursuant to the payment schedule in existence on the Closing Date, no individual account payable greater than $10,000 (up to an aggregate of $50,000 for all such accounts payable) shall remain unpaid more than ninety (90) days after such account payable is due and payable; and

(d) waive any Default or Event of Default arising solely from the Borrower's failure to satisfy its obligations under Section 5.3(d) and Section 5.3(f) of the Credit Agreement in respect of the period beginning April 1, 2019 and ending September 30, 2019 (including, but not limited to, pursuant to Section 5.3(d), Section 5.3(f) of the Credit Agreement, or any incorrect representation or warranty in the Credit Agreement in connection with a failure to satisfy its obligations under Section 5.3(d) or Section 5.3(f)),

(all of the foregoing, collectively, the "**Waiver Requests**").

The Borrower acknowledges that the waivers granted by the Administrative Agent, for and on behalf of the Majority Lenders, hereunder are and will be effective only for the Waiver Requests, as described herein, and are not a consent to, or a waiver of, any preceding or succeeding breach of Section 5.3(d) or 5.3(f) of the Credit Agreement, as applicable, or any other covenant or provision of the Credit Agreement.

Execution of this Waiver by the Administrative Agent, on behalf of the Majority Lenders, shall evidence its agreement to the Waiver Requests.

To induce the Administrative Agent to enter into this Waiver, each Credit Party represents, warrants and covenants to the Administrative Agent and the Secured Creditors as follows, which representations, warranties and covenants shall survive the execution and delivery hereof:

(a) All necessary action has been taken to authorize the execution, delivery and performance of this Waiver. This Waiver has been duly executed and delivered by such Credit Party and constitutes legal, valid and binding obligations of such Credit Party enforceable against it in accordance with its terms;

(b) The execution and delivery by such Credit Party and the performance by it of its obligations under this Waiver will not conflict with or result in a breach of any of the terms or conditions of its constating documents or by-laws, any Applicable Law or any contractual restriction binding on or affecting it or its Assets;

(e) Each of the representations and warranties contained in Article 4 of the Credit Agreement and in any other Credit Document are true and correct on the date hereof as if they

were made on such date except for (i) any representation and warranty which is stated to be made only as of a certain date (and then as of such date); and (ii) the representation and warranty in Section 4.1(dd) of the Credit Agreement, which shall be true and correct after giving effect to this Waiver;

(f) No Default or Event of Default exists under the Credit Agreement after giving effect to this Waiver; and

(g) The Credit Agreement and each of the other Credit Documents to which such Credit Party is a party remains in full force and effect, unamended, and is enforceable against such Credit Party in accordance with its terms; the guarantee granted by such Credit Party, as applicable, in favour of the Secured Creditors extends to all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, at any time or from time to time due or accruing due and owing by or otherwise payable by the Borrower to the Secured Creditors or any one or more of them, in any currency, under or in connection with or pursuant to the Credit Agreement, as modified pursuant hereto; and the security interests, assignments, mortgages, charges, hypothecations and pledges granted by such Credit Party in favour of the Collateral Agent continue to secure all debts, liabilities and obligations at any time or from time to time due or accruing due and owing by each such Credit Party to the Secured Creditors, pursuant to the Credit Agreement and the other Credit Documents to which such Credit Party is a party, as modified pursuant hereto.

Except to the extent expressly set forth herein, (a) the execution, delivery and effectiveness of this Waiver and any consents and waivers set forth herein shall not directly or indirectly (i) constitute a consent or waiver of any past, present or future violations of any provisions of the Credit Agreement or any other Credit Document; (ii) amend, modify or operate as a waiver of any provision of the Credit Agreement or any other Credit Document or any right, power or remedy of any Secured Creditor thereunder; or (iii) constitute a course of dealing or other basis for altering any obligations or any other contract or instrument; and (b) the Secured Creditors reserve all of their respective rights, powers and remedies under the Credit Agreement, the other Credit Documents and Applicable Law.

All capitalized terms defined in the Credit Agreement and used herein shall have the meaning ascribed thereto in the Credit Agreement.

This Waiver is a Credit Document.

This Waiver is governed by the laws of the Province of British Columbia and the laws of Canada applicable in that Province.

[*Signature Page to Follow*]

DATED the 20th day of August, 2019.

DIONYMED BRANDS INC.

By: _____
Name: Peter Kampian
Title: Chief Financial Officer

DIONYMED INC.

By: _____
Name: Peter Kampian
Title: Chief Financial Officer

HERBAN INDUSTRIES, INC. on behalf of itself and each of the following Credit Parties, as sole manager:

HERBAN INDUSTRIES CA LLC
HERBAN INDUSTRIES OR LLC
HERBAN INDUSTRIES NJ LLC

By: _____
Name: Peter Kampian
Title: Chief Financial Officer

HOMETOWN HEART

By: _____
Name: Evan Tenenbaum
Title: Assistant Secretary

DATED the 20th day of August, 2019.

DIONYMED BRANDS INC.

By: _____
Name: Peter Kampian
Title: Chief Financial Officer

DIONYMED INC.

By: _____
Name: Peter Kampian
Title: Chief Financial Officer

HERBAN INDUSTRIES, INC. on behalf of itself and each of the following Credit Parties, as sole manager:

HERBAN INDUSTRIES CA LLC
HERBAN INDUSTRIES OR LLC
HERBAN INDUSTRIES NJ LLC

By: _____
Name: Peter Kampian
Title: Chief Financial Officer

HOMETOWN HEART

By: _____
Name: Evan Tenenbaum
Title: Assistant Secretary

Acknowledged and Agreed this 20th day of August, 2019.

GLAS USA LLC, as Administrative Agent

By: _____

Name: Yana Kislenko
Title: Vice President

By: _____

Name:
Title:

This is Exhibit "J" to the Affidavit of YANA KISLENKO sworn before me this 22nd day of October, 2019

Nannette Doncell

Notary Public for Taking Affidavits

NANNETTE DONCELL
NOTARY PUBLIC OF NEW JERSEY
COMMISSION EXPIRES 4-20-20

CONSENT, WAIVER AND AMENDMENT

TO: **GLAS USA LLC, as administrative agent**

Email: ClientServices.Americas@glas.agency

RE: Credit Agreement dated as of January 16, 2019 between, *inter alios*, DionyMed Brands Inc. (the "**Borrower**"), as borrower, the lenders party thereto and GLAS USA LLC, as administrative agent (the "**Administrative Agent**") as amended and modified to date including without limitation by (i) the consent and waiver dated January 30, 2019 among the Credit Parties, a Lender and the Administrative Agent; (ii) the consent and waiver dated February 14, 2019 among the Credit Parties and the Administrative Agent; (iii) the consent and waiver dated February 28, 2019; (iv) the amending agreement dated July 18, 2019 among the Credit Parties and the Administrative Agent; (v) the consent dated July 18, 2019 granted by the Administrative Agent to the Borrower; (vi) the consent, waiver, and amendment dated July 30, 2019; (vii) the waiver dated August 20, 2019; and (viii) the supplemental agreements dated August 21, 2019 pursuant to which Herban CA 2 LLC and Gourmet Green Room, Inc. became parties (the "**Credit Agreement**")

Waiver Requests

Pursuant to Section 5.1(g)(iii) of the Credit Agreement, the Borrower shall, and shall cause each of the other Credit Parties to, apply for and obtain each Business Authorization on or before such time as it shall be required by Applicable Law, maintain as valid and in full force and effect each Business Authorization, where applicable, procure the renewal thereof prior to its expiration and timely pay all Taxes, assessments, maintenance fees and other amounts required to be paid to maintain the Business Authorizations.

Hometown Heart's licence A9-18-0000032-TEMP (the "**Hometown Heart Licence**") expired on August 19, 2019. The Bureau of Cannabis Control has approved Hometown Heart's application M9-18-0000278-APP for a provisional license pursuant to Business and Professions Code section 26050.2 (the "**Hometown Heart Provisional Licence**"), subject to a license fee of $96,000 being paid.

Pursuant to Section 5.1(l) of the Credit Agreement, the Borrower is required to acquire for cancellation a certain gross sales royalty by September 2, 2019. The Borrower does not anticipate completing the purchase transaction by such date.

Pursuant to Section 5.1(s) of the Credit Agreement, within 15 Business Days of the formation or acquisition by a Credit Party of a subsidiary, the Borrower shall, among other things, cause the subsidiary to become a Credit Party and duly execute and deliver a guarantee and Security Documents along with all corporate documents as required under the Credit Agreement. Pursuant to Section 9.3(1) of the Credit Agreement, newly acquired or formed subsidiaries of a Credit Party become party to the Credit Agreement by executing and delivering

to the Administrative Agent a Supplement to the Credit Agreement in substantially the form attached as Exhibit 8 to the Credit Agreement.

Herban Industries, Inc. has formed three new subsidiaries (collectively, the "**New Subsidiaries**" and, each, a "**New Subsidiary**"), being (i) Herban Industries NV LLC ("**Herban NV**"), (ii) Herban Industries CO LLC ("**Herban CO**") and (iii) Herban Industries MI LLC ("**Herban MI**" and, together with Herban CO, the "**Non-Operational Entities**"). Herban NV was formed on January 10, 2019, Herban CO was formed on April 16, 2019 and Herban MI was formed on November 29, 2018. The Non-Operational Entities are not carrying on business and have no Assets or liabilities. Herban NV recently commenced carrying on business, has minimal Assets or liabilities, and has generated minimal revenue to date.

Pursuant to Section 5.2(p) of the Credit Agreement, the Borrower shall not, and shall ensure that no other Credit Party shall, permit any Bank Account or securities account to exist or be established unless such deposit account is a Blocked Account in favour of the Collateral Agent, and satisfactory in form and substance to, the Majority Lenders.

Certain Credit Parties hold deposit accounts, as listed below, that are not Blocked Accounts (collectively, the "**Additional Accounts**"):

Credit Party	Name of Account Bank	Type of Account	Account No.	Jurisdiction
Herban Industries OR LLC	MAPS Credit Union	Deposit Account	2002212205	Oregon
Herban OR	MAPS Credit Union	Savings Account	2002212218	Oregon
Herban Industries CA LLC	Salal Credit Union	Deposit Account	215849	Washington

In light of the foregoing, the Borrower hereby requests that the Administrative Agent, for and on behalf of all Lenders,

(a) waive any Default or Event of Default resulting from the failure of the Credit Parties to comply with the requirement under Section 5.1(g)(iii) to maintain the Hometown Heart Licence as valid and in full force and effect and to procure the renewal thereof prior to its expiration, provided that Hometown Heart obtains the Hometown Heart Provisional Licence no later than October 1, 2019 (or such later date as the Majority Lenders may agree);

(b) consent to the extension of the deadline to acquire the gross sales royalty referred to in Section 5.1(l) of the Credit Agreement to November 1, 2019;

(c) waive the requirements under Section 5.1(s) and Section 9.3(1) of the Credit Agreement for any of the New Subsidiaries to make the deliveries contemplated therein, provided that (i) the Borrower shall notify the Administrative Agent promptly after any New Subsidiary generates revenue in an aggregate amount of at least US$100,000, and (ii) the Borrower shall cause such New Subsidiary to cause all deliveries required under Section 5.1(s) and Section 9.3(1) of the Credit Agreement with respect to the formation of such New Subsidiary to be made within 15 Business Days of the date on which such New Subsidiary generates revenue in an aggregate amount of at least US$100,000 (or such later date as the Majority Lenders may agree);

(d) waive the requirement under Section 5.2(p) of the Credit Agreement for the Borrower to deliver blocked account agreements from the applicable account banks over the Additional Accounts or any deposit accounts that the Credit Parties existing under the laws of the United States of America may open in the United States of America after the date hereof (the "**Future Accounts**"), provided that the Credit Parties undertake not to cause or permit the cash balance in the Additional Accounts, Future Accounts, and any Bank Accounts of the Credit Parties at Salal Credit Union (collectively, the "**Exempt Accounts**") to exceed US$2,000,000 in the aggregate; and

(e) waive any Default or Event of Default arising solely from the Borrower's failures described expressly herein to satisfy its obligations under Section 5.1(g)(iii), Section 5.1(s), Section 9.3(1), and Section 5.2(p) of the Credit Agreement, or any incorrect representation or warranty in the Credit Agreement in connection with such failures,

(the foregoing paragraphs (a) through (e), collectively, the "**Waiver Requests**").

Further to paragraphs (b) and (d), above, Section 5.1(l) of the Credit Agreement is hereby amended by deleting "September 2, 2019" and replacing it with "November 1, 2019", and Section 5.2(p) of the Credit Agreement is hereby amended by deleting the third sentence of such Section 5.2(p) and replacing it with the following:

> "The Borrower shall not, and shall ensure that no other Credit Party shall, cause or permit the cash balance in the Exempt Accounts (as such term is defined in the consent, waiver and amendment between the parties hereto dated August 29, 2019) at any time to exceed US$2,000,000 in the aggregate, and the Credit Parties shall, from time to time upon request, deliver to the Majority Lenders account statements issued by the applicable account banks with respect to the balances of such Exempt Accounts."

The Borrower acknowledges that the waivers granted by the Administrative Agent, for and on behalf of all Lenders, pursuant hereto are and will be effective only for the Waiver

Requests, as described herein, and are not a consent to, or a waiver of, any preceding or succeeding breach of Section 5.1(g)(iii), Section 5.1(l), Section 5.1(s), Section 9.3(1), and Section 5.2(p) of the Credit Agreement, as applicable, or any other covenant or provision of the Credit Agreement.

Execution of this Consent, Waiver and Amendment by the Administrative Agent, on behalf of all Lenders, shall evidence their agreement to the Waiver Requests.

Increase in Principal Amount of Term Facility

The Borrower has requested, and certain of the Lenders have agreed to make available, an additional Advance under the Term Facility in the principal amount of US$1,350,000, subject to the terms and conditions contained herein and in the Credit Agreement, provided that, notwithstanding Section 2.3 of the Credit Agreement, no fee payable by the issuance of Warrants shall apply with respect to such Advance. In order to provide for such Advance under the Credit Agreement:

(a) Recital (b) of the Credit Agreement is hereby amended by deleting $2,000,000" and replacing it with "$3,350,000"; and

(b) Section 2.1(2) of the Credit Agreement is hereby amended by deleting "$2,000,000" and replacing it with "$3,350,000"

(the foregoing paragraphs (a) and (b), together, the "**Term Facility Commitment Amendment**").

General

To induce the Administrative Agent to enter into this Consent, Waiver and Amendment, each Credit Party represents, warrants and covenants to the Administrative Agent and the other Secured Creditors as follows, which representations, warranties and covenants shall survive the execution and delivery hereof:

(a) All necessary action has been taken to authorize the execution, delivery and performance of this Consent, Waiver and Amendment. This Consent, Waiver and Amendment has been duly executed and delivered by such Credit Party and constitutes legal, valid and binding obligations of such Credit Party enforceable against it in accordance with its terms;

(b) The execution and delivery by such Credit Party and the performance by it of its obligations under this Consent, Waiver and Amendment will not conflict with or result in a breach of any of the terms or conditions of its constating documents or by-laws, any Applicable Law or any contractual restriction binding on or affecting it or its Assets;

(c) Each of the representations and warranties contained in Article 4 of the Credit Agreement and in any other Credit Document are true and correct on the date hereof as if they were made on such date except for (i) any representation and warranty which is stated to be made only as of a certain date (and then as of such date); and (ii) the representation and warranty

in Section 4.1(dd) of the Credit Agreement, which shall be true and correct after giving effect to this Consent, Waiver and Amendment;

(d) No Default or Event of Default exists under the Credit Agreement after giving effect to this Consent, Waiver and Amendment;

(e) (i) The Non-Operational Entities do not have any Assets or liabilities and do not carry on business, (ii) Herban NV has generated revenue to date of less than US$100,000 in the aggregate, and (iii) all other information with respect to the Credit Parties and their Assets set out in this Consent, Waiver and Amendment is true and correct;

(f) Attached hereto as Schedule A is a corporate chart which sets out, as of the date hereof, all subsidiaries of the Credit Parties and all shareholders of such subsidiaries;

(g) Hometown Heart shall obtain the Hometown Heart Provisional Licence no later than October 1, 2019 (or such later date as the Majority Lenders may agree);

(h) None of the Borrower, HomeTown Heart, DionyMed Inc., Herban Industries, Inc., Herban Industries CA LLC, Herban Industries OR LLC or Herban Industries NJ LLC ("**Original Credit Party**") shall make any Investment in, become indebted to or otherwise make Restricted Payments to, any Credit Party that has not guaranteed the obligations of the Borrower and granted first-ranking Liens over its Assets in accordance with Section 5.1(s) of the Credit Agreement (each, a "**Non-Original Party**"), provided that Original Credit Parties may make Investments in, become indebted to or otherwise make Restricted Payments to Non-Original Parties in an aggregate amount not exceeding US$200,000;

(i) As at the date hereof (prior to any Advance pursuant to the Term Facility Commitment Amendment referred to below), Advances under the Term Facility in the aggregate principal amount of US$15,000,000 are outstanding to the Borrower, which principal amount bears interest at a rate per annum, during each Interest Period, equal to the sum of the LIBOR Rate for such Interest Period plus 10% per annum (in the absence of any Event of Default). Upon the Term Facility Commitment Amendment becoming effective and the relevant Lender making the additional Advance in the principal amount of US$1,350,000, the principal amount of $16,350,000 and all accrued and unpaid interest thereon will be outstanding under the Term Facility and payable by the Borrower pursuant to the Credit Agreement; and

(j) The Credit Agreement, as modified pursuant hereto, and each of the other Credit Documents to which such Credit Party is a party remains in full force and effect, unamended, and is enforceable against such Credit Party in accordance with its terms; the guarantee granted by such Credit Party, as applicable, in favour of the Secured Creditors extends to all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, at any time or from time to time due or accruing due and owing by or otherwise payable by the Borrower to the Secured Creditors or any one or more of them, in any currency, under or in connection with or pursuant to the Credit Agreement, as modified pursuant hereto; and the security interests, assignments, mortgages, charges, hypothecations and pledges granted by such Credit Party in favour of the Collateral Agent continue to secure all debts, liabilities and obligations at any time or from time to time due or accruing due and owing by each such Credit Party to the Secured

Creditors, pursuant to the Credit Agreement, as modified pursuant hereto, and the other Credit Documents to which such Credit Party is a party.

This Consent, Waiver and Amendment shall become effective upon the following conditions being satisfied:

(a) duly executed signature pages for this Consent, Waiver and Amendment shall have been delivered to the Administrative Agent;

(b) the representations and warranties contained herein shall be true and correct; and

(c) solely with respect to the Term Facility Commitment Amendment:

(i) the Lender Joinder for the Lender making the additional Advance contemplated herein (the "**Increasing Lender**") shall have been amended and/or restated to increase its Term Facility Commitment to US$15,350,000;

(ii) the Borrower shall have delivered a Borrowing Notice in accordance with Section 2.1(4) of the Credit Agreement in form and substance satisfactory to the Lender being requested to make the relevant Advance; and

(iii) all Fees and other amounts payable under the Credit Agreement have been paid in full.

Except to the extent expressly set forth herein, (a) the execution, delivery and effectiveness of this Consent, Waiver and Amendment and any consents, waivers and amendments set forth herein shall not directly or indirectly (i) constitute a consent or waiver of any past, present or future violations of any provisions of the Credit Agreement or any other Credit Document; (ii) amend, modify or operate as a waiver of any provision of the Credit Agreement or any other Credit Document or any right, power or remedy of any Secured Creditor thereunder; or (iii) constitute a course of dealing or other basis for altering any obligations or any other contract or instrument; and (b) the Secured Creditors reserve all of their respective rights, powers and remedies under the Credit Agreement, the other Credit Documents and Applicable Law.

All capitalized terms defined in the Credit Agreement and used herein shall have the meaning ascribed thereto in the Credit Agreement. The insertion of headings herein is for convenient reference only and is not to affect the interpretation of this Consent, Waiver and Amendment.

This Consent, Waiver and Amendment is a Credit Document.

This Consent, Waiver and Amendment is governed by the laws of the Province of British Columbia and the laws of Canada applicable in that Province.

[*Signature Page to Follow*]

DATED the 29 day of August, 2019.

DIONYMED BRANDS INC.

By: _____
Name: Peter Kampian
Title: Chief Financial Officer

DIONYMED INC.

By: _____
Name: Peter Kampian
Title: Chief Financial Officer

HERBAN INDUSTRIES, INC. on behalf of itself and each of the following Credit Parties, as sole manager:

HERBAN INDUSTRIES CA LLC
HERBAN INDUSTRIES OR LLC
HERBAN INDUSTRIES NJ LLC

By: _____
Name: Peter Kampian
Title: Chief Financial Officer

HERBAN CA 2 LLC

By: _____
Name: Peter Kampian
Title: Chief Financial Officer

GOURMET GREEN ROOM, INC.

By: _____

Name: Yolanda Celi

Title: Executive Vice President

HOMETOWN HEART

By: _____
Name: Evan Tenenbaum
Title: Assistant Secretary

Acknowledged and Agreed this 29 day of August, 2019.

GLAS USA LLC, as Administrative Agent

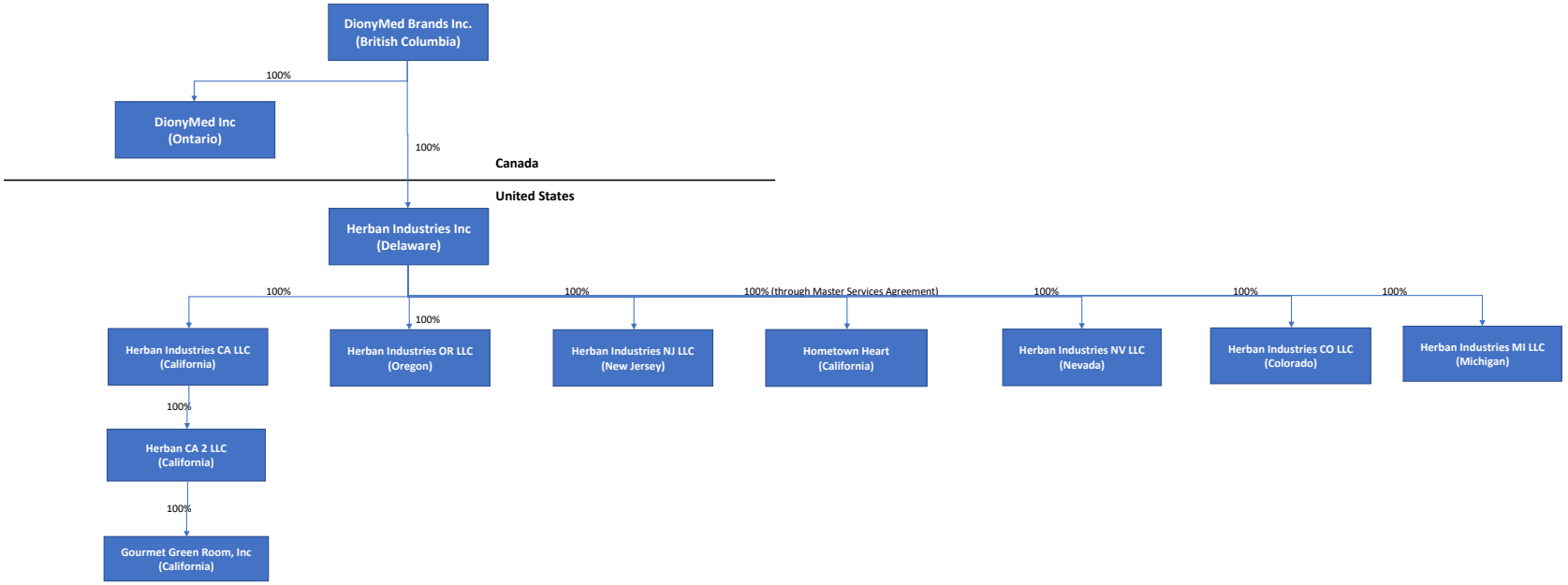
By: _____
Name: Yana Kisleuko
Title: Vice President

By: _____
Name:
Title:

Schedule A
Organizational Chart

(See attached)

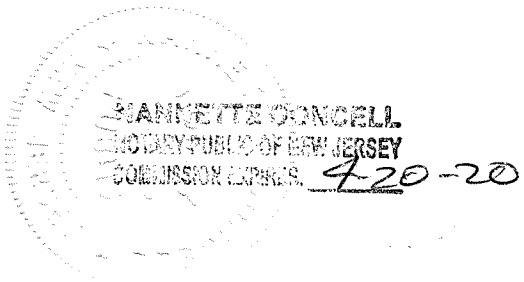
Corporate Structure Chart as of August 22, 2019



This is Exhibit "K" to the Affidavit of YANA KISLENKO sworn before me this 22nd day of October, 2019

Nannette Doncell

Notary Public for Taking Affidavits



AMENDING AGREEMENT

Amending Agreement dated as of September 13, 2019 among DionyMed Brands Inc., as Borrower, HomeTown Heart, DionyMed Inc., Herban Industries, Inc., Herban Industries CA LLC, Herban Industries OR LLC, Herban Industries NJ LLC, Herban CA 2 LLC and Gourmet Green Room, Inc., as Credit Parties, and GLAS USA LLC, as Administrative Agent for and on behalf of the Lenders.

RECITALS:

(a) The lenders party thereto from time to time (collectively, the "**Lenders**") made certain credit facilities available to DionyMed Brands Inc. (together with its successors and permitted assigns, the "**Borrower**") upon the terms and conditions contained in a credit agreement dated as of January 16, 2019 among the Borrower, HomeTown Heart, DionyMed Inc., Herban Industries, Inc., Herban Industries CA LLC, Herban Industries OR LLC, Herban Industries NJ LLC and their respective subsidiaries from time to time party thereto, as Credit Parties, the Lenders, GLAS USA LLC, as Administrative Agent, and GLAS Americas LLC, as Collateral Agent (the "**Original Credit Agreement**");

(b) The terms and conditions of the Original Credit Agreement have been amended, supplemented and otherwise modified by (i) a consent and waiver dated January 30, 2019, a consent and waiver dated February 14, 2019, a consent and waiver dated February 28, 2019, a consent given April 2, 2019, an amending agreement dated July 18, 2019, a consent dated July 18, 2019, a consent, waiver and amendment dated July 30, 2019, a waiver dated August 20, 2019 and a consent, waiver and amendment dated August 29, 2019, (ii) supplemental agreements dated August 21, 2019 with respect to Herban CA 2 LLC and Gourmet Green Room, Inc., (iii) a lender joinder dated January 16, 2019 providing for a Term Facility Commitment of the relevant Lender of $13,000,000, superseded by a lender joinder dated July 18, 2019 increasing such Term Facility Commitment to $14,000,000, which was superseded by a lender joinder dated August 29, 2019 increasing such Term Facility Commitment to $15,350,000, and (iv) a lender joinder dated July 18, 2019 providing for a Term Facility Commitment of the relevant Lender of $1,000,000 (collectively, the documents referred to in clauses (i) through (iv) are the "**Amendment Documents**", and the Original Credit Agreement, as amended, supplemented and modified by the Amendment Documents, is the "**Credit Agreement**");

(c) Subsequent to the date of the Original Credit Agreement and in accordance with the Amendment Documents, (i) the Term Facility Commitment was increased to $16,350,000, (ii) Herban CA 2 LLC and Gourmet Green Room, Inc. became party to the Credit Agreement and delivered guarantees of the obligations of the Borrower thereunder (but did not grant any Liens over their Assets to the Collateral Agent, as permitted in accordance with the Amendment Documents), and (iii) and the Borrower disclosed the existence of Herban Industries NV LLC, Herban Industries CO LLC and Herban Industries MI LLC, being subsidiaries of Herban Industries, Inc., which subsidiaries did not become party to the Credit

Agreement (although they are Credit Parties), deliver guarantees of the obligations of the Borrower under the Credit Agreement or grant Liens over their Assets to the Collateral Agent, in each case, as permitted in accordance with the Amendment Documents; and

(d) The Borrower has requested an increase to the maximum principal amount of Term Facility Commitments to $17,000,000, and one of the Lenders has agreed to increase its Term Facility Commitment from $15,350,000 to $16,000,000 and make an additional Advance under the Term Facility of $650,000 on or about the date hereof on the terms and conditions of this Amending Agreement and the Credit Agreement; and

(e) It is a condition precedent of the Lenders' consent to such increased Term Facility Commitment and such additional Advance that the parties enter into this Amending Agreement.

In consideration of the foregoing and the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

Section 1 Defined Terms; Currency.

Capitalized terms used in this Amending Agreement and not otherwise defined have the meanings specified in the Credit Agreement. All references in this Amending Agreement to dollars or $ are expressed in the currency of the United States of America.

Section 2 Headings.

Section headings in this Amending Agreement are included for convenience of reference only and shall not constitute a part of this Amending Agreement for any other purpose.

Section 3 Amendments to the Credit Agreement.

(1) Recital (b) of the Credit Agreement is hereby amended by deleting "$3,350,000" and replacing it with "$4,000,000".

(2) Section 2.1(2) of the Credit Agreement is hereby amended by deleting "$3,350,000" and replacing it with "$4,000,000".

Section 4 Representations, Warranties and Covenants.

To induce the Administrative Agent to enter into this Amending Agreement, each Credit Party represents, warrants and covenants to the Administrative Agent and the Secured Creditors as follows, which representations, warranties and covenants shall survive the execution and delivery hereof:

(a) All necessary action has been taken to authorize the execution, delivery and performance of this Amending Agreement. This Amending Agreement has been duly executed and delivered by such Credit Party and constitutes legal, valid

and binding obligations of such Credit Party enforceable against it in accordance with its terms;

(b) The execution and delivery by such Credit Party and the performance by it of its obligations under this Amending Agreement will not conflict with or result in a breach of any of the terms or conditions of its constating documents or by-laws, any Applicable Law or any contractual restriction binding on or affecting it or its Assets;

(c) Each of the representations and warranties contained in Article 4 of the Credit Agreement and in any other Credit Document are true and correct on the date hereof as if they were made on such date except for any representation and warranty which is stated to be made only as of a certain date (and then as of such date);

(d) The Borrower agrees that, prior to the receipt of any cash proceeds of any Equity Offering or incurring any Debt for borrowed money, it shall notify the Lenders of such Equity Offering or incurrence of Debt for borrowed money and, if required by the Majority Lenders, shall pay an amount equal to such cash proceeds to the Lenders within five (5) Business Days of receipt. In connection with such prepayment, the Borrower shall pay the Prepayment Premium described in Section 2.8 of the Credit Agreement (as though this Section 4(d) of the Amending Agreement were referred to in such Section 2.8), unless such Prepayment Premium is waived by the Majority Lenders;

(e) As at the date hereof (prior to the Advance expected to be made on or about the date hereof pursuant to the increase in the Term Facility Commitment provided for herein), Advances under the Term Facility in the aggregate principal amount of $16,350,000 are outstanding to the Borrower, which principal amount bears interest at a rate per annum, during each Interest Period, equal to the sum of the LIBOR Rate for such Interest Period plus 10% per annum (in the absence of any Event of Default). Upon this Amending Agreement becoming effective and the relevant Lender making the additional Advance in the principal amount of $650,000, the principal amount of $17,000,000 and all accrued and unpaid interest thereon will be outstanding under the Term Facility and payable by the Borrower pursuant to the Credit Agreement;

(f) No Default or Event of Default has occurred or is continuing or would arise immediately after giving effect to or as a result of the Advance expected to be made on or about the date of this Agreement;

(g) The Advance expected to be made on or about the date of this Agreement will not violate any Applicable Law;

(h) The Credit Agreement, as amended pursuant hereto, and each of the other Credit Documents to which such Credit Party is a party remains in full force and effect, unamended (except as expressly provided herein), and is enforceable against such Credit Party in accordance with its terms; and the guarantee granted by

such Credit Party, as applicable, in favour of the Secured Creditors extends to all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, at any time or from time to time due or accruing due and owing by or otherwise payable by the Borrower to the Secured Creditors or any one or more of them, in any currency, under or in connection with or pursuant to the Credit Agreement, as amended by this Amending Agreement; and the security interests, assignments, mortgages, charges, hypothecations and pledges granted by such Credit Party, as applicable, in favour of the Collateral Agent continue to secure all debts, liabilities and obligations at any time or from time to time due or accruing due and owing by such Credit Party to the Secured Creditors pursuant to the Credit Agreement, as amended by this Amending Agreement.

Section 5 Waiver of Fee.

Notwithstanding Section 2.3 of the Credit Agreement, no Warrants shall be required to be delivered in connection with the additional $650,000 Advance expected to be made on or about the date of this Agreement.

Section 6 Reference to and Effect on the Credit Agreement.

(1) Upon this Amending Agreement becoming effective, each reference in the Credit Agreement to "this Agreement" and each reference to the Credit Agreement in the other Credit Documents and any and all other agreements, documents and instruments delivered by any of the Secured Creditors, the Credit Parties or any other Person shall mean and be a reference to the Credit Agreement as amended by this Amending Agreement. Except as specifically amended by this Amending Agreement, the Credit Agreement shall remain in full force and effect.

(2) Except to the extent expressly set forth herein, (a) the execution, delivery and effectiveness of this Amendment and any consents and waivers set forth herein shall not directly or indirectly (i) constitute a consent or waiver of any past, present or future violations of any provisions of the Credit Agreement or any other Credit Document; (ii) amend, modify or operate as a waiver of any provision of the Credit Agreement or any other Credit Document or any right, power or remedy of any Secured Creditor thereunder; or (iii) constitute a course of dealing or other basis for altering any obligations or any other contract or instrument; and (b) the Secured Creditors reserve all of their respective rights, powers and remedies under the Credit Agreement, the other Credit Documents and Applicable Law.

Section 7 Costs and Expenses.

The Borrower agrees to reimburse the Administrative Agent and the Lenders for all reasonable fees, costs and expenses, including the reasonable fees, costs and expenses of counsel, in connection with this Amending Agreement and the other agreements and documents executed in connection herewith.

Section 8 Effectiveness.

This Amending Agreement shall become effective upon the following conditions precedent being satisfied:

(a) duly executed signature pages for this Amending Agreement shall have been delivered to the Administrative Agent;

(b) the representations and warranties contained herein shall be true and correct;

(c) all Fees and other amounts then payable under the Credit Documents have been paid in full;

(d) one or more Lender Joinders increasing the Term Facility Commitment to $17,000,000 shall have been delivered; and

(e) the Borrower has delivered a Borrowing Notice in accordance with Section 2.1(4) of the Credit Agreement and otherwise in form and substance satisfactory to the Lenders being requested to make such Advance.

Section 9 Governing Law.

This Amending Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

Section 10 Counterparts.

This Amending Agreement may be executed in any number of counterparts, each of which is deemed to be an original, and such counterparts together constitute one and the same instrument. Transmission of an executed signature page by facsimile, e-mail or other electronic means is as effective as a manually executed counterpart of this Amending Agreement.

Section 11 Credit Document.

For greater certainty, this Amending Agreement is a Credit Document.

IN WITNESS WHEREOF the parties have executed this Amending Agreement.

DIONYMED BRANDS INC.

By: 

Name: Peter Kampian

Title: CFO

DIONYMED INC.

By: 

Name: Peter Kampian

Title: CFO

HERBAN CA 2 LLC

By: 

Name: PeterKampian

Title: CFO

GOURMET GREEN ROOM INC.

By:

Name:

Title:

HERBAN INDUSTRIES, INC., on behalf of itself and each of the following Credit Parties as sole manager

HERBAN INDUSTRIES CA LLC
HERBAN INDUSTRIES OR LLC
HERBAN INDUSTRIES NJ LLC

By: 

Name: Peter Kampian

Title: CFO

IN WITNESS WHEREOF the parties have executed this Amending Agreement.

DIONYMED BRANDS INC.

By: _____

Name: _____

Title: _____

DIONYMED INC.

By: _____

Name: _____

Title: _____

HERBAN CA 2 LLC

By: _____

Name: _____

Title: _____

GOURMET GREEN ROOM INC.

By: Yolanda Celi

Name: Yolanda Celi

Title: Executive Vice President

HERBAN INDUSTRIES, INC., on behalf of itself and each of the following Credit Parties as sole manager

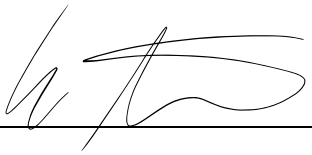
HERBAN INDUSTRIES CA LLC
HERBAN INDUSTRIES OR LLC
HERBAN INDUSTRIES NJ LLC

By: _____

Name: _____

Title: _____

HOMETOWN HEART

By: 

Name: Evan Tenenbaum

Title: Owner

Acknowledged by:

HERBAN INDUSTRIES, INC., on behalf of each of the following Credit Parties as sole manager

HERBAN INDUSTRIES NV LLC
HERBAN INDUSTRIES CO LLC
HERBAN INDUSTRIES MI LLC

By: _____

Name: _____

Title: _____

HOMETOWN HEART

By: _____

Name: _____

Title: _____

Acknowledged by:

HERBAN INDUSTRIES, INC., on behalf of each of the following Credit Parties as sole manager

HERBAN INDUSTRIES NV LLC
HERBAN INDUSTRIES CO LLC
HERBAN INDUSTRIES MI LLC

By: 

Name: Peter Kampian

Title: CFO

GLAS USA LLC, as Administrative Agent

By: _____

Authorized Signing Officer

Yana Kislenko
Vice President

This is Exhibit "L" to the Affidavit of YANA KISLENKO sworn before me this 22nd day of October, 2019

Nannette Doncell

Notary Public for Taking Affidavits

NANNETTE DONCELL
NOTARY PUBLIC OF NEW JERSEY
COMMISSION EXPIRES 4-20-20

AMENDING AGREEMENT

Amending Agreement dated as of September 19, 2019 among DionyMed Brands Inc., as Borrower, HomeTown Heart, DionyMed Inc., Herban Industries, Inc., Herban Industries CA LLC, Herban Industries OR LLC, Herban Industries NJ LLC, Herban CA 2 LLC and Gourmet Green Room, Inc., as Credit Parties, and GLAS USA LLC, as Administrative Agent for and on behalf of the Lenders.

RECITALS:

(a) The lenders party thereto from time to time (collectively, the "**Lenders**") made certain credit facilities available to DionyMed Brands Inc. (together with its successors and permitted assigns, the "**Borrower**") upon the terms and conditions contained in a credit agreement dated as of January 16, 2019 among the Borrower, HomeTown Heart, DionyMed Inc., Herban Industries, Inc., Herban Industries CA LLC, Herban Industries OR LLC, Herban Industries NJ LLC and their respective subsidiaries from time to time party thereto, as Credit Parties, the Lenders, GLAS USA LLC, as Administrative Agent, and GLAS Americas LLC, as Collateral Agent (the "**Original Credit Agreement**");

(b) The terms and conditions of the Original Credit Agreement have been amended, supplemented and otherwise modified prior to the date hereof by (i) a consent and waiver dated January 30, 2019, a consent and waiver dated February 14, 2019, a consent and waiver dated February 28, 2019, a consent given April 2, 2019, an amending agreement dated July 18, 2019, a consent dated July 18, 2019, a consent, waiver and amendment dated July 30, 2019, a waiver dated August 20, 2019, a consent, waiver and amendment dated August 29, 2019 and an amending agreement dated September 13, 2019, (ii) supplemental agreements dated August 21, 2019 with respect to Herban CA 2 LLC and Gourmet Green Room, Inc., (iii) a lender joinder dated January 16, 2019 providing for a Term Facility Commitment of the relevant Lender of $13,000,000, superseded by a lender joinder dated July 18, 2019 increasing such Term Facility Commitment to $14,000,000, which was superseded by a lender joinder dated August 29, 2019 increasing such Term Facility Commitment to $15,350,000, which was superseded by a lender joinder dated September 13, 2019 increasing such Term Facility Commitment to $16,000,000 and (iv) a lender joinder dated July 18, 2019 providing for a Term Facility Commitment of the relevant Lender of $1,000,000 (collectively, the documents referred to in clauses (i) through (iv) are the "**Amendment Documents**", and the Original Credit Agreement, as amended, supplemented and modified by the Amendment Documents, is the "**Credit Agreement**");

(c) Subsequent to the date of the Original Credit Agreement and in accordance with the Amendment Documents, (i) the Term Facility Commitment was increased to $17,000,000, (ii) Herban CA 2 LLC and Gourmet Green Room, Inc. became party to the Credit Agreement and delivered guarantees of the obligations of the Borrower thereunder (but did not grant any Liens over their Assets to the Collateral Agent, as permitted in accordance with the Amendment Documents), and (iii) and the Borrower disclosed the existence of Herban Industries NV LLC,

Herban Industries CO LLC and Herban Industries MI LLC, being subsidiaries of Herban Industries, Inc., which subsidiaries did not become party to the Credit Agreement (although they are Credit Parties), deliver guarantees of the obligations of the Borrower under the Credit Agreement or grant Liens over their Assets to the Collateral Agent, in each case, as permitted in accordance with the Amendment Documents;

(d) Gotham Green Fund II, L.P., Gotham Green Fund II (Q), L.P. and Gotham Green Admin 1, LLC have demanded repayment of the Debt under certain secured convertible demand notes, which has led to the Existing Default (as defined below);

(e) The Borrower has requested an increase to the maximum principal amount of Term Facility Commitments to $19,200,000, and one of the Lenders has agreed to increase its Term Facility Commitment from $16,000,000 to $18,200,000 and make an additional Advance under the Term Facility of $2,200,000 on or about the date hereof on the terms and conditions of this Amending Agreement and the Credit Agreement; and

(f) It is a condition precedent of the Lenders' consent to such increased Term Facility Commitment and such additional Advance that the parties enter into this Amending Agreement.

In consideration of the foregoing and the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

Section 1 Defined Terms; Currency.

Capitalized terms used in this Amending Agreement and not otherwise defined have the meanings specified in the Credit Agreement. All references in this Amending Agreement to dollars or $ are expressed in the currency of the United States of America.

Section 2 Headings.

Section headings in this Amending Agreement are included for convenience of reference only and shall not constitute a part of this Amending Agreement for any other purpose.

Section 3 Credit Party Acknowledgments; Existing Default.

Each Credit Party acknowledges, covenants and agrees in favour of the Administrative Agent and the Secured Creditors as follows:

(a) On September 16, 2019, Gotham Green Fund II, L.P., Gotham Green Fund II (Q), L.P. and Gotham Green Admin 1, LLC demanded the repayment of Debt outstanding under the secured convertible demand notes dated as of July 30, 2019 issued by DionyMed Brands Inc. and Herban CA 2 LLC (the "**Gotham Green Debt**"), being $2,122,351.08 as at September 16, 2019;

(b) The Credit Parties' failure to pay the Gotham Green Debt pursuant to such demand constitutes a Default pursuant to Section 7.1(e) of the Credit Agreement and the failure to pay the Gotham Green Debt within two days of such demand constitutes an Event of Default pursuant to Section 7.1(e) of the Credit Agreement (the "**Existing Default**");

(c) The Existing Default has occurred and is continuing and has not been waived by the Administrative Agent or the other Secured Creditors, and the Administrative Agent and the other Secured Creditors have reserved all of their rights and remedies under the Credit Documents and under Applicable Law with respect to the Existing Default. For greater certainty, the Secured Creditors have not agreed to forbear from exercising any of such rights and remedies with respect to the Existing Default;

(d) As a result of the Existing Default, the Collateral Agent and the other Secured Creditors are now in a position to exercise their rights and remedies pursuant to the Credit Documents, including the right to accelerate and demand payment of the Obligations and thereafter to enforce any and all remedies available to them under the Credit Agreement, the Security and the other Credit Documents, at law and in equity;

(e) Time continues to be of the essence in performance of the obligations set out in the Credit Documents;

(f) Such Credit Party does not have, and will not assert, any claim for set-off, counterclaim, damages or other defence on any basis whatsoever against any of the Secured Creditors in respect of the Obligations or the Credit Documents;

(g) Such Credit Party will not, without the prior consent of the Majority Lenders, (i) institute any proceeding seeking to adjudicate it a bankrupt or insolvent or institute any other proceeding described in Section 7.1(o)(iii) of the Credit Agreement or (ii) take any corporate action to authorize any such proceeding; and

(h) Notwithstanding Section 5.2(a) of the Credit Agreement, as and from the date hereof, no Credit Party shall create, incur or assume any Debt, and the Borrower shall not use the proceeds of the Advance expected to be made on or about the date of this Amending Agreement to repay Debt.

Section 4 Amendments to the Credit Agreement.

(1) Recital (b) of the Credit Agreement is hereby amended by deleting the phrase "An additional principal amount of $4,000,000" and replacing it with "Additional principal amounts".

(2) Section 2.1(2) of the Credit Agreement is hereby amended by deleting the phrase "in a maximum principal amount not to exceed $4,000,000 in the aggregate".

(3) Section 2.1(4) of the Credit Agreement is hereby amended by inserting "or otherwise in form and substance satisfactory to the Lender making such Advance" after "in substantially the form of Exhibit 2" and before the punctuation "," in the fourth sentence of Section 2.1(4).

(4) Section 2.3 of the Credit Agreement is hereby deleted and replaced with "[Deliberately omitted].

(5) Section 3.2(b) of the Credit Agreement is hereby deleted and replaced with "[Deliberately omitted]".

(6) Section 3.2(c) of the Credit Agreement is hereby deleted and replaced with the following:

"(c) All Fees and other amounts then payable under the Credit Documents have been paid in full;"

(7) Section 9.3(2) of the Credit Agreement is hereby amended by inserting "(provided that the Agents shall execute such Lender Joinder on the instruction of the Lenders)" in the third sentence of such Section 9.3(2) after "shall not require the consent of any other Person" and before "and all of the obligations".

(8) Exhibit 2 (Form of Borrowing Notice) of the Credit Agreement is hereby deleted and the form of Exhibit 2 attached hereto at Schedule A is substituted.

Section 5 Representations, Warranties and Covenants.

To induce the Administrative Agent to enter into this Amending Agreement, each Credit Party represents, warrants and covenants to the Administrative Agent and the Secured Creditors as follows, which representations, warranties and covenants shall survive the execution and delivery hereof:

(a) All necessary action has been taken to authorize the execution, delivery and performance of this Amending Agreement. This Amending Agreement has been duly executed and delivered by such Credit Party and constitutes legal, valid and binding obligations of such Credit Party enforceable against it in accordance with its terms;

(b) The execution and delivery by such Credit Party and the performance by it of its obligations under this Amending Agreement will not conflict with or result in a breach of any of the terms or conditions of its constating documents or by-laws, any Applicable Law or any contractual restriction binding on or affecting it or its Assets;

(c) Each of the representations and warranties contained in Article 4 of the Credit Agreement and in any other Credit Document are true and correct on the date hereof as if they were made on such date except for any representation and

warranty which is stated to be made only as of a certain date (and then as of such date);

(d) As at the date hereof (prior to the Advance expected to be made on or about the date hereof pursuant to the increase in the Term Facility Commitment provided for herein), Advances under the Term Facility in the aggregate principal amount of $17,000,000 are outstanding to the Borrower, which principal amount bears interest at a rate per annum, during each Interest Period, equal to the sum of the LIBOR Rate for such Interest Period plus 10% per annum plus, from and after September 18, 2019 and for so long as the Existing Default or any other Event of Default continues, 2.0% per annum. Upon this Amending Agreement becoming effective and the relevant Lender making the additional Advance in the principal amount of $2,200,000, the principal amount of $19,200,000 and all accrued and unpaid interest thereon will be outstanding under the Term Facility and payable by the Borrower pursuant to the Credit Agreement and shall bear interest at the rate provided above;

(e) For greater certainty, as provided in the definition of "LIBOR Rate" in Section 1.1 of the Credit Agreement, if the LIBOR Rate is less than 2.5%, it shall be deemed to be 2.5%, regardless of whether the LIBOR Rate is determined based on the Reuters Screen LIBOR01 Page or the LIBOR Rate is the rate notified to the Borrower by the Lenders, in each case, in accordance with the definition of "LIBOR Rate";

(f) No Default or Event of Default has occurred or is continuing other than the Existing Default, and no Default or Event of Default would arise immediately after giving effect to or as a result of the Advance expected to be made on or about the date of this Amending Agreement;

(g) The Advance expected to be made on or about the date of this Amending Agreement will not violate any Applicable Law;

(h) The Credit Agreement, as amended pursuant hereto, and each of the other Credit Documents to which such Credit Party is a party remains in full force and effect, unamended (except as expressly provided herein), and is enforceable against such Credit Party in accordance with its terms; and the guarantee granted by such Credit Party, as applicable, in favour of the Secured Creditors extends to all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, at any time or from time to time due or accruing due and owing by or otherwise payable by the Borrower to the Secured Creditors or any one or more of them, in any currency, under or in connection with or pursuant to the Credit Agreement, as amended by this Amending Agreement; and the security interests, assignments, mortgages, charges, hypothecations and pledges granted by such Credit Party, as applicable, in favour of the Collateral Agent continue to secure all debts, liabilities and obligations at any time or from time to time due or accruing due and owing by such Credit Party to the Secured Creditors pursuant to the Credit Agreement, as amended by this Amending Agreement.

Section 6 Waiver of Fee.

Notwithstanding Section 2.3 of the Credit Agreement, no Warrants shall be required to be delivered in connection with the additional Advance expected to be made on or about the date of this Amending Agreement.

Section 7 Reference to and Effect on the Credit Agreement.

(1) Upon this Amending Agreement becoming effective, each reference in the Credit Agreement to "this Agreement" and each reference to the Credit Agreement in the other Credit Documents and any and all other agreements, documents and instruments delivered by any of the Secured Creditors, the Credit Parties or any other Person shall mean and be a reference to the Credit Agreement as amended by this Amending Agreement. Except as specifically amended by this Amending Agreement, the Credit Agreement shall remain in full force and effect.

(2) Except to the extent expressly set forth herein, (a) the execution, delivery and effectiveness of this Amending Agreement and any consents and waivers set forth herein shall not directly or indirectly (i) constitute a consent or waiver of any past, present or future violations of any provisions of the Credit Agreement or any other Credit Document and, for greater certainty, this Amending Agreement shall not constitute a waiver of the Existing Default; (ii) amend, modify or operate as a waiver of any provision of the Credit Agreement or any other Credit Document or any right, power or remedy of any Secured Creditor thereunder; or (iii) constitute a course of dealing or other basis for altering any obligations or any other contract or instrument; and (b) the Secured Creditors reserve all of their respective rights, powers and remedies under the Credit Agreement, the other Credit Documents and Applicable Law, including with respect to the Existing Default.

Section 8 Costs and Expenses.

The Borrower agrees to reimburse the Administrative Agent and the Lenders for all reasonable fees, costs and expenses, including the reasonable fees, costs and expenses of counsel, in connection with this Amending Agreement and the other agreements and documents executed in connection herewith.

Section 9 Release.

Each of the Credit Parties hereby releases and forever discharges each of the Secured Creditors and their respective employees, officers, directors, agents and advisors from any and all claims, demands, suits, and actions of whatsoever nature or kind which such Credit Party has at today's date or arising from the execution and delivery of this Amending Agreement.

Section 10 Effectiveness.

This Amending Agreement shall become effective upon the following conditions precedent being satisfied:

(a) duly executed signature pages for this Amending Agreement shall have been delivered to the Administrative Agent;

(b) the representations and warranties contained herein shall be true and correct;

(c) all Fees and other amounts then payable under the Credit Documents have been paid in full;

(d) one or more Lender Joinders increasing the Term Facility Commitment to $19,200,000 shall have been delivered; and

(e) the Borrower has delivered a Borrowing Notice in accordance with Section 2.1(4) of the Credit Agreement and otherwise in form and substance satisfactory to the Lenders being requested to make such Advance.

Section 11 Governing Law.

This Amending Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

Section 12 Counterparts.

This Amending Agreement may be executed in any number of counterparts, each of which is deemed to be an original, and such counterparts together constitute one and the same instrument. Transmission of an executed signature page by facsimile, e-mail or other electronic means is as effective as a manually executed counterpart of this Amending Agreement.

Section 13 Credit Document.

For greater certainty, this Amending Agreement is a Credit Document.

IN WITNESS WHEREOF the parties have executed this Amending Agreement.

DIONYMED BRANDS INC.

By: _____

Name: Peter Kampian

Title: Chief Financial Officer

DIONYMED INC.

By: _____

Name: Peter Kampian

Title: Chief Financial Officer

HERBAN CA 2 LLC

By: _____

Name: Peter Kampian

Title: Chief Financial Officer

GOURMET GREEN ROOM INC.

By: _____

Name: _____

Title: _____

HERBAN INDUSTRIES, INC., on behalf of itself and each of the following Credit Parties as sole manager

HERBAN INDUSTRIES CA LLC
HERBAN INDUSTRIES OR LLC
HERBAN INDUSTRIES NJ LLC

By: _____

Name: Peter Kampian

Title: Chief Financial Officer

IN WITNESS WHEREOF the parties have executed this Amending Agreement.

DIONYMED BRANDS INC.

By: _____

Name: _____

Title: _____

DIONYMED INC.

By: _____

Name: _____

Title: _____

HERBAN CA 2 LLC

By: _____

Name: _____

Title: _____

GOURMET GREEN ROOM INC.

By: _____

Name: Yolanda Celi

Title: Executive Vice President

HERBAN INDUSTRIES, INC., on behalf of itself and each of the following Credit Parties as sole manager

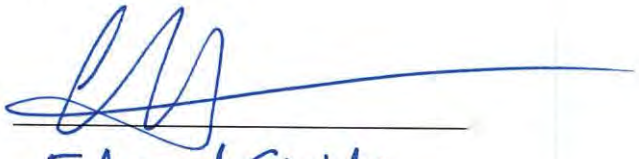
HERBAN INDUSTRIES CA LLC
HERBAN INDUSTRIES OR LLC
HERBAN INDUSTRIES NJ LLC

By: _____

Name: _____

Title: _____

HOMETOWN HEART

By: 

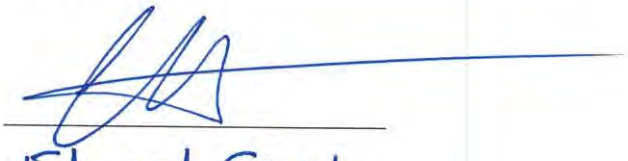
Name: Edward Fields

Title: CEO of the Manager,
Herban Industries, Inc

Acknowledged and Agreed by:

HERBAN INDUSTRIES, INC., on behalf of each of the following Credit Parties as sole manager

HERBAN INDUSTRIES NV LLC
HERBAN INDUSTRIES CO LLC
HERBAN INDUSTRIES MI LLC

By: 

Name: Edward Fields

Title: CEO

GLAS USA LLC, as Administrative Agent

By: _____

Authorized Signing Officer

Yana Kislenko
Vice President

SCHEDULE A
(See attached)

EXHIBIT 2
Form of Borrowing Notice

TO: GLAS USA LLC (the "**Administrative Agent**")

AND TO: The Lenders

FROM: DionyMed Brands Inc. (the "**Borrower**") and the other Credit Parties

RE: Borrowing Notice delivered pursuant to the Credit Agreement dated as of January 16, 2019 (as amended, supplemented, modified or replaced from time to time, the "**Credit Agreement**", the terms defined therein being used herein as therein defined), among the Borrower, HomeTown Heart, DionyMed Inc., Herban Industries Inc., Herban Industries CA LLC, Herban Industries OR LLC, Herban Industries NJ LLC, Herban CA 2 LLC, Gourmet Green Room, Inc., and their respective subsidiaries party thereto from time to time, as Credit Parties, the lenders party thereto from time to time (collectively, the "**Lenders**"), GLAS USA LLC, as Administrative Agent, and GLAS Americas LLC, as Collateral Agent

DATE: ●

This Borrowing Notice is delivered to you pursuant to the Credit Agreement. The Borrower hereby requests the making of an Advance from [the Lenders]/[identify Lender] as follows:

(a) Date of Advance: ●

(b) Facility: Term Facility

(c) Total principal amount of Advance: $●

1. No Default or Event of Default has occurred or is continuing or would arise immediately after giving effect to or as a result of the Advance [except ●].

2. The Advance will not violate any Applicable Law.

3. The representations and warranties made in or pursuant to Article 4 of the Credit Agreement are true and correct on and as of the date hereof, and will be true and correct on the date of the Advance, as if such representations and warranties had been made on and as of the date hereof and the date of the Advance, except for any representation and warranty which is stated to be made only as of a certain date (and then such representation or warranty shall be true and correct as of such date).

4. Each of the undersigned Credit Parties hereby represents, warrants, agrees and covenants to the Administrative Agent and the Secured Creditors as follows, which representations, warranties, agreements and covenants shall survive the execution and delivery hereof:

(a) As at the date hereof (prior to the Advance being made), Advances under the Term Facility in the aggregate principal amount of $● are outstanding to the Borrower, which principal amount bears interest in accordance with Section 2.2 of the Credit Agreement. Upon the Advance being made, the principal amount of $● and all accrued and unpaid interest thereon will be outstanding under the Term Facility and payable by the Borrower pursuant to the Credit Agreement.

(b) On the date hereof and on the date of (and after giving effect to) the Advance:

(i) the Credit Agreement and each of the other Credit Documents remains in full force and effect, unamended (for greater certainty, other than any applicable increase in the Term Facility Commitment), and is enforceable against each Credit Party in accordance with its terms;

(ii) the guarantee granted by each Credit Party, as applicable, in favour of the Secured Creditors extends to all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, at any time or from time to time due or accruing due and owing by or otherwise payable by the Borrower to the Secured Creditors or any one or more of them, in any currency, under or in connection with or pursuant to the Credit Agreement, including the Advance; and

(iii) the security interests, assignments, mortgages, charges, hypothecations and pledges granted by each Credit Party, as applicable, in favour of the Collateral Agent continue to secure all debts, liabilities and obligations at any time or from time to time due or accruing due and owing by such Credit Party to the Secured Creditors pursuant to the Credit Agreement, including the Advance.

(a) The making of the Advance does not and will constitute a waiver by the Lender making such Advance (or any other Secured Creditor) of any applicable condition of Advance or any Default or Event of Default, including any Default or Event of Default disclosed in this Borrowing Notice.

You are hereby irrevocably directed to wire the proceeds of the Advance to the Borrower's Account in accordance with the following details, and this shall be your good, sufficient and irrevocable authority for so doing:

[NTD: Borrower to insert applicable wire instructions]

This Borrowing Notice may be executed in any number of counterparts, each of which is deemed to be an original, and such counterparts together constitute one and the same instrument. Transmission of an executed signature page by facsimile, e-mail or other electronic means is as effective as a manually executed counterpart of this Borrowing Notice.

This Borrowing Notice is effective when executed by the Borrower and delivered to the Administrative Agent and is binding on each Credit Party that has executed and delivered this Borrowing Notice when the same has been executed and delivered by such Credit Party.

DIONYMED BRANDS INC.

By: _____

Name: _____

Title: _____

DIONYMED INC.

By: _____

Name: _____

Title: _____

HERBAN CA 2 LLC

By: _____

Name: _____

Title: _____

GOURMET GREEN ROOM INC.

By: _____

Name: _____

Title: _____

HERBAN INDUSTRIES, INC., on behalf of itself and each of the following Credit Parties as sole manager

HERBAN INDUSTRIES CA LLC
HERBAN INDUSTRIES OR LLC
HERBAN INDUSTRIES NJ LLC

By: _____

Name: _____

Title: _____

HOMETOWN HEART

By: _____

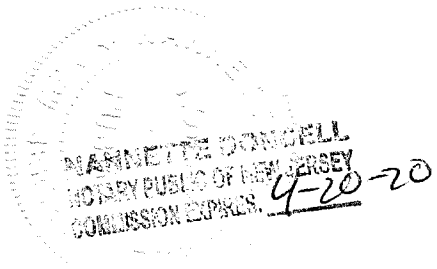
Name: _____

Title: _____

This is Exhibit "M" to the Affidavit of YANA KISLENKO sworn before me this 22nd day of October, 2019

Nannette Doncell

Notary Public for Taking Affidavits



Supplemental Agreement

Supplemental Agreement dated as of August 21, 2019 (this "**Supplement**") between Gourmet Green Room, Inc. (the "**Additional Credit Party**") and GLAS USA LLC, as Administrative Agent, and GLAS Americas LLC, as Collateral Agent.

RECITALS:

(a) Reference is hereby made to the credit agreement dated as of January 16, 2019 (as amended, supplemented, modified or replaced from time to time, the "**Credit Agreement**", the terms defined therein being used herein as therein defined), among DionyMed Brands Inc., as borrower (the "**Borrower**"), HomeTown Heart, DionyMed Inc., Herban Industries Inc., Herban Industries CA LLC, Herban Industries OR LLC, Herban Industries NJ LLC and their respective subsidiaries party thereto from time to time, as Credit Parties, the lenders party thereto from time to time (collectively, the "**Lenders**"), and the Administrative Agent and Collateral Agent;

(b) the Additional Credit Party is a subsidiary of Herban CA 2 LLC;

(c) pursuant to Section 5.1(s) of the Credit Agreement, subsidiaries of Credit Parties are required to become Credit Parties under the Credit Agreement by executing a Supplement in consideration for Advances made or to be made by the Lenders and as consideration for the other agreements of the Lenders and Agents under the Credit Documents.

In consideration of the foregoing, and for other good and valuable consideration, the receipt and adequacy of which are acknowledged, the parties hereto agree as follows:

1. The Additional Credit Party hereby acknowledges, agrees and confirms that, by its execution of this Supplement, it will be deemed to be a party to the Credit Agreement and a "Credit Party" for all purposes of the Credit Agreement and the other Credit Documents, and shall have all of the obligations of a Credit Party thereunder as if it had executed the Credit Agreement and the other Credit Documents.

2. The Additional Credit Party hereby ratifies, as of the date hereof, and agrees to be bound by, all of the terms, provisions and conditions contained in the Credit Agreement applicable to it as a Credit Party, including without limitation (i) all of the representations and warranties with respect to the Credit Parties set forth in Article 4 of the Credit Agreement, as supplemented from time to time in accordance with the terms thereof, and (ii) all of the covenants set forth in Article 5 of the Credit Agreement.

3. Without limiting the generality of the foregoing, the Additional Credit Party represents and warrants that each representation and warranty made by the Borrower in Article 4 of the Credit Agreement, to the extent it pertains to the Additional Credit Party or any of its subsidiaries, the Business or the Credit Documents to which the Additional Credit Party or any of its subsidiaries is a party, is true, accurate and complete in all respects as of the date hereof with the

same force and effect as if made at and as of the date hereof, including the information required to be updated in the schedules to the Credit Agreement, such information having been attached hereto in Schedule A.

4. This Supplement and the rights and obligations of the parties hereunder shall be governed by, and construed in accordance with, the laws of the Province of British Columbia and the federal laws of Canada applicable in that Province.

5. If any court of competent jurisdiction from which no appeal exists or is taken, determines any provision of this Supplement to be illegal, invalid or unenforceable, that provision will be severed from this Supplement and the remaining provisions will remain in full force and effect.

6. This Supplement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Supplement by telecopy or by sending a scanned copy by electronic mail shall be effective as delivery of a manually executed counterpart of this Agreement.

[Signature Pages Follow]

In witness whereof, the parties have executed this Supplement.

GOURMET GREEN ROOM, INC.

By: DocuSigned by: Yolanda Celi C922000848704A0...

Name: Yolanda Celi

Title: Executive Vice President

GLAS USA LLC,
as Administrative Agent

By: _____

Name:

Title:

GLAS AMERICAS LLC,
as Collateral Agent

By: _____

Name:

Title:

In witness whereof, the parties have executed this Supplement.

GOURMET GREEN ROOM, INC.

By: _____

Name:

Title:

By: _____

Name:

Title:

GLAS USA LLC,
as Administrative Agent

By: _____

Name: Yana Kislenko

Title: Vice President

GLAS AMERICAS LLC,
as Collateral Agent

By: _____

Name: Yana Kislenko

Title: Vice President

SCHEDULE A

See Attached

Schedule 4.1(a)

Jurisdictions of Incorporation

Credit Party	Jurisdiction of Incorporation
Gourmet Green Room, Inc.	California

Schedule 4.1(d)

Corporate Action, Governmental Approvals, etc.

Nil.

Schedule 4.1(i)

Owned Properties and Leased Properties

Part I: Owned Properties

Nil.

Part II: Leased Properties

Nil.

Schedule 4.1(u)

Corporate Structure

Part I: Subsidiaries of the Borrower

DionyMed Inc.
Herban Industries, Inc.
Herban Industries CA LLC
Herban Industries CO LLC
Herban Industries NV LLC
Herban Industries MI LLC
Herban Industries OR LLC
Herban Industries NJ LLC
Hometown Heart[1]
Herban CA 2 LLC
Gourmet Green Room, Inc.

Part II: Authorized and Issued Capital

Credit Party	Authorized Capital	Issued Capital and Owner(s)
Gourmet Green Room, Inc.	10,000 shares of common stock	1,000 shares of common stock held by Herban CA 2 LLC

Part III: Interests in Partnerships, Joint Ventures and Syndicates, etc.

None of the Credit Parties owns any Equity Interests, or is, directly or indirectly, a member of, or a partner or participant in, any partnership, joint venture or syndicate

[1] Upon DionyMed Brands Inc.'s exercise of its rights under the Assignment and Option Agreement (as defined on Schedule 4.1(bb)(v)), Hometown Heart will become a subsidiary of DionyMed Brands Inc.

Schedule 4.1(bb)(i)

Location of Assets and Business

Part I: Credit Party Addresses

Credit Party	Chief Executive Office Address	Registered Office Address	Address(es) where business is carried on	Address(es) where tangible personal property is held	Jurisdiction(s) of Account Debtors outside of the U.S./Canada
Gourmet Green Room, Inc.	1500 Esperanza Street in Los Angeles, California 90023	1500 Esperanza Street in Los Angeles, California 90023	1500 Esperanza Street in Los Angeles, California 90023	1500 Esperanza Street in Los Angeles, California 90023	N/A.

Schedule 4.1(bb)(ii)

Material Authorizations

Credit Party	Permit/License	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description
Gourmet Green Room, Inc.	M10-18-0000293-TEMP	Los Angeles, CA	9/2/2019	Adult-Use and Medicinal - Retailer Temporary License
Gourmet Green Room, Inc.	A11-18-0000146-TEMP	Los Angeles, CA	9/1/2019	Adult-Use and Medicinal Type-11 Temporary Distributor License
Gourmet Green Room, Inc.	TML18-0001359	Los Angeles, CA	3/21/2019	Adult-Use and Medicinal Type 3A Temporary Cannabis Cultivation License
Gourmet Green Room, Inc.	CDPH-1002318	Los Angeles, CA	4/8/2020	Adult-Use and Medicinal Type-6 (Non-Volatile Solvent Extraction) Manufacturer License
Gourmet Green Room, Inc.	0002207858-0001-0	Los Angeles, CA	N/A	Adult-Use Class J093 Manuf.
Gourmet Green Room, Inc.	0002207858-0001-0	Los Angeles, CA	N/A	Adult-Use Class J090 Dist.
Gourmet Green Room, Inc.	0002207858-0001-0	Los Angeles, CA	N/A	Medicinal Class J083 Manuf.
Gourmet Green Room, Inc.	0002207858-0001-0	Los Angeles, CA	N/A	Medicinal Class J0870 Dist.
Gourmet Green Room, Inc.	0002207858-0001-0	Los Angeles, CA	N/A	Adult-Use J020 Retail
Gourmet Green Room, Inc.	0002207858-0001-0	Los Angeles, CA	N/A	Medicinal J010 Retail

Schedule 4.1(bb)(iii)

Intellectual Property

Part I: Owned Intellectual Property

Nil.

Part II: Licensed Intellectual Property

Nil.

Schedule 4.1(bb)(iv)

Litigation

Nil.

Schedule 4.1(bb)(v)

Material Agreements

Nil.

Schedule 4.1(bb)(vi)

Bank Accounts and Securities Accounts

Part I: Bank Accounts

Nil.

Part II: Securities Accounts

Nil.

Schedule 5.2(g)

Affiliate Transactions

Part I: Restricted Payments

Credit Party	Restricted Payments
Gourmet Green Room, Inc.	None.

Part II: Transactions with Related Parties

Credit Party	Transactions with Related Parties
Gourmet Green Room, Inc.	None other than intercompany loans and dividend issuances.

Supplemental Agreement

Supplemental Agreement dated as of August 21, 2019 (this "**Supplement**") between Herban CA 2 LLC (the "**Additional Credit Party**") and GLAS USA LLC, as Administrative Agent, and GLAS Americas LLC, as Collateral Agent.

RECITALS:

(a) Reference is hereby made to the credit agreement dated as of January 16, 2019 (as amended, supplemented, modified or replaced from time to time, the "**Credit Agreement**", the terms defined therein being used herein as therein defined), among DionyMed Brands Inc., as borrower (the "**Borrower**"), HomeTown Heart, DionyMed Inc., Herban Industries Inc., Herban Industries CA LLC, Herban Industries OR LLC, Herban Industries NJ LLC and their respective subsidiaries party thereto from time to time, as Credit Parties, the lenders party thereto from time to time (collectively, the "**Lenders**"), and the Administrative Agent and Collateral Agent;

(b) the Additional Credit Party is a subsidiary of Herban Industries CA LLC;

(c) pursuant to Section 5.1(s) of the Credit Agreement, subsidiaries of Credit Parties are required to become Credit Parties under the Credit Agreement by executing a Supplement in consideration for Advances made or to be made by the Lenders and as consideration for the other agreements of the Lenders and Agents under the Credit Documents.

In consideration of the foregoing, and for other good and valuable consideration, the receipt and adequacy of which are acknowledged, the parties hereto agree as follows:

1. The Additional Credit Party hereby acknowledges, agrees and confirms that, by its execution of this Supplement, it will be deemed to be a party to the Credit Agreement and a "Credit Party" for all purposes of the Credit Agreement and the other Credit Documents, and shall have all of the obligations of a Credit Party thereunder as if it had executed the Credit Agreement and the other Credit Documents.

2. The Additional Credit Party hereby ratifies, as of the date hereof, and agrees to be bound by, all of the terms, provisions and conditions contained in the Credit Agreement applicable to it as a Credit Party, including without limitation (i) all of the representations and warranties with respect to the Credit Parties set forth in Article 4 of the Credit Agreement, as supplemented from time to time in accordance with the terms thereof, and (ii) all of the covenants set forth in Article 5 of the Credit Agreement.

3. Without limiting the generality of the foregoing, the Additional Credit Party represents and warrants that each representation and warranty made by the Borrower in Article 4 of the Credit Agreement, to the extent it pertains to the Additional Credit Party or any of its subsidiaries, the Business or the Credit Documents to which the Additional Credit Party or any of its subsidiaries is a party, is true, accurate and complete in all respects as of the date hereof with the

same force and effect as if made at and as of the date hereof, including the information required to be updated in the schedules to the Credit Agreement, such information having been attached hereto in Schedule A.

4. This Supplement and the rights and obligations of the parties hereunder shall be governed by, and construed in accordance with, the laws of the Province of British Columbia and the federal laws of Canada applicable in that Province.

5. If any court of competent jurisdiction from which no appeal exists or is taken, determines any provision of this Supplement to be illegal, invalid or unenforceable, that provision will be severed from this Supplement and the remaining provisions will remain in full force and effect.

6. This Supplement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Supplement by telecopy or by sending a scanned copy by electronic mail shall be effective as delivery of a manually executed counterpart of this Agreement.

[Signature Pages Follow]

In witness whereof, the parties have executed this Supplement.

HERBAN CA 2 LLC

By: _____

Name: Peter Kampian

Title: Chief Financial Officer

GLAS USA LLC,
as Administrative Agent

By: _____

Name: Yana Kislenko

Title: Vice President

GLAS AMERICAS LLC,
as Collateral Agent

By: _____

Name: Yana Kislenko

Title: Vice President

SCHEDULE A

See Attached

Schedule 4.1(a)

Jurisdictions of Incorporation

Credit Party	Jurisdiction of Incorporation
Herban CA 2 LLC	California

Schedule 4.1(d)

Corporate Action, Governmental Approvals, etc.

Nil.

Schedule 4.1(i)

Owned Properties and Leased Properties

Part I: Owned Properties

Nil.

Part II: Leased Properties

Nil.

Schedule 4.1(u)

Corporate Structure

Part I: Subsidiaries of the Borrower

DionyMed Inc.
Herban Industries, Inc.
Herban Industries CA LLC
Herban Industries CO LLC
Herban Industries NV LLC
Herban Industries MI LLC
Herban Industries OR LLC
Herban Industries NJ LLC
Hometown Heart[1]
Herban CA 2 LLC
Gourmet Green Room, Inc.

Part II: Authorized and Issued Capital

Credit Party	Authorized Capital	Issued Capital and Owner(s)
Herban CA 2 LLC	An unlimited number of membership interests	1,000 membership units held by Herban Industries CA LLC

Part III: Interests in Partnerships, Joint Ventures and Syndicates, etc.

None of the Credit Parties owns any Equity Interests, or is, directly or indirectly, a member of, or a partner or participant in, any partnership, joint venture or syndicate

[1] Upon DionyMed Brands Inc.'s exercise of its rights under the Assignment and Option Agreement (as defined on Schedule 4.1(bb)(v)), Hometown Heart will become a subsidiary of DionyMed Brands Inc.

Schedule 4.1(bb)(i)

Location of Assets and Business

Part I: Credit Party Addresses

Credit Party	Chief Executive Office Address	Registered Office Address	Address(es) where business is carried on	Address(es) where tangible personal property is held	Jurisdiction(s) of Account Debtors outside of the U.S./Canada
Herban CA 2 LLC	360 Grand Avenue #396 Oakland, California USA 94610	360 Grand Avenue #396 Oakland, California USA 94610	360 Grand Avenue #396 Oakland, California USA 94610 1454, 1458, and 1500 Esperanza Street in Los Angeles, California 90023	N/A.	N/A.

Schedule 4.1(bb)(ii)

Material Authorizations

Nil.

Schedule 4.1(bb)(iii)

Intellectual Property

Part I: Owned Intellectual Property

Nil.

Part II: Licensed Intellectual Property

Nil.

Schedule 4.1(bb)(iv)

Litigation

Nil.

Schedule 4.1(bb)(v)

Material Agreements

1. Secured Convertible Demand Note dated July 30, 2019 between DionyMed Brands Inc., Herban CA 2, LLC and Gotham Green Fund II, LP.

2. Secured Convertible Demand Note dated July 30, 2019 between DionyMed Brands Inc., Herban CA 2, LLC and Gotham Green Fund II (Q), LP.

Schedule 4.1(bb)(vi)

Bank Accounts and Securities Accounts

Part I: Bank Accounts

Nil.

Part II: Securities Accounts

Nil.

Schedule 5.2(g)

Affiliate Transactions

Part I: Restricted Payments

Credit Party	Restricted Payments
Herban CA 2 LLC	None.

Part II: Transactions with Related Parties

Credit Party	Transactions with Related Parties
Herban CA 2 LLC	None other than intercompany loans and dividend issuances.

This is Exhibit "N" to the Affidavit of YANA KISLENKO sworn before me this 22nd day of October, 2019

Nannette Doncell

Notary Public for Taking Affidavits

NANNETTE DONCELL
NOTARY PUBLIC OF NEW JERSEY
COMMISSION EXPIRES 4-20-20

LENDER JOINDER

Lender Joinder dated October 10, 2019 (this "**Lender Joinder**") among Evolution Trustees Limited (ABN 29 611 839 519) (the "**Lender**"), as sole trustee of SP1 Credit Fund (the "**Fund**"), DionyMed Brands Inc. (the "**Borrower**"), GLAS USA LLC, as Administrative Agent, and GLAS Americas LLC, as Collateral Agent.

Reference is made to (i) the credit agreement dated as of January 16, 2019 (as amended, supplemented, modified or replaced from time to time, the "**Credit Agreement**", the terms defined therein being used herein as therein defined), among the Borrower, HomeTown Heart, DionyMed Inc., Herban Industries Inc., Herban Industries CA LLC, Herban Industries OR LLC, Herban Industries NJ LLC, Herban CA 2 LLC, Gourmet Green Room, Inc., and their respective subsidiaries party thereto from time to time, as Credit Parties, the lenders party thereto from time to time (collectively, the "**Lenders**"), GLAS USA LLC, as Administrative Agent, and GLAS Americas LLC, as Collateral Agent and (ii) the assignment and assumption between the Lender, as sole trustee of the Fund, and Marin Finance Fund LP effective October 3, 2019 with respect to Marin Finance Fund LP's rights and obligations under the Credit Agreement as at the date thereof.

The Lender hereby agrees as follows:

1. By its execution of this Lender Joinder, it will be deemed to be a party to the Credit Agreement and a "Lender" and a "Secured Creditor" for all purposes of the Credit Agreement and the other Credit Documents, and shall have all of the rights and obligations of a Lender and a Secured Creditor thereunder as if it had executed the Credit Agreement and the other Credit Documents.

2. The Term Facility Commitment of the Lender is $21,889,188 and the Delayed Draw Facility Commitment of the Lender is $0.

3. The Lender (i) confirms that it has received a copy of the Credit Agreement; (ii) agrees that it will be bound by the provisions of the Credit Agreement, including without limitation the representations, agreements and other provisions of Article 8 thereof, and will perform in accordance with its terms all the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender; and (iii) without limiting the foregoing, appoints and authorizes each Agent to take such action as agent on its behalf and to exercise such powers under the Credit Agreement and the other Credit Documents as are delegated to such Agent by the terms thereof, together with such powers as are reasonably incidental thereto.

4. The Lender enters into and performs this document and the transactions contemplated by it only as trustee of the Fund and in no other capacity. To the extent permitted by law, the Lender's liability to pay any amount or satisfy any obligation under or in connection with this document is limited to the extent to which the Lender is actually indemnified out of the assets of the Fund. This limitation applies despite any other provision of this document and extends to all liabilities and obligations of the Lender in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to this document or its performance.

5. No party to this document may sue the Lender in any capacity other than as trustee of the Fund, seek the appointment of a receiver, liquidator, administrator or other similar person to the Lender or seek to prove in any liquidation, administration or arrangement of or affecting the Lender other than in its capacity as trustee of the Fund and in respect of the assets of the Fund from which the Lender is actually indemnified.

6. The provisions of Sections 4 through 7, inclusive, do not apply to any obligation or liability of the Lender to the extent that the Lender's right to be indemnified out of the assets of the Fund has been reduced by fraud, gross negligence or a material breach of trust provided that nothing in this Section 6 shall make the Lender liable to any claim for an amount greater than that which each person would have been able to recover from the assets of the Fund were it not for the reduction of the Lender's right of indemnity.

7. The Lender is not obliged to do or refrain from doing anything under this document (including, without limitation, incur any liability or enter into any document) unless the Lender's liability is limited in the same manner as set out in Sections 4 through 7, inclusive.

8. This Lender Joinder supersedes and replaces the Lender Joinder dated October 3, 2019 executed by the Lender as sole trustee of the Fund and, for greater certainty, the Lender Joinder dated July 18, 2019 executed by Marin Finance Fund LP.

9. This Lender Joinder shall be governed by, and construed in accordance with, the laws of the Province of British Columbia and the laws of Canada applicable therein.

10. This Lender Joinder may be executed in one or more counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Lender Joinder by telecopy or by sending a scanned copy by electronic mail shall be effective as delivery of a manually executed counterpart of this Lender Joinder.

IN WITNESS WHEREOF, the undersigned have caused this Lender Joinder to be duly executed and delivered by their duly authorized officers as of the date first written above.

EVOLUTION TRUSTEES LIMITED, as sole trustee of **SP1 CREDIT FUND**, as Lender

By: _____

Name: Ben Norman

Title: Director

By: _____

Name: Masri Huuck

Title: Company Secretary

Accepted and Agreed:

DIONYMED BRANDS INC.

By: _____

Name:

Title:

By: _____

Name:

Title:

GLAS USA LLC,
as Administrative Agent

By: _____

Name: DIANA GULYAK

Title: AVP

GLAS AMERICAS LLC,
as Collateral Agent

By: _____

Name: DIANA GULYAK

Title: AVP

IN WITNESS WHEREOF, the undersigned have caused this Lender Joinder to be duly executed and delivered by their duly authorized officers as of the date first written above.

EVOLUTION TRUSTEES LIMITED, as sole trustee of **SP1 CREDIT FUND**, as Lender

By: _____
Name:
Title:

By: _____
Name:
Title:

Accepted and Agreed:

DIONYMED BRANDS INC.

By: _____
Name: Peter Crampion
Title: Authorized Signing Officer

By: _____
Name:
Title:

GLAS USA LLC,
as Administrative Agent

By: _____
Name:
Title:

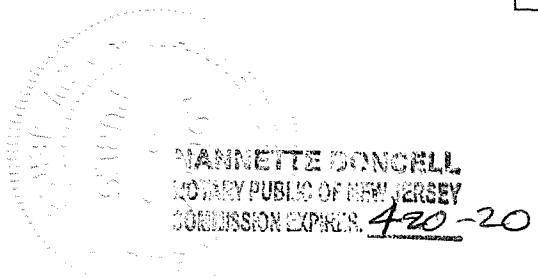
GLAS AMERICAS LLC,
as Collateral Agent

By: _____
Name:
Title:

This is Exhibit "O" to the Affidavit of YANA KISLENKO sworn before me this 22nd day of October, 2019

Nannette Doncell

Notary Public for Taking Affidavits



EXECUTION VERSION

DIONYMED BRANDS INC.

as Obligor

and

GLAS AMERICAS LLC

as Collateral Agent

SECURITY AGREEMENT

January 30, 2019

SECURITY AGREEMENT

Security agreement dated as of January 30, 2019 made by DionyMed Brands Inc., to and in favour of GLAS AMERICAS LLC as Collateral Agent for the benefit of the Secured Creditors.

RECITALS:

(a) The Lenders have agreed to make certain credit facilities available to the Obligor on the terms and conditions contained in the Credit Agreement; and

(b) It is a condition precedent to the extension of credit to the Obligor under the Credit Agreement that the Obligor execute and deliver this Agreement in favour of the Collateral Agent as security for the payment and performance of the Obligor's obligations under the Credit Agreement and the other Credit Documents to which it is a party.

In consideration of the foregoing and other good and valuable consideration, the receipt and adequacy of which are acknowledged, the Obligor agrees as follows.

ARTICLE 1
INTERPRETATION

Section 1.1 Defined Terms.

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

"**Agent**" means GLAS USA LLC acting as administrative agent for the Lenders under the Credit Agreement and any successor administrative agent appointed under the Credit Agreement, and its successors and permitted assigns.

"**Agreement**" means this security agreement.

"**Collateral**" has the meaning specified in Section 2.1.

"**Collateral Agent**" means GLAS AMERICAS LLC acting as collateral agent for the Secured Creditors and any successor collateral agent appointed under the Credit Agreement and its successors and permitted assigns.

"**Credit Agreement**" means the credit agreement dated as of January 16, 2019, among, *inter alios*, the Obligor, the Lenders, the Agent and the Collateral Agent, as the same may be amended, modified, extended, renewed, replaced, restated, supplemented or refinanced from time to time and includes any agreement extending the maturity of, refinancing or restructuring all or any portion of, the indebtedness under such agreement or any successor agreements, whether or not with the same Agent or Lenders.

"**Credit Documents**" means the Credit Agreement, this Agreement and each other Credit Document (as such term is defined in the Credit Agreement).

"**Expenses**" has the meaning specified in Section 2.2(b).

"**Instruments**" means (i) a bill, note or cheque within the meaning of the *Bills of Exchange Act* (Canada) or any other writing that evidences a right to the payment of money and is of a type that in the ordinary course of business is transferred by delivery with any necessary endorsement or assignment, or (ii) a letter of credit and an advice of credit if the letter or advice states that it must be surrendered upon claiming payment thereunder, or (iii) chattel paper or any other writing that evidences both a monetary obligation and a security interest in or a lease of specific goods, or (iv) documents of title or any other writing that purports to be issued by or addressed to a bailee and purports to cover such goods in the bailee's possession as are identified or fungible portions of an identified mass, and that in the ordinary course of business is treated as establishing that the Person in possession of it is entitled to receive, hold and dispose of the document and the goods it covers, or (v) any document or writing commonly known as an instrument, but excludes investment property.

"**Lenders**" means any Person who may become a Lender pursuant to the Credit Agreement, and their respective successors and assigns.

"**Obligor**" means DionyMed Brands Inc., a corporation amalgamated and existing under the laws of the Province of British Columbia, and its successors and permitted assigns.

"**Registrable Intellectual Property**" means any Intellectual Property in respect of which ownership, title, security interests, charges or encumbrances are capable of registration, recording or notation with any Governmental Authority pursuant to Applicable Law.

"**Required Secured Creditors**" means the Majority Lenders, or to the extent required by Section 9.1(2) of the Credit Agreement, all of the Lenders.

"**Secured Creditors**" means the Collateral Agent, the Agent and the Lenders.

"**Secured Obligations**" has the meaning specified in Section 2.2(a).

"Security" means a security (as defined in the STA) and all other shares, interests, participations, rights in, or other equivalents (however designated and whether voting or non-voting) of, a Person's capital, including any interest in a partnership, limited partnership or other similar Person and any beneficial interest in a trust, and any all rights, warrants, options or other rights exchangeable for or convertible into any of the foregoing.

"**Security Documents**" at any time means the agreements, documents and instruments described in Exhibit 3 of the Credit Agreement, the guarantees and security delivered pursuant to Section 5.1(q) of the Credit Agreement, and each additional agreement, document and instrument delivered to any of the Secured Creditors as security for the Obligations.

"**Security Interest**" has the meaning specified in Section 2.2.

"ULC" means an unlimited company, an unlimited liability company or an unlimited liability corporation incorporated pursuant to or otherwise governed by the laws of any of the provinces of Canada.

"ULC Shares" means shares in any ULC at any time owned or otherwise held by the Obligor.

Section 1.2 Interpretation.

(1) Terms defined in the *Personal Property Security Act* (British Columbia) ("**PPSA**") or the *Securities Transfer Act* (British Columbia) ("**STA**") and used but not otherwise defined in this Agreement have the same meanings. For greater certainty, the terms "**account**", "**chattel paper**", "**document of title**", "**equipment**", **"goods"**, "**intangible**", "**investment property**", "**money**", "**personal property**" and "**proceeds**" have the meanings given to them in the PPSA; and the terms "**certificated security**", "**control**", "**deliver**", "**entitlement holder**", "**financial asset**", "**securities account**", "**securities intermediary**", **"security"**, "**security entitlement**" and "**uncertificated security**" have the meanings given to them in the STA. Capitalized terms used in this Agreement but not defined have the meanings given to them in the Credit Agreement.

(2) Any reference in any Credit Document to Liens permitted by the Credit Agreement and any right of the Obligor to create or suffer to exist Liens permitted by the Credit Agreement are not intended to and do not and will not subordinate the Security Interest to any such Lien or give priority to any Person over the Secured Creditors.

(3) In this Agreement the words "**including**", "**includes**" and "**include**" mean "**including (or includes or include) without limitation**". The expressions "**Article**", "**Section**" and other subdivision followed by a number mean and refer to the specified Article, Section or other subdivision of this Agreement.

(4) Any reference in this Agreement to gender includes all genders. Words importing the singular number only include the plural and vice versa.

(5) The division of this Agreement into Articles, Sections and other subdivisions and the insertion of headings are for convenient reference only and do not affect its interpretation.

(6) The schedules attached to this Agreement form an integral part of it for all purposes of it.

(7) Any reference to this Agreement, any Credit Document or any Security Document refers to this Agreement or such Credit Document or Security Document as the same may have been or may from time to time be amended, modified, extended, renewed, restated, replaced or supplemented and includes all schedules attached to it. Except as otherwise provided in this Agreement, any reference in this Agreement to a statute refers to such statute and all rules and regulations made under it as the same may have been or may from time to time be amended or re-enacted.

(8) Unless the context requires otherwise, in this Agreement, any reference to the taking of any action or the exercise of any power (including the granting of any consent) by an Agent shall be construed as the taking of such action or the exercise of such power by such Agent on the instructions of, or otherwise with the approval of, the Majority Lenders (or such other number or percentage of the Lenders as shall be expressly provided for in the Credit Documents).

ARTICLE 2
SECURITY

Section 2.1 Grant of Security.

Subject to Section 2.4, the Obligor grants to the Collateral Agent, for the benefit of the Secured Creditors, a security interest in, and assigns, mortgages, charges, hypothecates and pledges to the Collateral Agent, for the benefit of the Secured Creditors, all of the property and undertaking of the Obligor now owned or hereafter acquired and all of the property and undertaking in which the Obligor now has or hereafter acquires any interest (collectively, the "**Collateral**") including all of the Obligor's:

(a) present and after-acquired personal property;

(b) inventory including goods held for sale, lease or resale, goods furnished or to be furnished to third parties under contracts of lease, consignment or service, goods which are raw materials or work in process, goods used in or procured for packing or shipping, and materials used or consumed in the business of the Obligor;

(c) equipment, machinery, furniture, fixtures, plant, vehicles and other goods of every kind and description and all licences and other rights and all related records, files, charts, plans, drawings, specifications, manuals and documents;

(d) accounts due or accruing, including deposit accounts (whether demand, term, cash, chequing, savings or other similar account, and whether or not evidenced by a certificate of deposit, account agreement, passbook or other document) maintained for the benefit of the Obligor by a bank, credit union, trust company or other financial institution, and all other monetary obligations due or accruing to the Obligor;

(e) money, documents of title, chattel paper, financial assets and investment property;

(f) securities accounts and all of the credit balances, securities entitlements, other financial assets and items or property (or their value) standing to the credit from time to time in such securities accounts;

(g) Instruments, including the Instruments listed in Schedule A;

(h) Securities, including the Securities listed in Schedule A;

(i) intangibles including all security interests, goodwill, choses in action, contracts, contract rights, licences and other contractual benefits;

(j) Intellectual Property including the Registrable Intellectual Property listed in Schedule B;

(k) books, records, files, correspondence, invoices, documents, papers, agreements, computer programs, disks and other repositories of data recording or storage in any form or medium, evidencing or relating to the property described in this Section 2.1;

(l) all substitutions and replacements of and increases, additions and, where applicable, accessions to the property described in Section 2.1(a) through Section 2.1(k) inclusive; and

(m) all proceeds in any form derived directly or indirectly from any dealing with all or any part of the property described in Section 2.1(a) through Section 2.1(l) inclusive, including the proceeds of such proceeds.

Section 2.2 Secured Obligations.

The security interest, assignment, mortgage, charge, hypothecation and pledge granted by this Agreement (collectively, the "**Security Interest**") secures the payment and performance of:

(a) all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or unmatured, at any time or from time to time due or accruing due and owing by or otherwise payable by the Obligor to the Secured Creditors, or any one or more of them, in any currency, under, in connection with or pursuant to the Credit Agreement and any other Credit Document to which the Obligor is a party, and whether incurred by the Obligor alone or jointly with another or others and whether as principal, guarantor or surety and in whatever name or style (collectively, and together with the Expenses, the "**Secured Obligations**"); and

(b) all expenses, costs and charges incurred by or on behalf of the Secured Creditors in connection with this Agreement, the Security Interest or the Collateral, including all legal fees, court costs, receiver's or agent's remuneration and other expenses of taking possession of, repairing, protecting, insuring, preparing for disposition, realizing, collecting, selling, transferring, delivering or obtaining payment for the Collateral, and of taking, defending or participating in any action or proceeding in connection with any of the foregoing matters or otherwise in connection with the Secured Creditors' interest in any Collateral, whether or not directly relating to the enforcement of this Agreement or any other Credit Document in accordance with the Credit Agreement (collectively, the "**Expenses**").

Section 2.3 Attachment.

(1) The Obligor acknowledges that (i) value has been given, (ii) it has rights in the Collateral or the power to transfer rights in the Collateral to the Collateral Agent (other than after-acquired Collateral), (iii) it has not agreed to postpone the time of attachment of the Security Interest, and (iv) it has received a copy of this Agreement.

(2) If the Obligor (i) acquires any Securities, (ii) acquires any other financial assets that have not been credited to a securities account specified in Schedule A, (iii) acquires any Instruments (other than Instruments evidencing amounts payable of less than $10,000 or evidencing any rights to goods having a value less than $10,000, or (iv) establishes or maintains a securities account that is not specified in Schedule A, the Obligor will notify the Collateral Agent in writing and provide the Collateral Agent with a revised Schedule A recording the acquisition or establishment of and particulars relating to such Securities, financial assets, Instruments or securities account within 15 days after such acquisition or establishment, in the case of Instruments, and otherwise upon such acquisition or establishment.

(3) The Obligor will cause the Collateral Agent to have control over each security and all other investment property that are now or at any time become Collateral and will take all action that the Collateral Agent deems advisable to cause the Collateral Agent to have control over such Collateral, including (i) causing the Collateral to be transferred to or registered in the name of the Collateral Agent or its nominee or otherwise as the Collateral Agent may direct, (ii) endorsing any certificated securities to the Collateral Agent or in blank by an effective endorsement, (iii) delivering such Collateral to the Collateral Agent or someone on its behalf as the Collateral Agent may direct, (iv) delivering to the Collateral Agent any and all consents or other documents or agreements which may be necessary to effect the transfer of any such Collateral to the Collateral Agent or any third party and (v) entering into control agreements with the Collateral Agent and the applicable securities intermediary or issuer in respect of any such Collateral in form and substance satisfactory to the Majority Lenders in accordance with Section 5.2(p) of the Credit Agreement.

(4) At the request of the Collateral Agent, the Obligor will (i) deliver to and deposit with the Collateral Agent the Instruments listed in Schedule A and any other Instruments requested by the Agent, (ii) cause the transfer of any Instruments to the Collateral Agent to be registered wherever such registration may be required or advisable in the opinion of the Collateral Agent, (iii) endorse any Instruments to the Collateral Agent or in blank or register them in the name of the Collateral Agent or its nominee or otherwise as the Collateral Agent may direct and (iv) deliver to the Collateral Agent any and all consents or other documents that may be necessary to effect the transfer of any Instruments to the Collateral Agent or any third party. At the request of the Collateral Agent, the Obligor will take similar actions, as applicable, with respect to any Securities not subject to Section 2.3(3).

(5) The Obligor will promptly notify the Collateral Agent in writing of the acquisition by the Obligor of any Registrable Intellectual Property. The Obligor will provide the

Collateral Agent with a revised Schedule B recording the acquisition and particulars of such additional Intellectual Property.

(6) The Obligor irrevocably waives, to the extent permitted by applicable law, any right to receive a copy of any financing statement or financing change statement (and any verification statement relating to the same) registered in respect of this Agreement or any other security agreement granted to the Secured Creditors or any of them.

Section 2.4 Scope of Security Interest.

(1) The Security Interest with respect to trade-marks constitutes a security interest in, and a charge, hypothecation and pledge of, such Collateral in favour of the Collateral Agent for the benefit of the Secured Creditors, but does not constitute an assignment or mortgage of such Collateral to the Collateral Agent or any Secured Creditor.

(2) Until the occurrence of an Event of Default that is continuing, the grant of the Security Interest in the Intellectual Property does not affect in any way the Obligor's rights to commercially exploit the Intellectual Property, defend it, enforce the Obligor's rights in it or with respect to it against third parties in any court or claim and be entitled to receive any damages with respect to any infringement of it.

(3) The Security Interest does not extend to consumer goods.

(4) The Security Interest does not extend or apply to the last day of the term of any lease or sublease of real property or any agreement for a lease or sublease of real property, now held or hereafter acquired by the Obligor, but the Obligor will stand possessed of any such last day upon trust to assign and dispose of it as the Collateral Agent may reasonably direct.

(5) To the extent that an assignment of amounts payable and other proceeds arising in connection with, or the grant of a security interest in any agreement, licence, permit or quota of the Obligor would result, after the application of subsection 41(9) of the PPSA with respect to the assignment of accounts or chattel paper, in the termination, breach or acceleration of such agreement, license, permit or quota (each, a "**Restricted Asset**"), the Security Interest with respect to each Restricted Asset will constitute a trust created in favour of the Collateral Agent, for the benefit of the Secured Creditors, pursuant to which the Obligor holds as trustee all proceeds arising under or in connection with the Restricted Asset in trust for the Collateral Agent, for the benefit of the Secured Creditors, on the following basis:

(a) subject to the Credit Agreement, until the occurrence of an Event of Default that is continuing the Obligor is entitled to receive all such proceeds; and

(b) upon the occurrence of an Event of Default that is continuing, (i) all rights of the Obligor to receive such proceeds cease and all such proceeds will be immediately paid over to the Collateral Agent for the benefit of the Secured Creditors, and (ii) the Obligor will take all actions requested by the Collateral

Agent to collect and enforce payment and other rights arising under the Restricted Asset.

Section 2.5 Grant of Licence to Use Intellectual Property.

(1) Upon the occurrence of an Event of Default that is continuing, the Obligor grants to the Collateral Agent an irrevocable, nonexclusive licence (exercisable without payment of royalty or other compensation to the Obligor) to use, assign or sublicense any Intellectual Property in which the Obligor has rights wherever the same may be located, including in such licence access to (i) all media in which any of the licensed items may be recorded or stored, and (ii) all software and computer programs used for compilation or print-out. The license granted under this Section is to enable the Collateral Agent to exercise its rights and remedies under Article 3 and for no other purpose.

(2) The Collateral Agent acknowledges that the standard of quality for the use, assignment or sublicensing of Intellectual Property of the Obligor shall be no less than the standard of quality employed by the Obligor as of the day before the exercise of rights and remedies under Article 3 by the Collateral Agent in conjunction with wares and/or services sold in association with such Intellectual Property.

Section 2.6 Care and Custody of Collateral.

(1) The Secured Creditors have no obligation to keep Collateral in their possession identifiable.

(2) Without limiting any other rights or remedies under this Agreement, the Collateral Agent may, upon the occurrence and during the continuance of an Event of Default, (i) notify any Person obligated on an Instrument, Security or account to make payments to the Collateral Agent, whether or not the Obligor was previously making collections on such accounts, chattel paper, instruments, and (ii) assume control of any proceeds arising from the Collateral.

(3) The Collateral Agent has no obligation to collect dividends, distributions or interest payable on, or exercise any option or right in connection with any Collateral. The Collateral Agent has no obligation to protect or preserve any Collateral from depreciating in value or becoming worthless and is released from all responsibility for any loss of value, whether such Collateral is in the possession of, is a security entitlement of, or is subject to the control of, the Collateral Agent, a securities intermediary, the Obligor or any other Person. In the physical keeping of any Securities, the Collateral Agent is only obliged to exercise the same degree of care as it would exercise with respect to its own Securities kept at the same place.

(4) The Collateral Agent may, upon the occurrence and during the continuance of an Event of Default, sell, transfer, use or otherwise deal with any investment property included in the Collateral over which the Collateral Agent has control, on such conditions and in such manner as the Collateral Agent in its sole discretion may determine.

Section 2.7 Rights of the Obligor.

(1) Until the occurrence of an Event of Default which is continuing, the Obligor is entitled to vote the Securities and other financial assets that are part of the Collateral and to receive all dividends and distributions on such Securities and financial assets. Upon the occurrence and during the continuance of an Event of Default, all rights of the Obligor to vote (under any proxy given by the Collateral Agent (or its nominee) or otherwise) or to receive distributions or dividends cease and all such rights become vested solely and absolutely in the Collateral Agent.

(2) Any distributions or dividends received by the Obligor contrary to Section 2.7(1) or any other moneys or property received by the Obligor after the Security Interest is enforceable will be received as trustee for the Collateral Agent and the Secured Creditors and shall be immediately paid over to the Collateral Agent.

Section 2.8 Expenses.

The Obligor is liable for and will pay on demand by the Collateral Agent any and all Expenses.

ARTICLE 3
ENFORCEMENT

Section 3.1 Enforcement.

The Security Interest becomes and is enforceable against the Obligor only upon the occurrence and during the continuance of an Event of Default.

Section 3.2 Remedies.

Upon the occurrence and during the continuance of an Event of Default, the Collateral Agent may realize upon the Collateral and enforce the rights of the Collateral Agent and the Secured Creditors by:

(a) entry onto any premises where Collateral consisting of tangible personal property may be located;

(b) entry into possession of the Collateral by any method permitted by law;

(c) sale, grant of options to purchase, or lease of all or any part of the Collateral;

(d) holding, storing and keeping idle or operating all or any part of the Collateral;

(e) exercising and enforcing all rights and remedies of a holder of the Collateral as if the Collateral Agent were the absolute owner thereof (including, if necessary, causing the Collateral to be registered in the name of the Collateral Agent or its nominee if not already done);

(f) collection of any proceeds arising in respect of the Collateral;

(g) collection, realization or sale of, or other dealing with, accounts;

(h) license or sublicense, whether on an exclusive or nonexclusive basis, of any Intellectual Property for such term and on such conditions and in such manner as the Collateral Agent in its sole judgment determines (taking into account such provisions as may be necessary to protect and preserve such Intellectual Property);

(i) instruction or order to any issuer or securities intermediary pursuant to any control the Collateral Agent has over the Collateral;

(j) instruction to any bank to transfer all moneys constituting Collateral held by such bank to an account maintained with or by the Collateral Agent;

(k) application of any moneys constituting Collateral or proceeds thereof in accordance with Section 5.11;

(l) appointment by instrument in writing of a receiver (which term as used in this Agreement includes a receiver and manager) or agent of all or any part of the Collateral and removal or replacement from time to time of any receiver or agent;

(m) institution of proceedings in any court of competent jurisdiction for the appointment of a receiver of all or any part of the Collateral;

(n) institution of proceedings in any court of competent jurisdiction for sale or foreclosure of all or any part of the Collateral;

(o) filing of proofs of claim and other documents to establish claims to the Collateral in any proceeding relating to the Obligor; and

(p) any other remedy or proceeding authorized or permitted under the PPSA or otherwise by law or equity.

Section 3.3 Additional Rights.

In addition to the remedies set forth in Section 3.2 and elsewhere in this Agreement, upon the occurrence and during the continuance of an Event of Default, the Collateral Agent may:

(a) require the Obligor, at the Obligor's expense, to assemble the Collateral at a place or places designated by notice in writing and the Obligor agrees to so assemble the Collateral immediately upon receipt of such notice;

(b) require the Obligor, by notice in writing, to disclose to the Collateral Agent the location or locations of the Collateral and the Obligor agrees to promptly make such disclosure when so required;

(c) repair, process, modify, complete or otherwise deal with the Collateral and prepare for the disposition of the Collateral, whether on the premises of the Obligor or otherwise;

(d) redeem any prior security interest against any Collateral, procure the transfer of such security interest to itself, or settle and pass the accounts of the prior mortgagee, chargee or encumbrancer (any accounts to be conclusive and binding on the Obligor);

(e) pay any liability secured by any Lien against any Collateral (the Obligor will immediately on demand reimburse the Collateral Agent for all such payments);

(f) carry on all or any part of the business of the Obligor and, to the exclusion of all others including the Obligor, enter upon, occupy and use all or any of the premises, buildings, and other property of or used by the Obligor for such time as the Collateral Agent sees fit, free of charge, and the Collateral Agent and the Secured Creditors are not liable to the Obligor for any act, omission or negligence (other than their own gross negligence or wilful misconduct) in so doing or for any rent, charges, depreciation or damages incurred in connection with or resulting from such action;

(g) borrow for the purpose of carrying on the business of the Obligor or for the maintenance, preservation or protection of the Collateral and grant a security interest in the Collateral, whether or not in priority to the Security Interest, to secure repayment;

(h) commence, continue or defend any judicial or administrative proceedings for the purpose of protecting, seizing, collecting, realizing or obtaining possession or payment of the Collateral, and give good and valid receipts and discharges in respect of the Collateral and compromise or give time for the payment or performance of all or any part of the accounts or any other obligation of any third party to the Obligor; and

(i) at any public sale, and to the extent permitted by law on any private sale, bid for and purchase any or all of the Collateral offered for sale and upon compliance with the terms of such sale, hold, retain and dispose of such Collateral without any further accountability to the Obligor or any other Person with respect to such holding, retention or disposition, except as required by law. In any such sale to the Collateral Agent, the Collateral Agent may, for the purpose of making payment for all or any part of the Collateral so purchased, use any claim for Secured Obligations then due and payable to it as a credit against the purchase price.

Section 3.4 Exercise of Remedies.

The remedies under Section 3.2 and Section 3.3 may be exercised from time to time separately or in combination and are in addition to, and not in substitution for, any other

rights of the Collateral Agent and the Secured Creditors however arising or created. The Collateral Agent and the Secured Creditors are not bound to exercise any right or remedy, and the exercise of rights and remedies is without prejudice to the rights of the Collateral Agent and the Secured Creditors in respect of the Secured Obligations including the right to claim for any deficiency.

Section 3.5 Receiver's Powers.

(1) Any receiver appointed by the Collateral Agent is vested with the rights and remedies which could have been exercised by the Collateral Agent in respect of the Obligor or the Collateral and such other powers and discretions as are granted in the instrument of appointment and any supplemental instruments. The identity of the receiver, its replacement and its remuneration are within the sole and unfettered discretion of the Collateral Agent.

(2) Any receiver appointed by the Collateral Agent will act as agent for the Collateral Agent for the purposes of taking possession of the Collateral, but otherwise and for all other purposes (except as provided below), as agent for the Obligor. The receiver may sell, lease, or otherwise dispose of Collateral as agent for the Obligor or as agent for the Collateral Agent, in each case with the same rights and obligations of such party under this Agreement, as the Collateral Agent may determine in its discretion. The Obligor agrees to ratify and confirm all actions of the receiver acting as agent for the Obligor, and to release and indemnify the receiver in respect of all such actions, other than willful misconduct or gross negligence as determined by a court of competent jurisdiction.

(3) The Collateral Agent, in appointing or refraining from appointing any receiver, does not incur liability to the receiver, the Obligor or otherwise and is not responsible for any misconduct or negligence of such receiver.

Section 3.6 Appointment of Attorney.

For so long as this Agreement is in effect, the Obligor hereby irrevocably constitutes and appoints the Collateral Agent (and any officer of the Collateral Agent) as the true and lawful attorney of the Obligor. As the attorney of the Obligor, the Collateral Agent has the power to exercise for and in the name of the Obligor with full power of substitution, upon the occurrence and during the continuance of an Event of Default, any of the Obligor's right (including the right of disposal), title and interest in and to the Collateral including the execution, endorsement, delivery and transfer of the Collateral to the Collateral Agent, its nominees or transferees, and the Collateral Agent and its nominees or transferees are hereby empowered to exercise all rights and powers and to perform all acts of ownership with respect to the Collateral to the same extent as the Obligor might do. This power of attorney is irrevocable, is coupled with an interest, has been given for valuable consideration (the receipt and adequacy of which is acknowledged) and survives, and does not terminate upon, the bankruptcy, dissolution, winding up or insolvency of the Obligor. This power of attorney extends to and is binding upon the Obligor’s successors and permitted assigns. The Obligor authorizes the Collateral Agent to delegate in writing to another Person any power and authority of the Collateral Agent under this power of attorney as may be

necessary or desirable in the opinion of the Collateral Agent, and to revoke or suspend such delegation.

Section 3.7 Dealing with the Collateral.

(1) The Collateral Agent and the Secured Creditors are not obliged to exhaust their recourse against the Obligor or any other Person or against any other security they may hold in respect of the Secured Obligations before realizing upon or otherwise dealing with the Collateral in such manner as the Collateral Agent may consider desirable.

(2) The Collateral Agent and the Secured Creditors may grant extensions or other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the Obligor and with other Persons, sureties or securities as they may see fit without prejudice to the Secured Obligations, the liability of the Obligor or the rights of the Collateral Agent and the Secured Creditors in respect of the Collateral.

(3) Except as otherwise provided by law or this Agreement, the Collateral Agent and the Secured Creditors are not (i) liable or accountable for any failure to collect, realize or obtain payment in respect of the Collateral, (ii) bound to institute proceedings for the purpose of collecting, enforcing, realizing or obtaining payment of the Collateral or for the purpose of preserving any rights of any Persons in respect of the Collateral, (iii) responsible for any loss occasioned by any sale or other dealing with the Collateral or by the retention of or failure to sell or otherwise deal with the Collateral, or (iv) bound to protect the Collateral from depreciating in value or becoming worthless.

Section 3.8 Standards of Sale.

Without prejudice to the ability of the Collateral Agent to dispose of the Collateral in any manner which is commercially reasonable, the Obligor acknowledges that:

(a) the Collateral may be disposed of in whole or in part;

(b) the Collateral may be disposed of by public auction, public tender or private contract, with or without advertising and without any other formality;

(c) any assignee of such Collateral may be the Collateral Agent, a Secured Creditor or a customer of any such Person;

(d) any sale conducted by the Collateral Agent will be at such time and place, on such notice and in accordance with such procedures as the Collateral Agent, in its sole discretion, may deem advantageous;

(e) the Collateral may be disposed of in any manner and on any terms necessary to avoid violation of applicable law (including compliance with such procedures as may restrict the number of prospective bidders and purchasers, require that the prospective bidders and purchasers have certain

qualifications, and restrict the prospective bidders and purchasers to Persons who will represent and agree that they are purchasing for their own account for investment and not with a view to the distribution or resale of the Collateral) or in order to obtain any required approval of the disposition (or of the resulting purchase) by any governmental or regulatory authority or official;

(f) a disposition of the Collateral may be on such terms and conditions as to credit or otherwise as the Collateral Agent, in its sole discretion, may deem advantageous; and

(g) the Collateral Agent may establish an upset or reserve bid or price in respect of the Collateral.

Section 3.9 Dealings by Third Parties.

(1) No Person dealing with the Collateral Agent, any of the Secured Creditors or an agent or receiver is required to determine (i) whether the Security Interest has become enforceable, (ii) whether the powers which such Person is purporting to exercise have become exercisable, (iii) whether any money remains due to the Collateral Agent or the Secured Creditors by the Obligor, (iv) the necessity or expediency of the stipulations and conditions subject to which any sale or lease is made, (v) the propriety or regularity of any sale or other dealing by the Collateral Agent or any Secured Creditor with the Collateral, or (vi) how any money paid to the Collateral Agent or the Secured Creditors has been applied.

(2) Any bona fide purchaser of all or any part of the Collateral from the Collateral Agent or any receiver or agent will hold the Collateral absolutely, free from any claim or right of whatever kind, including any equity of redemption, of the Obligor, which it specifically waives (to the fullest extent permitted by law) as against any such purchaser together with all rights of redemption, stay or appraisal which the Obligor has or may have under any rule of law or statute now existing or hereafter adopted.

Section 3.10 ULC Shares.

(1) Notwithstanding anything else contained in this Agreement or any other document or agreement among all or some of the parties hereto, the Obligor is the sole registered and beneficial owner of all Collateral that is ULC Shares, if any, and will remain so until such time as such ULC Shares are effectively transferred into the name of the Collateral Agent, any of the Secured Creditors, or any nominee of the foregoing or any other Person on the books and records of such ULC. Accordingly, the Obligor shall be entitled to receive and retain for its own account any dividend on or other distribution, if any, in respect of any ULC Shares that are Collateral and shall have the right to vote such ULC Shares and to control the direction, management and policies of any ULC to the same extent as the Obligor would if such ULC Shares were not pledged to the Collateral Agent for the benefit of the Secured Creditors pursuant hereto. Nothing in this Agreement or any other document or agreement among all or some of the parties hereto is intended to, and nothing in this Agreement or any other document or agreement among all or some

of the parties hereto shall, constitute the Collateral Agent, any of the Secured Creditors or any Person other than the Obligor, a member of any ULC for the purposes of the *Companies Act* (Nova Scotia), the *Business Corporations Act* (British Columbia), the *Business Corporations Act* (Alberta) or any other applicable legislation until such time as notice is given to the Obligor and further steps are taken hereunder or thereunder so as to register the Collateral Agent, any of the Secured Creditors or any nominee of the foregoing, as specified in such notice, as the holder of shares of such ULC. To the extent any provision hereof would have the effect of constituting the Collateral Agent or any of the Secured Creditors a member of a ULC prior to such time, such provision shall be severed herefrom and ineffective with respect to Collateral that is shares of such ULC without otherwise invalidating or rendering unenforceable this Agreement or invalidating or rendering unenforceable such provision insofar as it relates to Collateral that is not shares of such ULC.

(2) Except upon the exercise of rights to sell or otherwise dispose of Collateral that is ULC Shares once the Security Interest is enforceable, the Obligor shall not cause or permit, or enable any ULC in which it holds ULC Shares that are Collateral to cause or permit, the Collateral Agent or any other Secured Creditor to: (a) be registered as a shareholder or member of a ULC; (b) have any notation entered in its favour in the share register of a ULC; (c) be held out as a shareholder or member of a ULC; (d) receive, directly or indirectly, any dividends, property or other distributions from a ULC by reason of the Collateral Agent or any other Secured Creditor holding a security interest in a ULC or ULC Shares; or (e) act as a shareholder or member of a ULC, or exercise any rights of a shareholder or member including the right to attend a meeting of, or to vote the shares of, a ULC.

ARTICLE 4
REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 4.1 General Representations, Warranties and Covenants.

The Obligor represents and warrants and covenants and agrees, acknowledging and confirming that the Collateral Agent and each Secured Creditor is relying on such representations, warranties, covenants and agreements, that:

(a) **Restriction on Disposition**. The Obligor will not sell, assign, convey, exchange, lease, release or abandon, or otherwise dispose of, any Collateral except as permitted by the Credit Agreement.

(b) **Negative Pledge**. The Obligor will not create or suffer to exist, any Lien on the Collateral, except for Liens permitted by the Credit Agreement, and will not grant control over any investment property to any Person other than the Collateral Agent.

(c) **Investment Property and Instruments.**

(i) Schedule A lists all Securities and Instruments owned or held by the Obligor on the date of this Agreement. Schedule A sets out, for each

class of Securities listed in the schedule, the percentage amount that such Securities represent of all issued and outstanding Securities of that class and whether the Securities are certificated securities or uncertificated securities.

(ii) Securities that are Collateral have been, where applicable, duly and validly issued and acquired and are fully paid and non-assessable.

(iii) Except as described in Schedule A, no transfer restrictions apply to the Securities and Instruments listed in Schedule A. The Obligor has delivered to the Collateral Agent copies of all shareholder, partnership or trust agreements applicable to each issuer of such Securities and Instruments which are in the Obligor's possession.

(iv) No Person has or will have any written or oral option, warrant, right, call, commitment, conversion right, right of exchange or other agreement or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an option, warrant, right, call, commitment, conversion right, right of exchange or other agreement to acquire any right or interest in any of the Securities that are Collateral.

(v) The Instruments that are Collateral constitute, where applicable, the legal, valid and binding obligation of the obligor under such Instruments, enforceable in accordance with their terms, subject only to any limitation under applicable laws relating to (i) bankruptcy, insolvency, fraudulent conveyance, arrangement, reorganization or creditors' rights generally, and (ii) the discretion that a court may exercise in the granting of equitable remedies.

(vi) The pledge, assignment, delivery to and control by the Collateral Agent of the Collateral consisting of investment property pursuant to this Agreement creates a valid and perfected first ranking security interest in such Collateral and the proceeds of it. Such Collateral and the proceeds from it are not subject to any prior Lien or any agreement purporting to grant to any third party a Lien on or control of the property or assets of the Obligor which would include the Collateral. The Collateral Agent is entitled to all of the rights, priorities and benefits afforded by the PPSA or other relevant personal property security legislation as enacted in any relevant jurisdiction to perfect security interests in respect of such Collateral.

(vii) The Obligor does not know of any claim to or interest in any Collateral consisting of investment property, including any adverse claims. If any Person asserts any Lien or adverse claim against any investment property that forms part of the Collateral, the Obligor will promptly notify the Collateral Agent.

(viii) The Obligor has not consented to, will not consent to, and has no knowledge of any control by any Person with respect to any Collateral other than the Collateral Agent.

(ix) The Obligor will notify the Collateral Agent promptly upon becoming aware of any change in an "issuer's jurisdiction" in respect of any uncertificated securities that are Collateral or any change in a "securities intermediary's jurisdiction" in respect of any security entitlements, financial assets or securities accounts that are Collateral.

(x) The Obligor agrees that to the extent any interest in a partnership or limited liability company held now or in the future by the Obligor:

(A) is a "security" within the meaning of the STA or other applicable securities transfer legislation, each such interest shall at all times hereafter continue to be a security;

(B) is not a "security" within the meaning of the STA or other applicable securities transfer legislation, the Obligor shall ensure that (x) the terms of the interest do not and will not provide that the interest is a "security" within the meaning of the STA or other applicable securities transfer legislation and (y) the interest is not represented by a certificate, in each case, unless the Obligor provides prior written notification to the Collateral Agent and such interest is thereafter represented by a certificate that is promptly delivered to the Collateral Agent pursuant to the terms hereof together with any applicable endorsements and the Obligor otherwise complies with Section 2.3(3) or Section 2.3(4), as applicable.

(d) **Additional Security Perfection and Protection of Security Interest.** The Obligor will grant to the Collateral Agent, for the benefit of the Secured Creditors, security interests, assignments, mortgages, charges, hypothecations and pledges in such property and undertaking of the Obligor that is not subject to a valid and perfected first ranking security interest (subject only to Liens permitted by the Credit Agreement) constituted by the Security Documents, in each relevant jurisdiction as determined by the Collateral Agent. The Obligor will perform all acts, execute and deliver all agreements, documents and instruments and take such other steps as are requested by the Collateral Agent at any time to register, file, signify, publish, perfect, maintain, protect, and enforce the Security Interest including: (i) executing, recording and filing of financing or other statements, and paying all taxes, fees and other charges payable, (ii) placing notations on its books of account to disclose the Security Interest, (iii) delivering acknowledgements, confirmations and subordinations that may be necessary to ensure that the Security Documents constitute a valid and perfected first ranking security interest (subject only to Liens permitted by the Credit Agreement), (iv) executing and delivering any certificates, endorsements, instructions,

agreements, documents and instruments that may be required under the STA and (v) delivering opinions of counsel in respect of matters contemplated by this paragraph. The documents and opinions contemplated by this paragraph must be in form and substance satisfactory to the Collateral Agent.

Section 4.2 Representations, Warranties and Covenants Concerning Intellectual Property.

The Obligor represents and warrants and covenants and agrees, acknowledging and confirming that the Collateral Agent and each Secured Creditor is relying on such representations, warranties, covenants and agreements, that:

(a) Schedule B lists all Registrable Intellectual Property that is owned by the Obligor on the date of this Agreement.

(b) All Registrable Intellectual Property of the Obligor is valid, subsisting, unexpired and enforceable, has not been abandoned and does not infringe the Intellectual Property rights of any other Person.

(c) Promptly upon the request of the Collateral Agent, the Obligor will furnish the Collateral Agent in writing the description of all Registrable Intellectual Property or applications for Registrable Intellectual Property of the Obligor. In addition, the Obligor will deliver to the Collateral Agent a copy of the certificate of registration of, or application for, such Registrable Intellectual Property with a Confirmation of Security Interest in the form of Schedule C in respect of such Registrable Intellectual Property confirming the assignment for security of such Registrable Intellectual Property to the Collateral Agent and immediately make all such filings, registrations and recordings as are necessary or appropriate to perfect the Security Interest granted to the Collateral Agent in the Registrable Intellectual Property.

ARTICLE 5
GENERAL

Section 5.1 Notices.

Any notices, directions or other communications provided for in this Agreement must be in writing and given in accordance with the Credit Agreement.

Section 5.2 Discharge.

The Security Interest will not be discharged except by a written release or discharge signed by the Collateral Agent. The Obligor will be entitled to require a discharge by notice to the Collateral Agent upon, but only upon, (i) full and indefeasible payment and performance of the Secured Obligations and (ii) the Collateral Agent and the Secured Creditors having no obligations under any Credit Document. Upon discharge of the Security Interest and at the request and expense of the Obligor, the Collateral Agent will execute and deliver to the Obligor such financing statements and other documents or instruments as the Obligor may reasonably require and the Collateral Agent will redeliver

to the Obligor, or as the Obligor may otherwise direct the Collateral Agent, any Collateral in its possession.

Section 5.3 No Merger, Survival of Representations and Warranties.

This Agreement does not operate by way of merger of any of the Secured Obligations and no judgment recovered by the Collateral Agent or any of the Secured Creditors will operate by way of merger of, or in any way affect, the Security Interest, which is in addition to, and not in substitution for, any other security now or hereafter held by the Collateral Agent and the Secured Creditors in respect of the Secured Obligations. The representations, warranties and covenants of the Obligor in this Agreement survive the execution and delivery of this Agreement and any advances under the Credit Agreement. Notwithstanding any investigation made by or on behalf of the Collateral Agent or the Secured Creditors, such covenants, representations and warranties continue in full force and effect.

Section 5.4 Further Assurances.

The Obligor will do all acts and things and execute and deliver, or cause to be executed and delivered, all agreements, documents and instruments that the Collateral Agent may require and take all further steps relating to the Collateral or any other property or assets of the Obligor that the Collateral Agent may require for (i) protecting the Collateral, (ii) perfecting, preserving and protecting the Security Interest, and (iii) exercising all powers, authorities and discretions conferred upon the Collateral Agent. Upon the occurrence and during the continuance of an Event of Default, the Obligor will do all acts and things and execute and deliver all documents and instruments that the Collateral Agent may require for facilitating the sale or other disposition of the Collateral in connection with its realization.

Section 5.5 Supplemental Security.

This Agreement is in addition to, without prejudice to and supplemental to all other security now held or which may hereafter be held by the Collateral Agent or the Secured Creditors.

Section 5.6 Successors and Assigns.

This Agreement is binding on the Obligor and its successors and assigns, and enures to the benefit of the Collateral Agent, the Secured Creditors and their respective successors and assigns. This Agreement may be assigned by the Collateral Agent without the consent of, or notice to, the Obligor, to such Person as the Collateral Agent may determine and, in such event, such Person will be entitled to all of the rights and remedies of the Collateral Agent as set forth in this Agreement or otherwise. In any action brought by an assignee to enforce any such right or remedy, the Obligor will not assert against the assignee any claim or defence which the Obligor now has or may have against the Collateral Agent or any of the Secured Creditors. The Obligor may not assign, transfer or delegate any of its rights or obligations under this Agreement without the prior written consent of the Collateral Agent which may be unreasonably withheld.

Section 5.7 Amalgamation.

The Obligor acknowledges and agrees that in the event it amalgamates with any other corporation or corporations, it is the intention of the parties that the Security Interest (i) subject to Section 2.4, extends to: (A) all of the property and undertaking that any of the amalgamating corporations then owns, (B) all of the property and undertaking that the amalgamated corporation thereafter acquires, (C) all of the property and undertaking in which any of the amalgamating corporations then has any interest and (D) all of the property and undertaking in which the amalgamated corporation thereafter acquires any interest; and (ii) secures the payment and performance of all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or unmatured, at any time or from time to time due or accruing due and owing by or otherwise payable by each of the amalgamating corporations and the amalgamated corporation to the Secured Creditors, or any one or more of them, in any currency, under, in connection with or pursuant to the Credit Agreement and any other Credit Document, and whether incurred alone or jointly with another or others and whether as principal, guarantor or surety and whether incurred prior to, at the time of or subsequent to the amalgamation. The Security Interest attaches to the additional collateral at the time of amalgamation and to any collateral thereafter owned or acquired by the amalgamated corporation when such collateral becomes owned or is acquired. Upon any such amalgamation, the defined term "**Obligor**" means, collectively, each of the amalgamating corporations and the amalgamated corporation, the defined term "**Collateral**" means all of the property and undertaking and interests described in (i) above, and the defined term "**Secured Obligations**" means the obligations described in (ii) above.

Section 5.8 Severability.

If any court of competent jurisdiction from which no appeal exists or is taken, determines any provision of this Agreement to be illegal, invalid or unenforceable, that provision will be severed from this Agreement and the remaining provisions will remain in full force and effect.

Section 5.9 Amendment.

This Agreement may only be amended, supplemented or otherwise modified by written agreement executed by the Collateral Agent (with the consent of the Required Secured Creditors) and the Obligor.

Section 5.10 Waivers, etc.

(1) No consent or waiver by the Collateral Agent or the Secured Creditors in respect of this Agreement is binding unless made in writing and signed by an authorized officer of the Collateral Agent (with the consent of the Required Secured Creditors). Any consent or waiver given under this Agreement is effective only in the specific instance and for the specific purpose for which given. No waiver of any of the provisions of this Agreement constitutes a waiver of any other provision.

(2) A failure or delay on the part of the Collateral Agent or the Secured Creditors in exercising a right under this Agreement does not operate as a waiver of, or impair, any right of the Collateral Agent or the Secured Creditors however arising. A single

or partial exercise of a right on the part of the Collateral Agent or the Secured Creditors does not preclude any other or further exercise of that right or the exercise of any other right by the Collateral Agent or the Secured Creditors.

Section 5.11 Application of Proceeds of Security.

All monies collected by the Collateral Agent upon the enforcement of the Collateral Agent's or the Secured Creditors' rights and remedies under the Security Documents and the Liens created by them including any sale or other disposition of the Collateral, together with all other monies received by the Collateral Agent and the Secured Creditors under the Security Documents, will be applied as provided in the Credit Agreement. To the extent any other Credit Document requires proceeds of collateral under such Credit Document to be applied in accordance with the provisions of this Agreement, the Collateral Agent or holder under such other Credit Document shall apply such proceeds in accordance with this Section.

Section 5.12 Conflict.

In the event of any conflict between the provisions of this Agreement and the provisions of the Credit Agreement which cannot be resolved by both provisions being complied with, the provisions contained in the Credit Agreement will prevail to the extent of such conflict.

Section 5.13 Governing Law.

(1) This Agreement will be governed by, interpreted and enforced in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

(2) The Obligor irrevocably attorns and submits to the exclusive jurisdiction of any court of competent jurisdiction of the Province of British Columbia sitting in Vancouver, British Columbia in any action or proceeding arising out of or relating to this Agreement and the other Credit Documents to which it is a party. The Obligor irrevocably waives objection to the venue of any action or proceeding in such court or that such court provides an inconvenient forum. Nothing in this Section limits the right of the Collateral Agent to bring proceedings against the Obligor in the courts of any other jurisdiction.

(3) The Obligor hereby irrevocably consents to the service of any and all process in any such action or proceeding by the delivery of copies of such process to the Obligor at 40 King Street West, Suite 2100, Toronto, Ontario M5H 3C2. Nothing in this Section affects the right of the Collateral Agent to serve process in any manner permitted by law.

Section 5.14 English Language.

The parties to this Agreement have agreed that this Agreement as well as any document or instrument relating to it be drawn up in English only but without prejudice to any such document or instrument which may from time to time be drawn up in French only or in both French and English. Les parties aux présentes ont convenu que la présente Convention ainsi que tous autres actes ou documents s'y rattachant soient rédigés en anglais seulement

mais sans préjudice à tous tels actes ou documents qui pourraient à l'occasion être rédigés en français seulement ou à la fois en anglais et en français.

[*Signature page immediately follow*]

IN WITNESS WHEREOF the Obligor has executed this Agreement.

DIONYMED BRANDS INC.

By: _____

Name: Peter Kampian
Title: Chief Financial Officer

SCHEDULE A
INSTRUMENTS AND SECURITIES

SECURITIES

Issuer	Class of Securities	No. of Securities	% of Issued Securities	Cert. No. (if Securities are Certificated)
DionyMed Inc.	Common Shares	116,666	100%	Com-4 and Com-5
DionyMed Inc.	Series F Convertible Preferred Shares	6,598	100%	FPref-3 and FPref-4
Herban Industries, Inc.	Common Shares	100,000	100%	C-003

INSTRUMENTS

Nil.

TRANSFER RESTRICTIONS

Pursuant to Section 8.05 of the DionyMed Inc. By-Law, a transfer of shares shall not be registered in a securities register except upon presentation of the certificate representing such shares with a transfer endorsed thereon, or delivered therewith, duly executed by the registered holder or his by attorney, fiduciary or agent duly appointed, together with such reasonable assurance that the endorsement is genuine and effective as the directors may from time to time prescribe, upon payment of all applicable taxes and any reasonable fees prescribed by the directors, upon compliance with such restrictions on transfer as are authorized by the articles, and upon satisfaction of any lien referred to in section 8.10 of the By-Law.

Pursuant to Article V Section 2 of the Herban Industries, Inc. By-Law, transfers of stock of the Herban Industries, Inc. shall be made on the books of Herban Industries, Inc. only upon surrender to Herban Industries, Inc. of a certificate (if any) for the shares duly endorsed or accompanied by proper evidence of succession, assignment, or authority to transfer.

OTHER INVESTMENT PROPERTY

Nil.

SCHEDULE B
REGISTRABLE INTELLECTUAL PROPERTY

Nil.

SCHEDULE C
FORM OF CONFIRMATION OF SECURITY INTEREST
IN INTELLECTUAL PROPERTY

WHEREAS:

● (the **"Obligor**"), a corporation incorporated and existing under the laws of ● with offices at **[address]**, is the owner of the **[trade-marks/patents/copyrights/industrial designs]** set forth in Exhibit A hereto, the registrations and applications for the **[trade-marks/patents/copyrights/industrial designs]** identified therein and the underlying goodwill associated with such **[trade-marks/patents/copyrights/industrial designs]** (collectively, the **"[Trade-Marks/ Patents/Copyrights/Industrial Designs]**"); and

●, as agent for certain lenders (the "**Collateral Agent**"), with offices at **[address]**, has entered into an agreement with the Obligor, as reflected by a separate document entitled the "**Security Agreement**" dated as of the **[●]** day of ●, 20● by which the Obligor granted to the Collateral Agent, a security interest in certain property, including the **[Trade-Marks/Patents/Copyrights/ Industrial Designs]**, in consideration of the provision of certain credit facilities to **[certain companies which are affiliates of]** the Obligor;

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are acknowledged and in accordance with the terms and obligations set forth in the Security Agreement, the Obligor confirms the grant to the Collateral Agent of a security interest in and to the **[Trade-Marks/Patents/Copyrights/Industrial Designs]**.

DATED at **[●]** on this **[●]** day of **[●]**, **[●]**.

[OBLIGOR]

By: _____
Authorized Signing Officer

DATED at [●] on this **[●]** day of **[●]**, **[●]**, before me appeared the person who signed this instrument, who acknowledged that **[he/she]** signed it as a free act on **[his/her]** behalf or on behalf of the corporation identified and referred to herein as the Obligor. [1]

[1] This form contemplates that the Obligor's signature will be witnessed and/or notarized. No witnessing or notarization is required if the form is to be registered at the trademark or copyright offices at CIPO, but the signature should be witnessed (but not necessarily notarized) if you are registering in the patent office at CIPO. If you are contemplating registering the form in a foreign IP office (in the United States, for instance), the notarization requirement should be included.

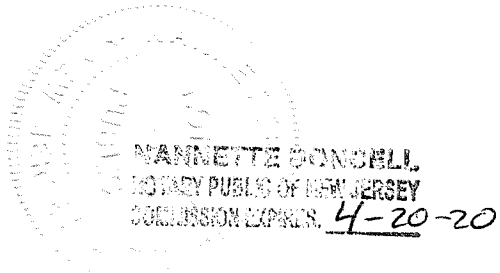
[Signature of Notary Public/Witness]

EXHIBIT A
TRADE-MARKS/PATENTS/COPYRIGHTS/INDUSTRIAL DESIGNS

This is Exhibit "P" to the Affidavit of YANA KISLENKO sworn before me this 22nd day of October, 2019

Nannette Doncell

Notary Public for Taking Affidavits



PLEDGE AGREEMENT

THIS PLEDGE AGREEMENT (this "Agreement") dated as of January 30, 2019 is between DionyMed Brands Inc., a corporation existing under the laws of British Columbia (the "Pledgor") and GLAS Americas LLC, in its capacity as collateral agent for the Creditors referred to below (in such capacity, the "Collateral Agent").

W I T N E S S E T H:

WHEREAS, pursuant to a Credit Agreement dated as of January 16, 2019 (as amended, restated or otherwise modified from time to time, the "Credit Agreement") among Pledgor, other subsidiaries of the Pledgor, various lenders (such lenders, together with their respective successors and assigns, collectively the "Lenders" and individually each a "Lender"), GLAS USA LLC, as administrative agent (the "Administrative Agent" and together with the Lenders and the Collateral Agent, the "Creditors") and the Collateral Agent, the Lenders have agreed to make loans to the Pledgor from time to time; and

WHEREAS, it is a condition precedent to the making of Advances under the Credit Agreement that the Pledgor execute and deliver this Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions and Interpretation. In addition to terms defined in the Preamble and Recitals above, when used herein, (i) capitalized terms that are not otherwise defined have the meanings assigned thereto in the Credit Agreement; and (ii) the following terms have the following meanings (such meanings to be applicable to both the singular and plural forms of such terms):

"Collateral" has the meaning given in Section 2.

"Issuer" means the issuer of any of the shares of stock or other securities representing all or any of the Collateral.

2. Pledge. As security for the payment of all Obligations, the Pledgor pledges to the Collateral Agent for the benefit of the Collateral Agent and the other Creditors, and grants to the Collateral Agent for the benefit of the Collateral Agent and the other Creditors, a continuing security interest in all of the Pledgor's right, title, and interest in, to and under the following, whether now existing or hereafter arising or acquired:

A. All of the shares of stock and other securities described in Schedule I hereto, all of the certificates and/or instruments representing such shares of stock and other securities, and all cash, securities, dividends, rights and other property at any time and from time to time received, receivable or otherwise distributed in respect of or in exchange for any of such shares or other securities;

B. All additional shares of stock of any of the Issuers listed in Schedule I hereto at any time and from time to time acquired by the Pledgor in any manner, all of the

certificates representing such additional shares, and all cash, securities, dividends, rights and other property at any time and from time to time received, receivable or otherwise distributed in respect of or in exchange for any of such shares or other securities;

C. All other property hereafter delivered to the Collateral Agent in substitution for or in addition to any of the foregoing, all certificates and instruments representing or evidencing such property, and all cash, securities, interest, dividends, rights and other property at any time and from time to time received, receivable or otherwise distributed in respect of or in exchange for any thereof; and

D. All products and proceeds of all of the foregoing.

All of the foregoing are herein collectively called the "Collateral."

The Pledgor agrees to deliver to the Collateral Agent, promptly upon receipt and in due form for transfer (i.e., endorsed in blank or accompanied by stock or bond powers executed in blank), any Collateral (other than dividends that the Pledgor is entitled to receive and retain pursuant to Section 5 hereof) that may at any time or from time to time come into the possession or control of the Pledgor; and prior to the delivery thereof to the Collateral Agent, such Collateral shall be held by the Pledgor separate and apart from its other property and in express trust for the Collateral Agent.

3. Representations and Warranties; Further Assurances. The Pledgor represents and warrants to the Collateral Agent and each other Creditor that: (a) the Pledgor is (or at the time of any future delivery, pledge, assignment or transfer thereof will be) the legal and equitable owner of the Collateral free and clear of all Liens other than the security interest created hereunder and under the other Credit Documents and Permitted Liens; (b) the pledge of the Collateral pursuant to this Agreement will create a valid security interest in the Collateral in favor of the Collateral Agent; (c) to the extent the Collateral is represented by certificated securities, the delivery of the Collateral pursuant to this Agreement will perfect the security interest in the Collateral in favor of the Collateral Agent granted pursuant to this Agreement; (d) all shares of stock or other securities referred to in Schedule I hereto are duly authorized, validly issued, fully paid and non-assessable; (e) as to each Issuer whose name appears in Schedule I hereto, the Collateral represents on the date hereof not less than the applicable percentage (as shown in Schedule I hereto) of the total shares of capital stock issued and outstanding of such Issuer; and (f) the information contained in Schedule I hereto is true and accurate in all respects.

So long as any of the Obligations shall be outstanding or any commitment shall exist on the part of the Collateral Agent or any other Creditor with respect to the creation of any Obligations, the Pledgor (i) shall not, without the express prior written consent of the Collateral Agent, sell, assign, exchange, pledge or otherwise transfer, encumber, or grant any option, warrant or other right to purchase the stock of any Issuer that is pledged hereunder, or otherwise diminish or impair any of its rights in, to or under any of the Collateral; (ii) shall execute such UCC financing statements and other documents (and pay the costs of filing and recording or re-filing and re-recording the same in all public offices reasonably deemed necessary or appropriate by the Collateral Agent) and do such other acts and things, all as the Collateral Agent may from time to time reasonably request, to establish and maintain a valid, perfected security interest in

the Collateral (free of all other liens, claims and rights of third parties whatsoever) to secure the performance and payment of the Obligations (and by its signature hereto, the Pledgor authorizes the Collateral Agent to file any financing statements without the signature of the Pledgor, which financing statements may contain an indication or description of collateral that describes such property in any manner as the Collateral Agent may determine, in its sole discretion, is necessary, advisable or prudent to ensure the perfection of the security interest in the Collateral, whether now owned or hereafter acquired); (iii) shall execute and deliver to the Collateral Agent such stock powers and similar documents relating to the Collateral, satisfactory in form and substance to the Collateral Agent, as the Collateral Agent may reasonably request; and (iv) shall furnish the Collateral Agent or any Lender such information concerning the Collateral as the Collateral Agent or such Lender may from time to time reasonably request, and will permit the Collateral Agent or any Lender or any designee of the Collateral Agent or any Lender, from time to time at reasonable times and on reasonable notice (or at any time without notice during the existence of a Default), to inspect, audit and make copies of and extracts from all records and all other papers in the possession of the Pledgor that pertain to the Collateral, and will, upon request of the Collateral Agent at any time when a Default has occurred and is continuing, deliver to the Collateral Agent all of such records and papers.

4. Holding in Name of Agent, etc. The Collateral Agent may from time to time after the occurrence and during the continuance of an Event of Default, without notice to the Pledgor, take all or any of the following actions: (a) transfer all or any part of the Collateral into the name of the Collateral Agent or any nominee or sub-agent for the Collateral Agent, with or without disclosing that such Collateral is subject to the lien and security interest hereunder, (b) appoint one or more sub-agents or nominees for the purpose of retaining physical possession of the Collateral, (c) notify the parties obligated on any of the Collateral to make payment to the Collateral Agent of any amounts due or to become due thereunder, (d) endorse any checks, drafts or other writings in the name of the Pledgor to allow collection of the Collateral, (e) enforce collection of any of the Collateral by suit or otherwise, and surrender, release or exchange all or any part thereof, or compromise or renew for any period (whether or not longer than the original period) any obligations of any nature of any party with respect thereto, and (f) take control of any proceeds of the Collateral.

5. Voting Rights, Dividends, etc. (a) Notwithstanding certain provisions of Section 4 hereof, so long as the Collateral Agent has not given the notice referred to in Section 5(b) below:

A. The Pledgor shall be entitled to exercise any and all voting or consensual rights and powers and stock purchase or subscription rights (but any such exercise by the Pledgor of stock purchase or subscription rights may be made only from funds of the Pledgor, if any, not comprising part of the Collateral) relating or pertaining to the Collateral or any part thereof for any purpose; provided that the Pledgor agrees that it will not exercise any such right or power in any manner that could have a material adverse effect on the value of the Collateral or any part thereof.

B. The Pledgor shall be entitled to receive and retain any and all lawful dividends payable in respect of the Collateral that are paid in cash by any Issuer if such dividends are permitted by the Credit Agreement, but all dividends and distributions in respect of

the Collateral or any part thereof made in shares of stock or other property or representing any return of capital, whether resulting from a subdivision, combination or reclassification of Collateral or any part thereof or received in exchange for Collateral or any part thereof or as a result of any merger, consolidation, acquisition or other exchange of assets to which any Issuer may be a party or otherwise or as a result of any exercise of any stock purchase or subscription right, shall be and become part of the Collateral hereunder and, if received by the Pledgor, shall be forthwith delivered to the Collateral Agent in due form for transfer (i.e., endorsed in blank or accompanied by stock or bond powers executed in blank) to be held for the purposes of this Agreement.

C. The Collateral Agent shall execute and deliver, or cause to be executed and delivered, to the Pledgor all such proxies, powers of attorney, dividend orders and other instruments as the Pledgor may request for the purpose of enabling the Pledgor to exercise the rights and powers it is entitled to exercise pursuant to Section 5(a)(A) above and to receive the dividends it is authorized to retain pursuant to Section 5(a)(B) above.

(b) Upon notice from the Collateral Agent during the existence of a Default, and so long as the same shall be continuing, all rights and powers the Pledgor is entitled to exercise pursuant to Section 5(a)(A) hereof, and all rights of the Pledgor to receive and retain dividends pursuant to Section 5(a)(B) hereof, shall forthwith cease, and all such rights and powers shall thereupon become vested in the Collateral Agent, which shall have, during the continuance of such Default, the sole and exclusive authority to exercise such rights and powers and to receive such dividends. Any and all money and other property paid over to or received by the Collateral Agent pursuant to this Section 5(b) shall be retained by the Collateral Agent as additional Collateral hereunder and applied in accordance with the provisions hereof.

6. Remedies. Whenever an Event of Default shall exist, the Collateral Agent may exercise from time to time any rights and remedies available to it under the PPSA or the UCC as in effect or otherwise available to it. Without limiting the foregoing, whenever a Default shall exist the Collateral Agent (a) may, to the fullest extent permitted by applicable law, without notice, advertisement, hearing or process of law of any kind, (i) sell any of the Collateral, free of all rights and claims of the Pledgor therein and thereto, at any public or private sale or brokers' board and (ii) bid for and purchase any of the Collateral at any such public sale and (b) shall have the right, for and in the name, place and stead of the Pledgor, to execute endorsements, assignments, stock powers and other instruments of conveyance or transfer with respect to all or any of the Collateral. The Pledgor expressly waives, to the fullest extent permitted by applicable law, any and all notices, advertisements, hearings or process of law in connection with the exercise by the Collateral Agent of any of its rights and remedies during the continuance of a Default. Any notification of intended disposition of any of the Collateral shall be deemed reasonably and properly given if given at least 10 days before such disposition. Any proceeds of any of the Collateral may be applied by the Collateral Agent to the payment of expenses in connection with the Collateral, including reasonable attorneys' fees and legal expenses, and any balance of such proceeds may be applied by the Collateral Agent toward the payment of such of the Obligations, and in such order of application, as the Collateral Agent may from time to time elect (and, after payment in full of all Obligations, any excess shall be delivered to the Pledgor or as a court of competent jurisdiction shall direct).

The Collateral Agent is authorized to comply with any limitation or restriction in connection with any sale of Collateral as it may be advised by counsel is necessary in order to (a) avoid any violation of applicable law (including compliance with such procedures as may restrict the number of prospective bidders or purchasers and/or further restrict such prospective bidders or purchasers to persons or entities who will represent and agree that they are purchasing for their own account for investment and not with a view to the distribution or resale of such Collateral) or (b) obtain any required approval of the sale or of the purchase by any governmental regulatory authority or official, and the Pledgor agrees that such compliance shall not result in such sale being considered or deemed not to have been made in a commercially reasonable manner and that the Collateral Agent shall not be liable or accountable to the Pledgor for any discount allowed by reason of the fact that such Collateral is sold in compliance with any such limitation or restriction.

The Pledgor hereby appoints the Collateral Agent as the attorney-in-fact for the Pledgor for the purpose of carrying out the provisions of this Agreement and taking any action and executing or completing any instruments that the Collateral Agent may reasonably deem necessary or advisable to accomplish the purposes hereof, which appointment as attorney-in-fact is irrevocable and coupled with an interest; provided that the Collateral Agent shall not exercise its rights as such attorney-in-fact unless an Event of Default exists.

7. General. The Collateral Agent shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral if it takes such action for that purpose as the Pledgor shall request in writing, but failure of the Collateral Agent to comply with any such request shall not of itself be deemed a failure to exercise reasonable care, and no failure of the Collateral Agent to preserve or protect any rights with respect to the Collateral against prior parties, or to do any act with respect to preservation of the Collateral not so requested by the Pledgor, shall be deemed a failure to exercise reasonable care in the custody or preservation of any Collateral.

All notices and requests hereunder shall be given in accordance with Section 9.5 of the Credit Agreement and sent to the applicable party at its address described therein, at the address shown for such party on Schedule II or at such other address as such party may, by written notice to the other parties, have designated as its address for such purpose.

No delay on the part of the Collateral Agent in exercising any right, power or remedy shall operate as a waiver thereof, and no single or partial exercise of any such right, power or remedy shall preclude any other or further exercise thereof, or the exercise of any other right, power or remedy.

All obligations of the Pledgor and all rights, powers and remedies of the Collateral Agent and the Lenders expressed herein are in addition to all other rights, powers and remedies possessed by them, including those provided by applicable law or in any other written instrument or agreement relating to any of the Obligations or any security therefor. This Agreement shall remain in full force and effect until the Obligations have been paid in full in cash and the Facilities have been terminated.

This Agreement shall be construed in accordance with and governed by the laws of the State of Oregon without regard to principles of conflict of laws which defer to the laws of another jurisdiction as governing, except to the extent that the perfection, effect of perfection or nonperfection, and priority of the security interest hereunder, or remedies hereunder, in respect of any particular collateral are governed by the laws of a jurisdiction other than the State of Oregon. Wherever possible each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

This Agreement shall be binding upon the Pledgor and the Collateral Agent and their respective successors and assigns (provided that the Pledgor may not assign its obligations hereunder without the prior written consent of the Collateral Agent), and shall inure to the benefit of the Pledgor and the Collateral Agent and the successors and assigns of the Collateral Agent.

This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, and each such counterpart shall be deemed to be an original, but all such counterparts shall together constitute one and the same Agreement. Delivery of a counterpart hereof, or a signature page hereto, by facsimile or in a .pdf or similar file shall be effective as delivery of a manually executed original counterpart thereof.

THE PLEDGOR HEREBY CONSENTS AND AGREES THAT THE STATE COURTS LOCATED IN THE COUNTY OF MULTNOMAH, STATE OF OREGON, SHALL HAVE EXCLUSIVE JURISDICTION TO HEAR AND DETERMINE ANY CLAIMS OR DISPUTES BETWEEN THE PLEDGOR AND THE ADMINISTRATIVE AGENT AND/OR THE LENDERS PERTAINING TO THIS AGREEMENT OR TO ANY MATTER ARISING OUT OF OR RELATED TO THIS AGREEMENT; PROVIDED, THAT THE PLEDGOR ACKNOWLEDGES THAT ANY APPEALS FROM THOSE COURTS MAY HAVE TO BE HEARD BY A COURT LOCATED OUTSIDE OF THE COUNTY OF MULTNOMAH, STATE OF OREGON. THE PLEDGOR EXPRESSLY SUBMITS AND CONSENTS IN ADVANCE TO SUCH JURISDICTION IN ANY ACTION OR SUIT COMMENCED IN ANY SUCH COURT, AND THE PLEDGOR HEREBY WAIVES ANY OBJECTION WHICH IT MAY HAVE BASED UPON LACK OF PERSONAL JURISDICTION, IMPROPER VENUE OR FORUM NON CONVENIENS. THE PLEDGOR HEREBY WAIVES PERSONAL SERVICE OF THE SUMMONS, COMPLAINT AND OTHER PROCESS ISSUED IN ANY SUCH ACTION OR SUIT AND AGREES THAT SERVICE OF SUCH SUMMONS, COMPLAINT AND OTHER PROCESS MAY BE MADE BY REGISTERED OR CERTIFIED MAIL ADDRESSED TO THE PLEDGOR AT THE ADDRESS SET FORTH ON SCHEDULE II AND THAT SERVICE SO MADE SHALL BE DEEMED COMPLETED UPON THE EARLIER OF THE PLEDGOR'S ACTUAL RECEIPT THEREOF OR THREE (3) DAYS AFTER DEPOSIT IN THE U.S. MAILS, PROPER POSTAGE PREPAID. NOTHING IN THIS AGREEMENT SHALL BE DEEMED OR OPERATE TO PRECLUDE THE ADMINISTRATIVE AGENT AND/OR LENDERS FROM BRINGING SUIT OR TAKING OTHER LEGAL ACTION IN ANY OTHER JURISDICTION TO COLLECT

THE OBLIGATIONS HEREUNDER OR TO ENFORCE A JUDGMENT OR OTHER COURT ORDER IN FAVOR OF THE ADMINISTRATIVE AGENT AND/OR LENDERS. FOR THE AVOIDANCE OF DOUBT, THE PLEDGOR AGREES THAT IT SHALL NOT COMMENCE ANY SUIT OR OTHER LEGAL ACTION WITH RESPECT TO THIS AGREEMENT OR ANY MATTER OR ISSUE RELATED THERETO IN ANY UNITED STATES FEDERAL COURT.

EACH OF THE PLEDGOR, THE ADMINISTRATIVE AGENT AND (BY ACCEPTING THE BENEFITS HEREOF) EACH LENDER WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS AGREEMENT, ANY NOTE, ANY OTHER CREDIT DOCUMENT AND ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HEREWITH OR THEREWITH OR ARISING FROM ANY FINANCING RELATIONSHIP EXISTING IN CONNECTION WITH ANY OF THE FOREGOING, AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

UNDER OREGON LAW, MOST AGREEMENTS, PROMISES, AND COMMITMENTS MADE BY LENDERS AFTER OCTOBER 3, 1989 CONCERNING LOANS AND OTHER CREDIT EXTENSIONS WHICH ARE NOT FOR PERSONAL, FAMILY OR HOUSEHOLD PURPOSES OR SECURED SOLELY BY THE BORROWER'S RESIDENCE, MUST BE IN WRITING, EXPRESS CONSIDERATION AND BE SIGNED BY SUCH LENDERS TO BE ENFORCEABLE.

[Signature pages follow]

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered as of the date first above written.

PLEDGOR:

DIONYMED BRANDS INC.

By: _____

Name: Peter Kampian

Title: Chief Financial Officer

COLLATERAL AGENT:

GLAS AMERICAS LLC, as Collateral Agent

By: _____

Authorized Signing Officer

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered as of the date first above written.

PLEDGOR:

DIONYMED BRANDS INC.

By:_____
Name:_____
Title:_____

COLLATERAL AGENT:

GLAS AMERICAS LLC, as Collateral Agent

By: _____
Authorized Signing Officer
Yana Kislenko
Vice President

SCHEDULE I
TO PLEDGE AGREEMENT

STOCK

Issuer	Certificate No.	No. of Certificate Issuer Shares	Pledged Shares as % of Total Pledged and Outstanding	Total Shares Issued and Outstanding
Herban Industries, Inc.	C-003	30,000,000	100%	30,000,000

SCHEDULE II
TO PLEDGE AGREEMENT

ADDRESSES FOR NOTICES

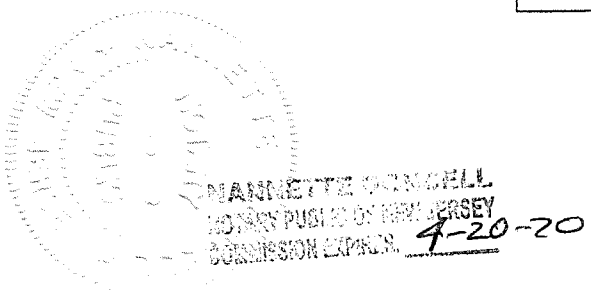
PLEDGOR:

1 University Ave.
Suite 4166
Toronto, Ontario
Canada M5J 2P1

This is Exhibit "Q" to the Affidavit of YANA KISLENKO sworn before me this 22nd day of October, 2019

Nannette Doncell

Notary Public for Taking Affidavits



Index: BUSINESS DEBTOR

List of matches:

Exact: DIONYMED BRANDS INC
Exact: DIONYMED BRANDS INC

Similar: DIAMOND B FISHING CO. LTD.
Similar: DIAMOND B FISHING CO. LTD.

BC OnLine: PPRS SEARCH RESULT 2019/10/21
Lterm: XPSP0050 For: PD43818 ONCORP DIRECT INC. 12:50:13

Index: BUSINESS DEBTOR

Search Criteria: DIONYMED BRANDS INC.

********** P P S A S E C U R I T Y A G R E E M E N T **********

Reg. Date: FEB 01, 2011 Reg. Length: 5 YEARS
Reg. Time: 11:10:09 Expiry Date: FEB 01, 2021
Base Reg. #: 979748F Control #: D0393706
*** Expiry date includes subsequent registered renewal(s).

This registration was selected and included for your protection
because of close proximity to your search criteria.
Block#

S0001 Secured Party: BANK OF MONTREAL
SUITE 2200, 4720 KINGSWAY
BURNABY BC V5H 4N2

=D0001 Base Debtor: DIAMOND B FISHING CO. LTD.
(Business) 1516 PRICE ROAD
ERRINGTON BC V0R 1V0

General Collateral:
LF379-
ALL PRESENTLY OWNED AND AFTER ACQUIRED PERSONAL PROPERTY (OTHER THAN
CONSUMER GOODS) AND FLOATING CHARGE ON LAND.

---------- R E N E W A L ----------

Reg. #: 005121J Reg. Date: DEC 11, 2015
Reg. Life: 5 YEARS Reg. Time: 08:43:37
Control #: D3492790
Base Reg. Type: PPSA SECURITY AGREEMENT
Base Reg. #: 979748F Base Reg. Date: FEB 01, 2011

Registering
Party: D & H LIMITED PARTNERSHIP
4126 NORLAND AVENUE, SUITE 201
BURNABY BC V5G 3S8

********** P P S A S E C U R I T Y A G R E E M E N T **********

Reg. Date: DEC 28, 2018 Reg. Length: 3 YEARS
Reg. Time: 12:41:48 Expiry Date: DEC 28, 2021
Base Reg. #: 233843L Control #: D5762859
Block#

S0001 Secured Party: GLAS AMERICAS LLC
3 SECOND STREET, SUITE 206
JERSEY CITY NJ 07302

=D0001 Base Debtor: DIONYMED BRANDS INC
(Business) 885 W. GEORGIA ST., STE 2200
VANCOUVER BC V6C 3E8

Continued on Page 2

General Collateral:

ALL OF THE DEBTOR'S PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY.
COMPLETE ADDRESS FOR DEBTOR D0001 IS 2200 HSBC BUILDING,
885 WEST GEORGIA STREET, VANCOUVER, BC V6C 3E8.

Registering
Party: CASSELS BROCK & BLACKWELL LLP
885 W GEORGIA ST, STE 2200
VANCOUVER BC V6C 3E8

********** P P S A S E C U R I T Y A G R E E M E N T **********

Reg. Date: APR 04, 2019 Reg. Length: 5 YEARS
Reg. Time: 10:35:51 Expiry Date: APR 04, 2024
Base Reg. #: 415205L Control #: D5951750

This registration was selected and included for your protection
because of close proximity to your search criteria.
Block#

S0001 Secured Party: FORD CREDIT CANADA COMPANY
PO BOX 2400
EDMONTON AB T5J 5C7

=D0001 Base Debtor: DIAMOND B FISHING CO. LTD.
(Business) PO BOX 255
ERRINGTON BC V0R1V0

Vehicle Collateral:

Type	Serial #	Year	Make/Model	MH Reg.#
V0001 MV	1FTEW1EG0JFC19958	2018	FORD F150	

Registering
Party: D + H LIMITED PARTNERSHIP
2 ROBERT SPECK PARKWAY, 15TH F
MISSISSAUGA ON L4J 1H8

********** P P S A S E C U R I T Y A G R E E M E N T **********

Reg. Date: SEP 19, 2019 Reg. Length: 2 YEARS
Reg. Time: 10:06:12 Expiry Date: SEP 19, 2021
Base Reg. #: 775763L Control #: D6318891
Block#

S0001 Secured Party: FLOW CAPITAL CORP
1 ADELAIDE ST. E., STE 3002
TORONTO ON M5C 2V9

=D0001 Base Debtor: DIONYMED BRANDS INC
(Business) 885 WEST GEORGIA ST., STE 2200
VANCOUVER BC V6C 3E8

General Collateral:
ALL PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY OF THE DEBTOR
INCLUDING ANY PROCEEDS THEREOF OR THEREFROM.

Continued on Page 3

Registering
Party: TORKIN MANES LLP (J. SIMPSON/S.
JANKOWSKI)
151 YONGE STREET
TORONTO ON M5C 2W7

****

Some, but not all, tax liens and other Crown claims are registered at the Personal Property Registry (PPR) and if registered, will be displayed on this search result. HOWEVER, it is possible that a particular chattel is subject to a Crown claim that is not registered at the PPR. Please consult the Miscellaneous Registrations Act, 1992 for more details. If you are concerned that a particular chattel may be subject to a Crown claim not registered at the PPR, please consult the agency administering the type of Crown claim.

>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>> END OF SEARCH <<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE OF THE PERSONAL PROPERTY SECURITY SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: DionyMed Brands Inc.

FILE CURRENCY: October 20, 2019

RESPONSE CONTAINS: APPROXIMATELY 1 FAMILIES and 1 PAGES.

THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS WHICH SET OUT A BUSINESS DEBTOR NAME WHICH IS SIMILAR TO THE NAME IN WHICH YOUR ENQUIRY WAS MADE. IF YOU DETERMINE THAT THERE ARE OTHER SIMILAR BUSINESS DEBTOR NAMES, YOU MAY REQUEST THAT ADDITIONAL ENQUIRIES BE MADE AGAINST THOSE NAMES.

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: DionyMed Brands Inc.

FILE CURRENCY: October 20, 2019

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 1 OF 1 ENQUIRY PAGE : 1 OF 1

SEARCH : BD : DIONYMED BRANDS INC.

00 FILE NUMBER : 747180792 EXPIRY DATE : 28DEC 2021 STATUS :
01 CAUTION FILING : PAGE : 001 OF 1 MV SCHEDULE ATTACHED :
REG NUM : 20181228 1541 1590 6689 REG TYP: P PPSA REG PERIOD: 3
02 IND DOB : IND NAME:
03 BUS NAME: DIONYMED BRANDS INC.
OCN :
04 ADDRESS : 885 W. GEORGIA ST., STE 2200
CITY : VANCOUVER PROV: BC POSTAL CODE: V6C 3E8
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
GLAS AMERICAS LLC
09 ADDRESS : 3 SECOND STREET, SUITE 206
CITY : JERSEY CITY PROV: NJ POSTAL CODE: 07302
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10 X X X X X
YEAR MAKE MODEL V.I.N.
11
12
GENERAL COLLATERAL DESCRIPTION
13
14
15
16 AGENT: CASSELS BROCK & BLACKWELL LLP (50799-3/JP)
17 ADDRESS : SUITE 2100, 40 KING STREET W.
CITY : TORONTO PROV: ON POSTAL CODE: M5H 3C2
LAST SCREEN

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

This is Exhibit "R" to the Affidavit of YANA KISLENKO sworn before me this 22nd day of October, 2019

Nannette Doncell

Notary Public for Taking Affidavits

NANNETTE DONCELL
NOTARY PUBLIC OF NEW JERSEY
MY COMMISSION EXPIRES 4-20-20

CAPITOL LIEN
RECORDS | RESEARCH | RISK MITIGATION

INVOICE
#: 00541I95723

ACCOUNT #: 0054
COMPANY NAME: FOX ROTHSCHILD LLP
ADDRESS: CAMPBELL MITHUN TOWER
ADDRESS 2: 222 SOUTH NINTH STREET. SUITE 2000
CITY: MINNEAPOLIS
STATE: MN
ZIP: 55402

CONTACT: JT SCHUWEILER
EMAIL: JSCHUWEILER@FOXROTHSCHILD.COM
PHONE #: 612-607-7047
FAX #: 612-607-7100
REFERENCE #: 183545.00001

SEARCH SUBJECT(S): HERBAN INDUSTRIES, INC. / HERBAN INDUSTRIES CA LLC / HERBAN INDUSTRIES INC.
HERBAN INDUSTRIES OR LLC / HERBAN INDUSTRIES NJ LLC
DIONYMED BRANDS INC. / HOMETOWN HEART

PARTIAL UPDATED SEARCHES

SEARCH TYPE: SPREADSHEET SEARCH

JURISDICTION: VARIOUS JURISDICTIONS, OSM

SEARCH RESULTS: FULL REPORT DETAILS FINDINGS OF SPREADSHEET SEARCH INCLUDING UPDATED PORTIONS

INFORMATION AS OF: SEE ATTACHED DATES

COMPLETED BY: LISA STALBERGER

DATE COMPLETED: 1/24/2019

SERVICES	$160.00
ADVANCE FEES	$386.00
COPY FEES	$30.00
RUSH FEES	$0.00
10% DISCOUNT	($57.60)
TOTAL	$518.40

NOTICE

-No invoice to follow, please forward appropriately -Payment of invoice(s) due net 30 days from invoice date -Delinquent accounts are subject to late fees and account suspension -Payment of invoice(s) is not contingent on the closing of any real estate transaction

1010 Dale Street North, St. Paul, Minnesota 55117 651.488.0100 capitollien.com

Thank you for your business!

CAPITOL LIEN
RECORDS I RESEARCH I RISK MITIGATION

FOX ROTHSCHILD
SEARCH FORM
REQUESTOR: JT SCHUWEILER
REFERENCE: 183545.00001

DATE ORDERED: 1/22/2019
EXPEDITE: NO

SEARCH SUBJECT	SEARCH JURISDICTION	SEARCH TYPE(S)	UPDATED SINCE	RESULTS	THROUGH DATE	COST
HERBAN INDUSTRIES, INC.	SECRETARY OF STATE, DELAWARE	CERTIFIED UCC	11/30/2018	**SEE ATTACHED SINCE UPDATE**	1/16/2019	$130.50
HERBAN INDUSTRIES CA LLC	SECRETARY OF STATE, CALIFORNIA	UCC	11/30/2018	**SEE ATTACHED SINCE UPDATE**	1/17/2019	$62.00
HERBAN INDUSTRTIES INC	SECRETARY OF STATE, CALIFORNIA	UCC / STATE & FEDERAL TAX LIENS	11/30/2018	NONE FOUND - PRIOR LIEN IS TERMINATED	1/17/2019	$60.00
HERBAN INDUSTRIES OR LLC	SECRETARY OF STATE, OREGON	UCC	12/4/2018	**SEE ATTACHED SINCE UPDATE**	1/18/2019	$61.00
HERBAN INDUSTRIES NJ LLC	DEPARTMENT OF REVENUE, NEW JERSEY	UCC	12/5/2018	**SEE ATTACHED SINCE UPDATE**	1/23/2019	$70.00
DIONYMED BRANDS INC.	DEPARTMENT OF STATE, NEW YORK	UCC	N/A	**SEE ATTACHED**	1/11/2019	$61.00
	RECORDER OF DEEDS, DISTRICT OF COLUMBIA	UCC	N/A	**SEE ATTACHED**	1/16/2019	$65.50
HOMETOWN HEART	SECRETARY OF STATE, CALIFORNIA	UCC	N/A	**SEE ATTACHED**	1/17/2019	$66.00
SUBTOTAL						**$576.00**
10% CLIENT DISCOUNT						**$57.60**
TOTAL						**$518.40**

Delaware

The First State

CERTIFICATE

SEARCHED JANUARY 24, 2019 AT 11:21 A.M.
FOR DEBTOR, HERBAN INDUSTRIES, LLC

1 OF 1 ***FINANCING STATEMENT*** ***20190201108***

EXPIRATION DATE: 01/09/2024

DEBTOR: ***HERBAN INDUSTRIES, INC.***

1999 S BASCOM AVE ***ADDED 01-09-19***

CAMPBELL, CA US 95008

SECURED: ***GLAS AMERICAS LLC, AS COLLATERAL AGENT***

3 SECOND STREET ***ADDED 01-09-19***

SUITE 206

JERSEY CITY, NJ US 07302

F I L I N G H I S T O R Y

20190201108 FILED 01-09-19 AT 12:49 P.M. FINANCING STATEMENT

E N D O F F I L I N G H I S T O R Y

THE UNDERSIGNED FILING OFFICER HEREBY CERTIFIES THAT THE ABOVE LISTING IS A RECORD OF ALL PRESENTLY EFFECTIVE FINANCING STATEMENTS, LAPSED FINANCING STATEMENTS, FEDERAL TAX LIENS AND UTILITY SECURITY INSTRUMENTS FILED IN THIS OFFICE WHICH NAME THE ABOVE DEBTOR, HERBAN INDUSTRIES, LLC AS OF JANUARY 16, 2019 AT 11:59 P.M.

20190961827-UCC11
SR# 20190464742

Authentication: 202134815
Date: 01-24-19

You may verify this certificate online at corp.delaware.gov/authver.shtml

Delaware

The First State

Jeffrey W. Bullock, Secretary of State

20190961827-UCC11
SR# 20190464742

Authentication: 202134815
Date: 01-24-19

You may verify this certificate online at corp.delaware.gov/authver.shtml

[redacted]

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional)
(651) 488-0100

B. E-MAIL CONTACT AT FILER (optional)
FILINGS@CAPITOLLIEN.COM

C. SEND ACKNOWLEDGMENT TO: (Name and Address)

CAPITOL LIEN RECORDS & RESEARCH, INC.
1010 DALE STREET NORTH
1010 DALE STREET NORTH
ST. PAUL, MN 55117

Delaware Department of State
U.C.C. Filing Section
Filed: 12:49 PM 01/09/2019
U.C.C. Initial Filing No: 2019 0201108

Service Request No: 20190159941

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here ☐ and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

1a. ORGANIZATION'S NAME
HERBAN INDUSTRIES, INC.

OR

1b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

1c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
1999 S BASCOM AVE	CAMPBELL	CA	95008	US

2. DEBTOR'S NAME: Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here ☐ and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

2c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

3a. ORGANIZATION'S NAME
GLAS AMERICAS LLC, AS COLLATERAL AGENT

OR

3b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

3c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
3 SECOND STREET, SUITE 206	JERSEY CITY	NJ	07302	US

4. COLLATERAL: This financing statement covers the following collateral:
All of the Debtor's personal property and other assets, whether now owned or hereafter acquired, and all proceeds of the same.

5. Check only if applicable and check only one box: Collateral is ☐ held in a Trust (see UCC1Ad, item 17 and Instructions) ☐ being administered by a Decedent's Personal Representative

6a. Check only if applicable and check only one box: ☐ Public-Finance Transaction ☐ Manufactured-Home Transaction ☐ A Debtor is a Transmitting Utility

6b. Check only if applicable and check only one box: ☐ Agricultural Lien ☐ Non-UCC Filing

7. ALTERNATIVE DESIGNATION (if applicable): ☐ Lessee/Lessor ☐ Consignee/Consignor ☐ Seller/Buyer ☐ Bailee/Bailor ☐ Licensee/Licensor

8. OPTIONAL FILER REFERENCE DATA:
505690 - 00001

CAPITOL LIEN
RECORDS I RESEARCH I RISK MITIGATION
Corporate Office: 1010 Dale Street North, St. Paul, Minnesota 55117
Telephone: (651) 488-0100 Facsimile: (651) 488-0200
www.capitollien.com

Search Report

Type of Search :	UCC's, Federal & State Tax Liens & Judgments
Jurisdiction/Filing Office :	State of California, Secretary of State
Effective Index Date :	January 17, 2019
Subject Search Name :	HERBAN INDUSTRIES CA, LLC

Results

Based on a search of the indices of the Uniform Commercial Code Division of the Secretary of State of California, there are no unlapsed liens of record other than those set out below. Liens reflected in this report were based on the jurisdictions search parameters, and the search name entered.

Filing Number	Filing Type	Filing Date	Pages	Lapse Date
19-7691227266	**Financing Statement**	**01/09/2019 09:29**	**1**	**01/09/2024**

Debtor - Organization	HERBAN INDUSTRIES CA LLC	1999 S BASCOM AVE., CAMPBELL, CA, USA 95008
Secured Party - Organization	GLAS AMERICAS LLC, AS COLLATERAL AGENT	3 SECOND STREET, SUITE 206, JERSEY CITY, NJ, USA 07302

END OF REPORT

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional)
Amanda Dietz
651-488-0100

B. E-MAIL CONTACT AT FILER (optional)

C. SEND ACKNOWLEDGMENT TO: (Name and Address)
CAPITOL LIEN RECORDS & RESEARCH INC.
1010 N. DALE ST.
Saint Paul, MN 55117
USA

DOCUMENT NUMBER: 75937980002
FILING NUMBER: 19-7691227266
FILING DATE: 01/09/2019 09:29

IMAGE GENERATED ELECTRONICALLY FOR WEB FILING
THE ABOVE SPACE IS FOR CA FILING OFFICE USE ONLY

1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here ☐ and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

OR	1a. ORGANIZATION'S NAME: Herban Industries CA LLC				
	1b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)		SUFFIX
	1c. MAILING ADDRESS: 1999 S Bascom Ave.	CITY: Campbell	STATE: CA	POSTAL CODE: 95008	COUNTRY: USA

2. DEBTOR'S NAME: Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here ☐ and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

OR	2a. ORGANIZATION'S NAME				
	2b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)		SUFFIX
	2c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

OR	3a. ORGANIZATION'S NAME: GLAS AMERICAS LLC, as Collateral Agent				
	3b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)		SUFFIX
	3c. MAILING ADDRESS: 3 Second Street, Suite 206	CITY: Jersey City	STATE: NJ	POSTAL CODE: 07302	COUNTRY: USA

4. COLLATERAL: This financing statement covers the following collateral:
All of the Debtor's personal property and other assets, whether now owned or hereafter acquired, and all proceeds of the same.

5. Check only if applicable and check only one box: Collateral is ☐ held in a Trust (see UCC1Ad, item 17 and instructions) ☐ being administered by a Decedent's Personal Representative

6a. Check only if applicable and check only one box:
☐ Public-Finance Transaction ☐ Manufactured-Home Transaction ☐ A Debtor is a Transmitting Utility

6b. Check only if applicable and check only one box:
☐ Agricultural Lien ☐ Non-UCC Filing

7. ALTERNATIVE DESIGNATION (if applicable): ☐ Lessee/Lessor ☐ Consignee/Consignor ☐ Seller/Buyer ☐ Bailee/Bailor ☐ Licensee/Licensor

8. OPTIONAL FILER REFERENCE DATA:
505690 - 00001

FILING OFFICE COPY

CAPITOL LIEN
RECORDS | RESEARCH | RISK MITIGATION
Corporate Office: 1010 Dale Street North, St. Paul, Minnesota 55117
Telephone: (651) 488-0100 Facsimile: (651) 488-0200
www.capitollien.com

Search Report

Type of Search :	UCC & Federal & State Tax Liens
Jurisdiction/Filing Office :	State of Oregon, Secretary of State
Effective Index Date :	January 18, 2019
Subject Search Name :	HERBAN INDUSTRIES OR, LLC

Results

Based on a search of the indices of the Uniform Commercial Code Division of the Secretary of State of Oregon, there are no unlapsed liens of record other than those set out below. Liens reflected in this report were based on the jurisdictions search parameters, and the search name entered.

Record History

Filing Types: UCC

File Number	Filing Date	Documents	Lapse Date
91772339	01/09/2019	Initial Filing Debtor **HERBAN INDUSTRIES OR LLC** 1999 S BASCOM AVE CAMPBELL CA 95008 Secured Party **GLAS AMERICAS LLC, AS COLLATERAL AGENT** 3 SECOND STREET, SUITE 206 JERSEY CITY NJ 07032	01/09/2024

END OF REPORT

[redacted]

FILED: JAN 09, 2019 11:32 AM
OREGON SECRETARY OF STATE

UCC LIEN NO. 91772339 HERBAN INDUSTRIES OR

UCC FINANCING STATI

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional)
Emily Davis 612-492-6929

B. E-MAIL CONTACT AT FILER (optional)
davis.emily@dorsey.com

C. SEND ACKNOWLEDGMENT TO: (Name and Address)
Capitol Lien Records & Research, Inc.
1010 Dale Street N.
St. Paul, MN 55117
651-488-0100
filings@capitollien.com

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here ☐ and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

1a. ORGANIZATION'S NAME
Herban Industries OR LLC

OR

1b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

1c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
1999 S Bascom Ave	**Campbell**	**CA**	**95008**	**USA**

2. DEBTOR'S NAME: Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here ☐ and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

2c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

3a. ORGANIZATION'S NAME
GLAS AMERICAS LLC, as Collateral Agent

OR

3b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

3c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
3 Second Street, Suite 206	**Jersey City**	**NJ**	**07302**	**USA**

4. COLLATERAL: This financing statement covers the following collateral:
All of the Debtor's personal property and other assets, whether now owned or hereafter acquired, and all proceeds of the same.

5. Check only if applicable and check only one box: Collateral is ☐ held in a Trust (see UCC1Ad, item 17 and Instructions) ☐ being administered by a Decedent's Personal Representative

6a. Check only if applicable and check only one box:
☐ Public-Finance Transaction ☐ Manufactured-Home Transaction ☐ A Debtor is a Transmitting Utility

6b. Check only if applicable and check only one box:
☐ Agricultural Lien ☐ Non-UCC Filing

7. ALTERNATIVE DESIGNATION (if applicable): ☐ Lessee/Lessor ☐ Consignee/Consignor ☐ Seller/Buyer ☐ Bailee/Bailor ☐ Licensee/Licensor

8. OPTIONAL FILER REFERENCE DATA:
Filed in OR SOS (505690 - 00001)

STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY
PO BOX 303
TRENTON, NEW JERSEY 08646

Subject Searched Through: 1/23/2019

Status Report For: HERBAN INDUSTRIES NJ

Transaction Number: 60144216 Reported Date: 1/24/2019

Debtor:	HERBAN INDUSTRIES NJ LLC 1999 S BASCOM AVE CAMPBELL, CA 95008
DATE FILED:	01/09/2019
FILING NUMBER:	53177793
SECURED PARTY:	GLAS AMERICAS LLC, AS COLLATERAL AGENT 3 SECOND STREET SUITE 206 JERSEY CITY, NJ 07302
Filing History:	01/09/2019 UCC1
Images Available For Copy Order?	Yes
Number Of Pages:	2

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional)
Capitol Lien Records 6514880100

B. E-MAIL CONTACT AT FILER (optional)
angiem@capitollien.com

C. SEND ACKNOWLEDGMENT TO: (Name and Address)

Capitol Lien Records
1010 Dale Street N
St. Paul, IL 55117
US

State of New Jersey
Department of the Treasury
Division of Revenue & Enterprise Services
UCC Section
Filed

Filing Number:53177793

01/09/19 12:40:17

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here ☐ and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

1a. ORGANIZATION'S NAME
Herban Industries NJ LLC

OR

1b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

1c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
1999 S Bascom Ave	Campbell	CA	95008	US

2. DEBTOR'S NAME: Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here ☐ and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

2c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

3a. ORGANIZATION'S NAME
GLAS AMERICAS LLC, as Collateral Agent

OR

3b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

3c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
3 Second Street, Suite 206	Jersey City	NJ	07302	US

4. COLLATERAL: This financing statement covers the following collateral:
All of the Debtor's personal property and other assets, whether now owned or hereafter acquired, and all proceeds of the same.

5. Check only if applicable and check only one box: Collateral is ☐ held in a Trust (see UCC1Ad, item 17 and Instructions) ☐ being administered by a Decedent's Personal Representative

6a. Check only if applicable and check only one box:
☐ Public-Finance Transaction ☐ Manufactured-Home Transaction ☐ A Debtor is a Transmitting Utility

6b. Check only if applicable and check only one box:
☐ Agricultural Lien ☐ Non-UCC Filing

7. ALTERNATIVE DESIGNATION (if applicable): ☐ Lessee/Lessor ☐ Consignee/Consignor ☐ Seller/Buyer ☐ Bailee/Bailor ☐ Licensee/Licensor

8. OPTIONAL FILER REFERENCE DATA:
505690 - 00001

UCC FINANCING STATEMENT ADDENDUM

FOLLOW INSTRUCTIONS

9. NAME OF FIRST DEBTOR: Same as line 1a or 1b on Financing Statement; if line 1b was left blank because Individual Debtor name did not fit, check here ☐

9a. ORGANIZATION'S NAME
Herban Industries NJ LLC

OR

9b. INDIVIDUAL'S SURNAME

FIRST PERSONAL NAME

ADDITIONAL NAME(S)/INITIAL(S) | SUFFIX

State of New Jersey
Department of the Treasury
Division of Revenue & Enterprise Services
UCC Section
Filed

Filing Number:53177793

01/09/19 12:40:17

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

10. DEBTOR'S NAME: Provide (10a or 10b) only one additional Debtor name or Debtor name that did not fit in line 1b or 2b of the Financing Statement (Form UCC1) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name) and enter the mailing address in line 10c

10a. ORGANIZATION'S NAME

OR

10b. INDIVIDUAL'S SURNAME

INDIVIDUAL'S FIRST PERSONAL NAME

INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S) | SUFFIX

10c. MAILING ADDRESS | CITY | STATE | POSTAL CODE | COUNTRY

11. ☐ ADDITIONAL SECURED PARTY'S NAME or ☐ ASSIGNOR SECURED PARTY'S NAME: Provide only one name (11a or 11b)

11a. ORGANIZATION'S NAME

OR

11b. INDIVIDUAL'S SURNAME | FIRST PERSONAL NAME | ADDITIONAL NAME(S)/INITIAL(S) | SUFFIX

11c. MAILING ADDRESS | CITY | STATE | POSTAL CODE | COUNTRY

12. ADDITIONAL SPACE FOR ITEM 4 (Collateral):

13. ☐ This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS (if applicable)

14. This FINANCING STATEMENT:
☐ covers timber to be cut ☐ covers as-extracted collateral ☐ is filed as a fixture filing

15. Name and address of a RECORD OWNER of real estate described in item 16 (if Debtor does not have a record interest):

16. Description of real estate:

17. MISCELLANEOUS:
The filer attests that the Collateral set forth in this Financing Statement is within the scope of the New Jersey Uniform Commercial Code-Secured Transactions pursuant to N.J.S.A. 12A:9-102 and N.J.S.A. 12A:9-109, as required by N.J.S.A. 12A:9-502.

CAPITOL LIEN
RECORDS | RESEARCH | RISK MITIGATION

Corporate Office: 1010 Dale Street North, St. Paul, Minnesota 55117
Telephone: (651) 488-0100 Facsimile: (651) 488-0200
www.capitollien.com

Type of Search : UCC's & Federal Tax Liens

Jurisdiction/Filing Office : State of New York, Department of State

Effective Index Date : January 11, 2019

Subject Search Name : DIONYMED BRANDS INC.

Results

Based on a search of the indices of the Uniform Commercial Code Division of the Department of State of New York, there are no unlapsed liens of record other than those set out below. Liens reflected in this report were based on the jurisdictions search parameters, and the search name entered.

1.	**Debtor Names:**	**DIONYMED BRANDS INC.**	**1 UNIVERSITY AVE., SUITE 4166, TORONTO, ON M5J 2P1, CAN**
	Secured Party Names:	**GLAS AMERICAS LLC, AS COLLATERAL AGENT**	**3 SECOND STREET, SUITE 206, JERSEY CITY, NJ 07302, USA**

File no.	File Date	Lapse Date	Filing Type	Pages
201901168026503	01/16/2019	01/16/2024	Financing Statement	1

END OF REPORT

[redacted]

402561 **2019 Jan 16 AM11:55**

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]
Capitol Lien Records 651-488-0100

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

Capitol Lien Records
1010 Dale Street N
St. Paul, MN 55117, USA

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME **DIONYMED BRANDS INC.**

OR

1b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

1c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
1 University Ave., Suite 4166	**Toronto**	**ON**	**M5J 2P1**	**CAN**

1d. SEE INSTRUCTIONS	ADD'L INFO RE ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION	1f. JURISDICTION OF ORGANIZATION	1g. ORGANIZATIONAL ID #, if any
		Corporation	**Canada**	[redacted] X NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

2c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

2d. SEE INSTRUCTIONS	ADD'L INFO RE ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID #, if any
				NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME **GLAS AMERICAS LLC, as Collateral Agent**

OR

3b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

3c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
3 Second Street, Suite 206	**Jersey City**	**NJ**	**07302**	**USA**

4. This FINANCING STATEMENT covers the following collateral:
All of the Debtor's personal property and other assets, whether now owned or hereafter acquired, and all proceeds of the same.

5. ALTERNATIVE DESIGNATION [if applicable]: LESSEE/LESSOR | CONSIGNEE/CONSIGNOR | BAILEE/BAILOR | SELLER/BUYER | AG. LIEN | NON-UCC FILING

6. This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS. Attach Addendum [if applicable]

7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) [ADDITIONAL FEE] [optional] All Debtors | Debtor 1 | Debtor 2

8. OPTIONAL FILER REFERENCE DATA

Filing Number-201901168026503

CAPITOL LIEN
RECORDS | RESEARCH | RISK MITIGATION

Corporate Office: 1010 Dale Street North, St. Paul, Minnesota 55117
Telephone: (651) 488-0100 Facsimile: (651) 488-0200
www.capitollien.com

Search Report

Type of Search : UCC's, Federal & State Tax Liens, & Judgments

Jurisdiction/Filing Office : Washington D.C., Recorder of Deeds

Effective Index Date : January 16, 2019

Subject Search Name : DIONYMED BRANDS INC.

Results

Based on a search of the indices of the Uniform Commercial Code Division of the Washington DC Recorder of Deeds, there are no unlapsed liens of record other than those set out below. Liens reflected in this report were based on the jurisdictions search parameters, and the search name entered.

Document Type: FINANCING STATEMENT

Document Number: 2019005167
Recorded Date: 01/16/2019 12:53:38 PM
Book Type: OPR
Roll / Frame:
Number of Pages: 2

Name Information
Grantor:
DIONYMED BRANDS INC.

Grantee:
GLAS AMERICAS LLC

END OF REPORT

Doc #: 2019005167
01/16/2019 12:53 PM

[redacted]

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional)

B. E-MAIL CONTACT AT FILER (optional)

C. SEND ACKNOWLEDGMENT TO: (Name and Address)

Capitol Lien Records & Research, Inc.
1010 Dale Street N.
St. Paul, MN 55117
651-488-0100
filings@capitollien.com

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here ☐ and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

1a. ORGANIZATION'S NAME
DIONYMED BRANDS INC.

OR

1b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

1c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
1 University Ave., Suite 4166	**Toronto**	**ON**	**M5J 2P1**	**CA**

2. DEBTOR'S NAME: Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here ☐ and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

2c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

3a. ORGANIZATION'S NAME
GLAS AMERICAS LLC, as Collateral Agent

OR

3b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

3c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
3 Second Street, Suite 206	**Jersey City**	**NJ**	**07302**	**USA**

4. COLLATERAL: This financing statement covers the following collateral:
All of the Debtor's personal property and other assets, whether now owned or hereafter acquired, and all proceeds of the same.

5. Check only if applicable and check only one box: Collateral is ☐ held in a Trust (see UCC1Ad, item 17 and Instructions) ☐ being administered by a Decedent's Personal Representative

6a. Check only if applicable and check only one box:
☐ Public-Finance Transaction ☐ Manufactured-Home Transaction ☐ A Debtor is a Transmitting Utility

6b. Check only if applicable and check only one box:
☐ Agricultural Lien ☐ Non-UCC Filing

7. ALTERNATIVE DESIGNATION (if applicable): ☐ Lessee/Lessor ☐ Consignee/Consignor ☐ Seller/Buyer ☐ Bailee/Bailor ☐ Licensee/Licensor

8. OPTIONAL FILER REFERENCE DATA:

Doc #: 2019005167
Filed & Recorded
01/16/2019 12:53 PM
IDA WILLIAMS
RECORDER OF DEEDS
WASH DC RECORDER OF DEEDS

RECORDING FEES	$25.00
SURCHARGE	$6.50
TOTAL:	$31.50

CAPITOL LIEN
RECORDS | RESEARCH | RISK MITIGATION

Corporate Office: 1010 Dale Street North, St. Paul, Minnesota 55117
Telephone: (651) 488-0100 Facsimile: (651) 488-0200
www.capitollien.com

Search Report

Type of Search : UCC's, Federal & State Tax Liens & Judgments

Jurisdiction/Filing Office : State of California, Secretary of State

Effective Index Date : January 17, 2019

Subject Search Name : HOMETOWN HEART

Results

Based on a search of the indices of the Uniform Commercial Code Division of the Secretary of State of California, there are no unlapsed liens of record other than those set out below. Liens reflected in this report were based on the jurisdictions search parameters, and the search name entered.

Filing Number	Filing Type	Filing Date	Pages	Lapse Date
19-7692519332	**Financing Statement**	**01/16/2019 08:58**	**1**	**01/16/2024**

Debtor - Organization	HOMETOWN HEART	414 LESSER STREET, OAKLAND, CA, USA 94601
Secured Party - Organization	GLAS AMERICAS LLC, AS COLLATERAL AGENT	3 SECOND STREET, SUITE 206, JERSEY CITY, NJ, USA 07302

Filing Number	Filing Type	Filing Date	Pages	Lapse Date
18-7674034373	**Financing Statement**	**10/05/2018 12:47**	**2**	**10/05/2023**

Debtor - Organization	HOMETOWN HEART, A CALIFORNIA CORPORATION	2800 THIRD STREET, SAN FRANCISCO, CA, USA 94107
Secured Party - Organization	DIONYMED HOLDINGS, INC., AN ONTARIO CORPORATION	40 KING STREET WEST, SUITE 2100, TORONTO, ON, CAN M5H4A9
Secured Party - Organization	HERBAN INDUSTRIES, INC., A DELAWARE CORPORATION	40 KING STREET WEST, SUITE 2100, TORONTO, ON, CAN M5H4A9

END OF REPORT

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional)
Amanda Dietz
651-488-0100

B. E-MAIL CONTACT AT FILER (optional)

C. SEND ACKNOWLEDGMENT TO: (Name and Address)
CAPITOL LIEN RECORDS & RESEARCH INC.
1010 N. DALE ST.
Saint Paul, MN 55117
USA

DOCUMENT NUMBER: 76101890002
FILING NUMBER: 19-7692519332
FILING DATE: 01/16/2019 08:58

IMAGE GENERATED ELECTRONICALLY FOR WEB FILING
THE ABOVE SPACE IS FOR CA FILING OFFICE USE ONLY

1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here ☐ and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

OR	1a. ORGANIZATION'S NAME: HOMETOWN HEART				
	1b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)		SUFFIX
1c. MAILING ADDRESS: 414 Lesser Street	CITY: Oakland	STATE: CA	POSTAL CODE: 94601		COUNTRY: USA

2. DEBTOR'S NAME: Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here ☐ and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

OR	2a. ORGANIZATION'S NAME				
	2b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)		SUFFIX
2c. MAILING ADDRESS	CITY	STATE	POSTAL CODE		COUNTRY

3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

OR	3a. ORGANIZATION'S NAME: GLAS AMERICAS LLC, as Collateral Agent				
	3b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)		SUFFIX
3c. MAILING ADDRESS: 3 Second Street, Suite 206	CITY: Jersey City	STATE: NJ	POSTAL CODE: 07302		COUNTRY: USA

4. COLLATERAL: This financing statement covers the following collateral:
All of the Debtor's personal property and other assets, whether now owned or hereafter acquired, and all proceeds of the same.

5. Check only if applicable and check only one box: Collateral is ☐ held in a Trust (see UCC1Ad, item 17 and instructions) ☐ being administered by a Decedent's Personal Representative

6a. Check only if applicable and check only one box:
☐ Public-Finance Transaction ☐ Manufactured-Home Transaction ☐ A Debtor is a Transmitting Utility

6b. Check only if applicable and check only one box:
☐ Agricultural Lien ☐ Non-UCC Filing

7. ALTERNATIVE DESIGNATION (if applicable): ☐ Lessee/Lessor ☐ Consignee/Consignor ☐ Seller/Buyer ☐ Bailee/Bailor ☐ Licensee/Licensor

8. OPTIONAL FILER REFERENCE DATA:

FILING OFFICE COPY

[redacted]

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional)
B. E-MAIL CONTACT AT FILER (optional)
C SEND ACKNOWLEDGMENT TO: (Name and Address) CT Fulfillment 555 Capitol Mall, Suite 1000 Sacramento, CA 95814 GC 820548/1 **Account: 60574850**

18-7674034373

10/05/2018 12:47

FILED
CALIFORNIA
SECRETARY OF STATE
SOS

73729310002 UCC 1 FILING

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name, do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here ☐ and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

	1a. ORGANIZATION'S NAME				
OR	**Hometown Heart, a California corporation**				
	1b INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)		SUFFIX
1c MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY
2800 Third Street		**San Francisco**	**CA**	**94107**	**USA**

2. DEBTOR'S NAME: Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here ☐ and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

	2a ORGANIZATION'S NAME				
OR					
	2b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)		SUFFIX
2c. MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY

3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

	3a. ORGANIZATION'S NAME				
OR	**DionyMed Holdings, Inc., an Ontario corporation**				
	3b INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)		SUFFIX
3c MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY
40 King Street West, Suite 2100		**Toronto**	**ON**	**M5H 4A9**	**CAN**

4. COLLATERAL: This financing statement covers the following collateral:

All of Debtor's right, title and interest, whether now or hereafter owned, existing, arising or acquired and wherever located, in and to the following:

(a) All Accounts
(b) All Inventory

Collateral shall include all proceeds from (i) any rights or interest in any contract, lease, permit, license, or license agreement covering real or personal property of Debtor, if under the terms of such contract, lease, permit, license, or license agreement, or applicable law with respect thereto, the grant of a security interest or lien therein is prohibited as a matter of law or under the terms of such contract, lease, permit, license, or license agreement and such prohibition or restriction has not been waived or the consent of the other party to such contract, lease, permit, license, or license agreement has not been obtained.

5. Check only if applicable and check only one box: Collateral is ☐ held in a Trust (see UCC1Ad, item 17 and Instructions) ☐ being administered by a Decedent's Personal Representative

6a. Check only if applicable and check only one box.
☐ Public-Finance Transaction ☐ Manufactured-Home Transaction ☐ A Debtor is a Transmitting Utility

6b. Check only if applicable and check only one box.
☐ Agricultural Lien ☐ Non-UCC Filing

7. ALTERNATIVE DESIGNATION (if applicable): ☐ Lessee/Lessor ☐ Consignee/Consignor ☐ Seller/Buyer ☐ Bailee/Bailor ☐ Licensee/Licensor

8. OPTIONAL FILER REFERENCE DATA:
File with CA SOS (505690-00005)

UCC FINANCING STATEMENT ADDENDUM

FOLLOW INSTRUCTIONS

7372931002

9. NAME OF FIRST DEBTOR: Same as line 1a or 1b on Financing Statement; if line 1b was left blank because Individual Debtor name did not fit, check here ☐

9a. ORGANIZATION'S NAME
Hometown Heart, a California corporation

OR

9b. INDIVIDUAL'S SURNAME

FIRST PERSONAL NAME

ADDITIONAL NAME(S)/INITIAL(S) | SUFFIX

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

10. DEBTOR'S NAME: Provide (10a or 10b) only one additional Debtor name or Debtor name that did not fit in line 1b or 2b of the Financing Statement (Form UCC1) (use exact, full name, do not omit, modify, or abbreviate any part of the Debtor's name) and enter the mailing address in line 10c

10a. ORGANIZATION'S NAME

OR

10b. INDIVIDUAL'S SURNAME

INDIVIDUAL'S FIRST PERSONAL NAME

INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S) | SUFFIX

10c. MAILING ADDRESS | CITY | STATE | POSTAL CODE | COUNTRY

11. ☑ ADDITIONAL SECURED PARTY'S NAME or ☐ ASSIGNOR SECURED PARTY'S NAME: Provide only one name (11a or 11b)

11a. ORGANIZATION'S NAME
Herban Industries, Inc., a Delaware corporation

OR

11b. INDIVIDUAL'S SURNAME | FIRST PERSONAL NAME | ADDITIONAL NAME(S)/INITIAL(S) | SUFFIX

11c. MAILING ADDRESS | CITY | STATE | POSTAL CODE | COUNTRY

40 King Street West, Suite 2100 | **Toronto** | **ON** | **M5H 4A9** | **CAN**

12. ADDITIONAL SPACE FOR ITEM 4 (Collateral).

13. ☐ This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS (if applicable)

14. This FINANCING STATEMENT:
☐ covers timber to be cut ☐ covers as-extracted collateral ☐ is filed as a fixture filing

15. Name and address of a RECORD OWNER of real estate described in item 16 (if Debtor does not have a record interest).

16. Description of real estate:

17. MISCELLANEOUS:

[redacted]

FILED: JAN 28, 2019 07:45 AM
OREGON SECRETARY OF STATE

UCC LIEN NO. 91786542 DIONYMED BRANDS INC.

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER [optional]

B. E-MAIL CONTACT AT FILER [optional]

C. SEND ACKNOWLEDGMENT TO: (Name and Address)

Capitol Lien Records & Research, Inc.
1010 Dale Street N.
St. Paul, MN 55117
651-488-0100
filings@capitollien.com

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S NAME – Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here ☐ and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

1a. ORGANIZATION'S NAME
DIONYMED BRANDS INC.

OR

1b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

1c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
1 University Ave., Suite 4166	Toronto	ON	M5J 2P1	CAN

2. DEBTOR'S NAME – Provide only one debtor name (2a or 2b) (use exact, full name; do not omit, modify or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 2b, leave all of item 1 blank, check here ☐ and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

2c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

3a. ORGANIZATION'S NAME
GLAS AMERICAS LLC, as Collateral Agent

OR

3b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

3c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
3 Second Street, Suite 206	Jersey City	NJ	07302	USA

4. COLLATERAL: This financing statement covers the following collateral:

All of the Debtor's personal property and other assets, whether now owned or hereafter acquired, and all proceeds of the same.

5. Check only if applicable and check only one box: Collateral is ☐ held in a Trust (see UCC1Ad, item 17 and instructions) ☐ being administered by a Decedent's Personal Representative

6. Check only if applicable and check only one box:
☐ Public-Finance Transaction ☐ A Debtor is a Transmitting Utility

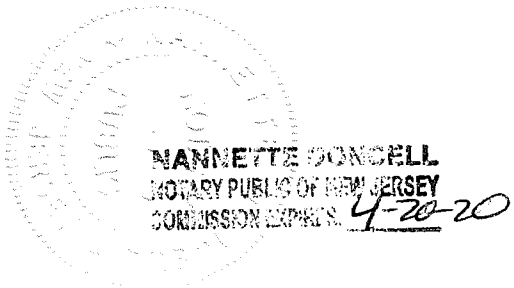
7. ALTERNATIVE DESIGNATION (if applicable): ☐ Lessee/Lessor ☐ Consignee/Consignor ☐ Seller/Buyer ☐ Bailee/Bailor ☐ Licensee/Licensor

8. OPTIONAL FILER REFERENCE DATA
OR

This is Exhibit "S" to the Affidavit of YANA KISLENKO sworn before me this 22nd day of October, 2019

Nannette Doncell

Notary Public for Taking Affidavits



TRADEMARK ASSIGNMENT COVER SHEET

Electronic Version v1.1
Stylesheet Version v1.2

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY INTEREST

CONVEYING PARTY DATA

Name	Formerly	Execution Date	Entity Type
Herban Industries OR LLC		01/30/2019	Limited Liability Company: OREGON

RECEIVING PARTY DATA

Name:	GLAS Americas LLC, as Collateral Agent
Street Address:	3 Second Street
Internal Address:	Suite 206
City:	Jersey City
State/Country:	NEW JERSEY
Postal Code:	07302
Entity Type:	Limited Liability Company: NEW YORK

PROPERTY NUMBERS Total: 4

Property Type	Number	Word Mark
Serial Number:	87877429	WINBERRY FARMS
Serial Number:	87877430	W
Serial Number:	87877427	WINBERRY FARMS
Serial Number:	87877431	W

CORRESPONDENCE DATA

Fax Number: 6126077100
Phone: 612-607-7325
Email: bgrahn@foxrothschild.com
Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent using a fax number, if provided; if that is unsuccessful, it will be sent via US Mail.
Correspondent Name: Barbara J Grahn
Address Line 1: 222 South Ninth St
Address Line 2: Suite 2000
Address Line 4: Minneapolis, MINNESOTA 55402

NAME OF SUBMITTER:	Barbara Grahn

Signature:	/bjg/
Date:	02/07/2019

Total Attachments: 4
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source=DionyMed Security Agreement#page3.tif
source=DionyMed Security Agreement#page4.tif

RECEIPT INFORMATION

ETAS ID:	TM509242
Receipt Date:	02/07/2019
Fee Amount:	$115

This is Exhibit "T" to the Affidavit of YANA KISLENKO sworn before me this 22nd day of October, 2019

Nannette Doncell

Notary Public for Taking Affidavits

NANNETTE DONCELL
NOTARY PUBLIC OF NEW JERSEY
COMMISSION EXPIRES 1-20-20

Borrowing Notice

TO: GLAS USA LLC (the "**Administrative Agent**")

AND TO: The Lenders

FROM: DionyMed Brands Inc. (the "**Borrower**") and the other Credit Parties

RE: Borrowing Notice delivered pursuant to the Credit Agreement dated as of January 16, 2019 (as amended, supplemented, modified or replaced from time to time, the "**Credit Agreement**", the terms defined therein being used herein as therein defined), among the Borrower, HomeTown Heart, DionyMed Inc., Herban Industries Inc., Herban Industries CA LLC, Herban Industries OR LLC, Herban Industries NJ LLC, Herban CA 2 LLC, Gourmet Green Room, Inc., and their respective subsidiaries party thereto from time to time, as Credit Parties, the lenders party thereto from time to time (collectively, the "**Lenders**"), GLAS USA LLC, as Administrative Agent, and GLAS Americas LLC, as Collateral Agent

DATE: October 9, 2019

This Borrowing Notice is delivered to you pursuant to the Credit Agreement. The Borrower hereby requests the making of an Advance from SP1 Credit Fund as follows:

1. Date of Advance: October 10, 2019

2. Facility: Term Facility

3. Total principal amount of Advance: $889,188

1. No Default or Event of Default has occurred or is continuing or would arise immediately after giving effect to or as a result of the Advance, other than:

(a) the Existing Default (as defined in the amending agreement dated September 19, 2019 between, among others, the Borrower and the Administrative Agent);

(b) the failure of the Borrower to perform agreements contained in the royalty purchase agreement dated as at May 25, 2018 between the Borrower, Flow Capital Corp. and others (the "**Royalty Purchase Agreement**"), which is a Material Agreement, and which failure could reasonably be expected to have a Material Adverse Effect;

(c) the existence of Liens in favour of Flow Capital Corp. on Assets of the Credit Parties, which Liens are not Permitted Liens;

(d) the failure of any Credit Party to acquire for cancellation the gross sales royalty granted under the Royalty Purchase Agreement no later than the date that is the earlier of (i) the date on which the aggregate amount of Commitments is equal to or exceeds $20,000,000 and (ii) November 1, 2019;

(e) the failure of the Borrower to pay interest on the Advances when due and payable on September 30, 2019;

(f) the failure of the Borrower to maintain a Market Capitalization Ratio of not less than 4.0:1.0 after September 30, 2019;

(g) the failure of the Borrower to maintain at all times from and after October 1, 2019 a Current Ratio greater than 1.0:1.0;

(h) the failure of the Borrower to maintain, at all times on a consolidated basis, Unrestricted Cash in a minimum amount of $5,000,000;

(i) the failure by the Borrower to ensure that (i) at all times from and after October 1, 2019, accounts payable of the Credit Parties (exclusive of administrative expenses of the Borrower incurred by it in the ordinary course of its business as a CSE-listed holding company), calculated on a consolidated basis, shall not exceed 120% of accounts receivable of the Credit Parties, calculated on a consolidated basis, at such time and (ii) at all times from and after October 1, 2019, except for accounts payable to Eaze Solutions, Inc. pursuant to the payment schedule in existence on the Original Closing Date, no individual account payable greater than $10,000 (up to an aggregate of $50,000 for all such accounts payable) shall remain unpaid more than ninety (90) days after such account payable is due and payable;

(j) the failure of the Credit Parties to acquire all of the issued and outstanding Equity Securities in the capital of HomeTown Heart by September 30, 2019; and

(k) the failure of the Borrower to maintain an amount at least equal to the 6-month DSR in the Debt Service Reserve Account at all times from and after October 1, 2019.

2. The Advance will not violate any Applicable Law.

3. The representations and warranties made in or pursuant to Article 4 of the Credit Agreement are true and correct on and as of the date hereof, and will be true and correct on the date of the Advance, as if such representations and warranties had been made on and as of the date hereof and the date of the Advance, except for any representation and warranty which is stated to be made only as of a certain date (and then such representation or warranty shall be true and correct as of such date).

4. Each of the undersigned Credit Parties hereby represents, warrants, agrees and covenants to the Administrative Agent and the Secured Creditors as follows, which representations, warranties, agreements and covenants shall survive the execution and delivery hereof:

(a) As at the date hereof (prior to the Advance being made), Advances under the Term Facility in the aggregate principal amount of $21,000,000 are outstanding

to the Borrower, which principal amount bears interest in accordance with Section 2.2 of the Credit Agreement. Upon the Advance being made, the principal amount of $21,889,188 and all accrued and unpaid interest thereon will be outstanding under the Term Facility and payable by the Borrower pursuant to the Credit Agreement.

(b) On the date hereof and on the date of (and after giving effect to) the Advance:

(i) the Credit Agreement and each of the other Credit Documents remains in full force and effect, unamended (for greater certainty, other than any applicable increase in the Term Facility Commitment), and is enforceable against each Credit Party in accordance with its terms;

(ii) the guarantee granted by each Credit Party, as applicable, in favour of the Secured Creditors extends to all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, at any time or from time to time due or accruing due and owing by or otherwise payable by the Borrower to the Secured Creditors or any one or more of them, in any currency, under or in connection with or pursuant to the Credit Agreement, including the Advance; and

(iii) the security interests, assignments, mortgages, charges, hypothecations and pledges granted by each Credit Party, as applicable, in favour of the Collateral Agent continue to secure all debts, liabilities and obligations at any time or from time to time due or accruing due and owing by such Credit Party to the Secured Creditors pursuant to the Credit Agreement, including the Advance.

(c) The making of the Advance does not and will constitute a waiver by the Lender making such Advance (or any other Secured Creditor) of any applicable condition of Advance or any Default or Event of Default, including any Default or Event of Default disclosed in this Borrowing Notice.

You are hereby irrevocably directed to wire the proceeds of the Advance to the Borrower's Account in accordance with the following details, and this shall be your good, sufficient and irrevocable authority for so doing:

(a) US$26,675 to be retained by the SP1 Lender for payment to Equity Trustees Limited in its capacity as trustee of the Tribeca Global Natural Resources Credit Fund (in the amount of US$22,773) and Tribeca Resources Credit Master Fund (in the amount of US$3,902) in payment of the arrangement fee payable pursuant to the arrangement fee letter dated January 16, 2019;

(b) $8,000 to be retained by the Administrative Agent to be paid in accordance with the wire instructions set out on Schedule "A" hereto to (i) the Administrative Agent (in its personal capacity) in the amount of $3,500 in payment of an amendment fee payable pursuant to the agent fee letter dated January 16, 2019 and (ii) GLAS Americas LLC in the amount of $4,500 in connection with its

proposed role as escrow agent following execution of an escrow agreement by GLAS Americas LLC and an invoice for such a fee being rendered to the Borrower.

(c) the balance, being US$854,513, in accordance with the wire instructions set out on Schedule "A" hereto to be applied by the Borrower.

This Borrowing Notice may be executed in any number of counterparts, each of which is deemed to be an original, and such counterparts together constitute one and the same instrument. Transmission of an executed signature page by facsimile, e-mail or other electronic means is as effective as a manually executed counterpart of this Borrowing Notice.

This Borrowing Notice is effective when executed by the Borrower and delivered to the Administrative Agent and is binding on each Credit Party that has executed and delivered this Borrowing Notice when the same has been executed and delivered by such Credit Party.

DIONYMED BRANDS INC.

By: _____

Name: Peter Kampian

Title: Authorized Signing Officer

DIONYMED INC.

By: _____

Name: Peter Kampian

Title: Authorized Signing Officer

HERBAN CA 2 LLC

By: _____

Name: Peter Kampian

Title: Authorized Signing Officer

GOURMET GREEN ROOM INC.

By: _____

Name: _____

Title: _____

HERBAN INDUSTRIES, INC., on behalf of itself and each of the following Credit Parties as sole manager

HERBAN INDUSTRIES CA LLC
HERBAN INDUSTRIES OR LLC
HERBAN INDUSTRIES NJ LLC

By: _____

Name: Peter Kampian

Title: Authorized Signing Officer

DIONYMED BRANDS INC.

By: _____

Name: _____

Title: _____

DIONYMED INC.

By: _____

Name: _____

Title: _____

HERBAN CA 2 LLC

By: _____

Name: _____

Title: _____

GOURMET GREEN ROOM INC.

By: _____

Name: Yolanda Celi

Title: Executive Vice President

HERBAN INDUSTRIES, INC., on behalf of itself and each of the following Credit Parties as sole manager

HERBAN INDUSTRIES CA LLC
HERBAN INDUSTRIES OR LLC
HERBAN INDUSTRIES NJ LLC

By: _____

Name: _____

Title: _____

HOMETOWN HEART

By: _____

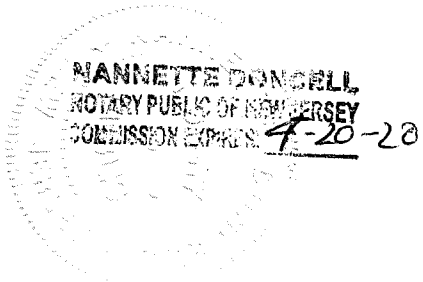
Name: Peter Kampian

Title: Authorized Signing Officer
of the Manager
Herban Industries, Inc.

This is Exhibit "U" to the Affidavit of YANA KISLENKO sworn before me this 22nd day of October, 2019

Nannette Doncell

Notary Public for Taking Affidavits



DionyMed Brands Inc.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three and six months ended June 30, 2019
and three and four months ended June 30, 2018

(Expressed in U.S. Dollars)

DionyMed Brands Inc.
Condensed Interim Consolidated Statement of Financial Position
As of June 30, 2019 and December 31, 2018
(Unaudited – Expressed in U.S. Dollars)

	Note	June 30, 2019	December 31, 2018
		(Unaudited)	(Audited)
Assets			
Current Assets			
Cash		$ 1,579,410	$ 8,814,561
Accounts Receivable	5	4,356,527	4,082,211
Inventories	6	5,575,876	3,390,959
Biological Assets	6	34,560	-
Prepaid Expenses	8	767,620	289,870
		12,313,993	16,577,601
Non-Current Assets			
Security Deposits		610,225	534,017
Property and Equipment	7	2,501,773	989,527
Right-of-use Assets	3, 13	6,142,824	-
Investments	8	600,000	-
Intangible Assets	9	13,246,643	14,705,450
Goodwill	9	20,050,789	21,923,600
Total Assets		$ 55,466,247	$ 54,730,195
Liabilities and Equity			
Current Liabilities			
Accounts Payable and Accrued Liabilities		$ 12,646,779	$ 10,531,143
Taxes Payable		7,339,464	6,425,700
Notes Payable		-	125,000
Inventory Finance Facility	10	7,770,306	766,258
Term Loans		-	3,860,000
Lease Liabilities	3, 13	1,171,501	-
Financial Liabilities	12	7,421,000	5,947,000
		36,349,050	27,655,101
Non-Current Liabilities			
Convertible Debentures	12	9,150,301	29,814,543
Royalty Debt		2,272,912	1,716,189
Lease Liabilities	3, 13	5,472,755	-
Financial Liabilities	12	6,133,000	9,485,000
Deferred Tax Liabilities	17	2,772,045	3,086,448
Total Liabilities		$ 62,150,063	$ 71,757,281
Shareholders' Deficit			
Share Capital	14	$ 33,273,855	$ 23,267,098
Warrants	14	29,309,049	19,916,643
Option Reserves	14	2,026,472	1,041,643
Accumulated Other Comprehensive Income		(655,393)	506,562
Other Reserves		(3,979,079)	(3,979,079)
Accumulated Deficit		(66,658,720)	(57,779,953)
Total Shareholders' Deficit		$ (6,683,816)	$ (17,027,086)
Total Liabilities and Shareholders' Deficit		$ 55,466,247	$ 54,730,195

Going Concern (Note 1)
Contingencies and Commitments (Note 19)
Subsequent Events (Note 24)

"Edward Fields"
Chief Executive Officer and Chairman

"Peter Kampian"
Chief Financial Officer

The accompanying notes are an integral part of these condensed interim consolidated financial statements

DionyMed Brands Inc.
Condensed Interim Consolidated Statement of Loss and Comprehensive Loss
For the Three and Six Months Ended June 30, 2019
and Three and Four Months Ended June 30, 2018
(Unaudited – Expressed in U.S. Dollars)

	Note	April 1, 2019 to June 30, 2019	April 1, 2018 to June 30, 2018	January 1, 2019 to June 30, 2019	March 1, 2018 to June 30, 2018
Gross Revenue	22	**$ 10,309,718**	$ 1,360,660	**$ 27,028,359**	$ 2,399,876
Discounts on Sales	22	**(1,028,311)**	-	**(1,096,494)**	-
Taxes on Sales	22	**(330,457)**	-	**(2,563,579)**	-
Net Revenue		**8,950,950**	1,360,660	**23,368,286**	2,399,876
Direct Costs		**7,366,431**	1,128,334	**15,276,657**	1,948,633
Gross Margin, Excluding Fair Value Items		**1,584,519**	232,326	**8,091,629**	451,243
Realized Fair Value Amounts of Inventory Sold		**(170,406)**	-	**(170,406)**	-
Unrealized Fair Value Gain on Growth of Biological Assets		**34,560**	-	**34,560**	-
Gross Margin		**1,448,673**	232,326	**7,955,783**	451,243
Expenses					
Wages and Salaries		**6,481,450**	1,428,315	**12,361,522**	1,819,938
Sales and Marketing Expense		**1,614,308**	328,721	**3,655,427**	468,350
Administrative and Other		**3,711,519**	827,950	**7,485,302**	1,290,518
Professional Fees		**670,334**	487,426	**1,660,662**	709,547
Impairment of Trade Receivables	5	**340,136**	-	**365,403**	-
Legal Fees		**359,859**	195,231	**663,669**	204,043
Interest Expense	17	**1,155,438**	49,575	**1,951,366**	66,836
Amortization and Depreciation Expense		**900,356**	48,025	**1,821,215**	50,480
Financing Costs		**695,154**	-	**1,608,456**	-
Share-Based Compensation	15	**484,972**	194,389	**1,098,333**	215,156
Royalties Expense		**464,023**	92,944	**766,155**	92,944
Business Development Expense		**45,371**	-	**553,342**	-
Foreign Exchange Loss		**6,418**	48,545	**89,469**	13,428
Impairment of Intangible Assets	9	**-**	-	**539,575**	-
Total Operating Expenses		**16,929,338**	3,701,121	**34,619,896**	4,931,240
Loss from Operations		**(15,480,665)**	(3,468,795)	**(26,664,113)**	(4,479,997)
Other Revenue and Expenses					
Fair Value Adjustment on Debt Carried at Fair Value	12	**7,081,863**	-	**20,018,339**	-
Fair Value Adjustment on Financial Liabilities	12	**(355,498)**	-	**(1,156,498)**	-
Fair Value Loss on Foreign Exchange on Convertible Debentures	12	**(540,107)**	-	**(1,233,817)**	-
Net Loss before Income Taxes		**$ (9,294,407)**	$ (3,468,795)	**$ (9,036,089)**	$ (4,479,997)
Deferred Tax Recovery	18	**(226,958)**	(8,539)	**(314,403)**	(8,539)
Net Loss		**$ (9,067,449)**	$ (3,460,256)	**$ (8,721,686)**	$ (4,471,458)
Weighted average common shares outstanding – basic & diluted	16	**56,255,412**	39,598,856	**54,356,382**	39,429,122
Net loss per common share - basic & diluted	16	**$ (0.16)**	$ (0.09)	**$ (0.16)**	$ (0.11)
Other Comprehensive Income (Loss)					
Gain (Loss) on Translation of Financial Statement Balances		**(197,018)**	(86,116)	**(496,005)**	(120,847)
Gain (Loss) on Translation of Intercompany Balances		**(1,340,927)**	175,313	**(665,950)**	230,726
Comprehensive Loss		**$ (10,605,394)**	$ (3,371,059)	**$ (9,883,641)**	$ (4,361,579)

The accompanying notes are an integral part of these condensed interim consolidated financial statements

DionyMed Brands Inc.
Condensed Interim Consolidated Statement of Changes in Shareholders' Equity
For the Six Months Ended June 30, 2019 and Four Months Ended June 30, 2018
(Unaudited – Expressed in U.S. Dollars)

	Note	Number of Shares (Common)	Number of Shares (Series A Convertible Preferred)	Number of Shares (Series F Convertible Preferred)	Share Capital	Warrants	Option Reserves	Accumulated Other Comprehensive Income (Loss)	Other Reserves	Accumulated Deficit	Shareholders' Equity
Balance - January 1, 2019		17,590,885	11,920	6,598	$ 23,267,098	$ 19,916,643	$ 1,041,643	$ 506,562	$ (3,979,079)	$ (57,779,953)	$ (17,027,086)
Adjustments on Initial Application of IFRS 16		-	-	-	-	-	-	-	-	(157,081)	(157,081)
Common Shares Issued on Term Loan Repayment	15	590,353	-	-	1,884,058	-	-	-	-	-	1,884,058
Common Shares Issued for Acquisition of Cascade	15	18,960	-	-	50,000	-	-	-	-	-	50,000
Common Shares Released for Acquisition of Hometown Heart	15	100,000	-	-	159,498	-	-	-	-	-	159,498
Common Shares Issued on Acquisition Finder's Fees	15	8,088	-	-	21,494	-	-	-	-	-	21,494
Common Shares and Warrants Issued on Equity Bought Deal Financing	15	3,822,055	-	-	2,538,178	4,610,646	-	-	-	-	7,148,824
Common Shares Issued for Payment of Financial Liabilities for Rise	12, 15	1,486,418	-	-	2,375,000	-	-	-	-	-	2,375,000
Common Shares Issued on Alumina Financing	11, 15	662,252	-	-	491,339	262,411	-	-	-	-	753,750
Common Shares and Warrants Issued on Debenture Conversion	15	1,140,771	728	-	2,125,847	798,151	-	-	-	-	2,923,998
Common Shares Issued on Warrant Exercise	15	33,664	-	-	124,239	(49,888)	-	-	-	-	74,351
Warrants Issued on Inventory Finance Facility Initial Draw	15	-	-	-	-	5,213,824	-	-	-	-	5,213,824
Warrants Cancelled on Inventory Finance Facility Early Draw	15	-	-	-	-	(1,442,738)	-	-	-	-	(1,442,738)
Common Share Issued on Conversion of Series A Shares	15	201,400	(2,014)	-	-	-	-	-	-	-	-
Common Share Issued on Conversion of Series F Shares	15	5,375,000	-	(1,075)	-	-	-	-	-	-	-
Share-Based Compensation	15	-	-	-	-	-	1,098,333	-	-	-	1,098,333
Common Shares Issued on Exercise of Stock Options	15	173,333	-	-	237,104	-	(113,504)	-	-	-	123,600
OCI: Loss on translation of Financial Statement Balances		-	-	-	-	-	-	(496,005)	-	-	(496,005)
OCI: Loss on Translation of Intercompany Balances		-	-	-	-	-	-	(665,950)	-	-	(665,950)
Net Loss		-	-	-	-	-	-	-	-	(8,721,686)	(8,721,686)
Balance - June 30, 2019		31,203,179	10,634	5,523	$ 33,273,855	$ 29,309,049	$ 2,026,472	$ (655,393)	$ (3,979,079)	$ (66,658,720)	$ (6,683,816)

The accompanying notes are an integral part of these condensed interim consolidated financial statements

DionyMed Brands Inc.
Condensed Interim Consolidated Statement of Changes in Shareholders' Equity
For the Six Months Ended June 30, 2019 and Four Months Ended June 30, 2018
(Unaudited – Expressed in U.S. Dollars)

	Note	Number of Shares (Common)	Number of Shares (Series A Convertible Preferred)	Number of Shares (Series F Convertible Preferred)	Share Capital	Warrants	Option Reserves	Accumulated Other Comprehensive Income (Loss)	Other Reserve	Accumulated Deficit	Shareholders' Equity
Balance - March 1, 2018		116,666	-	6,598	$ -	$ -	$ 57,975	$ 10,498	$ (3,979,079)	$ (452,802)	$ (4,363,408)
Series A Private Placement		1,768,598	1,289	-	1,481,379	-	-	-	-	-	1,481,379
Convertible Promissory Note (Including Accrued Interest) Conversion		1,114,446	30,064	-	3,217,149	-	-	-	-	-	3,217,149
Common Shares Issued to Settle Shareholder Payable		560,000	-	-	439,513	-	-	-	-	-	439,513
Warrants Issued with Grenville Royalty Purchase Agreements		-	-	-	-	67,399	-	-	-	-	67,399
Share-Based Compensation		-	-	-	-	-	215,156	-	-	-	215,156
OCI: Loss on translation of Financial Statement Balances		-	-	-	-	-	-	(120,847)	-	-	(120,847)
OCI: Gain on Translation of Intercompany Balances		-	-	-	-	-	-	230,726	-	-	230,726
Net Loss		-	-	-	-	-	-	-	-	(4,471,458)	(4,471,458)
Balance - June 30, 2018		3,559,710	31,353	6,598	$ 5,138,041	$ 67,399	$ 273,131	$ 120,377	$ (3,979,079)	$ (4,924,260)	$ (3,304,391)

The accompanying notes are an integral part of these condensed interim consolidated financial statements

DionyMed Brands Inc.
Condensed Interim Consolidated Statement of Cash Flow
For the Three and Six Months Ended June 30, 2019
and Three and Four Months Ended June 30, 2018
(Unaudited – Expressed in U.S. Dollars)

	April 1, 2019 to June 30, 2019	April 1, 2018 to June 30, 2018	January 1, 2019 to June 30, 2019	March 1, 2018 to June 30, 2018
Operating Activities				
Net Loss for the Period	**$ (9,067,449)**	$ (3,460,256)	**$ (8,721,686)**	$ (4,471,458)
Adjustment for Non-Cash Items:				
Realized Fair Value Amounts of Inventory Sold	**170,406**	-	**170,406**	-
Unrealized Fair Value Gain on Growth of Biological Assets	**(34,560)**	-	**(34,560)**	-
Amortization and Depreciation	**900,353**	48,025	**1,821,212**	50,480
Share-Based Compensation	**484,972**	194,389	**1,098,333**	215,156
Impairment of Intangible Assets	**-**	-	**539,575**	-
Impairment of Trade Receivables	**340,136**	-	**365,403**	-
Unrealized Foreign Exchange (Gain) Loss	**(551,741)**	13,428	**89,469**	13,428
Fair Value Adjustment on Debt Carried at Fair Value	**(7,081,863)**	-	**(20,018,339)**	-
Fair Value Adjustment on Financial Liabilities	**355,498**	-	**1,156,498**	-
Fair Value Loss on Foreign Exchange	**540,107**	-	**1,233,817**	-
Deferred Tax Recovery	**(226,958)**	(8,539)	**(314,403)**	(8,539)
Interest Expense	**74,533**	-	**74,533**	-
Legal and Professional Fees	**-**	-	**21,494**	-
Financing Fees	**660,953**	-	**1,384,037**	-
Accrued Royalty	**296,737**	-	**475,383**	-
Change in Non-Cash Working Capital Items:				
Accounts Receivables	**78,229**	91,434	**(821,472)**	(839,685)
Inventories	**(1,626,810)**	35,085	**(2,355,323)**	(17,146)
Prepaid Expenses	**(347,965)**	65,832	**(477,750)**	10,268
Security Deposits	**(40,785)**	(25,575)	**(76,208)**	(25,575)
Accounts Payable and Accrued Liabilities	**3,737,829**	(164,176)	**4,273,399**	251,238
Taxes Payable	**1,302,960**	273,780	**2,962,897**	512,290
Net cash (used in) operating activities	**(10,035,418)**	(2,936,573)	**(17,153,285)**	(4,309,543)
Investing Activities				
Purchase of Property and Equipment	**(1,209,947)**	(587,281)	**(1,635,007)**	(607,484)
Acquisition of Rise Brands, Net of Cash Acquired	**-**	(3,215,000)	**-**	(3,215,000)
Payment of Winberry Earnout	**-**	-	**(500,000)**	-
Purchase of Assets from Cascade, Net of Cash Acquired	**-**	-	**(99,591)**	-
Investment in Waterside Warehousing	**(350,000)**	-	**(600,000)**	-
Net cash (used in) investing activities	**(1,559,947)**	(3,802,281)	**(2,834,598)**	(3,822,484)
Financing Activities				
Proceeds from Issuance of Shares as part of Series A Round of Financing	**-**	30,496	**-**	1,522,676
Proceeds from Issuance of Series B Convertible Debentures	**-**	6,287,005	**-**	6,287,005
Proceeds from Inventory Finance Facility	**-**	-	**9,148,193**	-
Repayment of Term Loan Financing	**-**	-	**(3,860,000)**	-
Repayment of Note Payable	**-**	-	**(125,000)**	-
Proceeds from Grenville Royalty Financing	**-**	1,464,032	**-**	1,464,032
Repayment of Working Capital Notes	**-**	-	**-**	(19,517)
Proceeds from Equity Bought Deal Financing	**7,148,824**	-	**7,148,824**	-
Proceeds from Financing from Alumina	**753,750**	-	**753,750**	-
Exercise of Warrants and Stock Options	**117,932**	-	**213,299**	-
Repayment of Lease Liabilities	**(276,601)**	-	**(553,212)**	-
Net cash provided by financing activities	**7,743,905**	7,781,533	**12,725,854**	9,254,196
Net increase (decrease) in cash	**(3,851,460)**	1,042,679	**(7,262,029)**	1,122,169
Cash, Beginning of Period	**5,086,272**	233,289	**8,814,561**	133,117
Effect of Foreign Exchange Translation on Cash	**344,598**	(12,763)	**26,878**	7,919
Cash, End of Period	**$ 1,579,410**	$ 1,263,205	**$ 1,579,410**	$ 1,263,205

The accompanying notes are an integral part of these condensed interim consolidated financial statements

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1. Nature of Operations and Going Concern

Nature of Operations

DionyMed Brands Inc. ("DionyMed Brands" or the "Company") is a corporation under the *Business Corporations Act* (British Columbia) Together with its subsidiaries, the Company is a vertically integrated operator of licensed cannabis branding, cultivation, manufacturing and distribution of cannabis products in the United States and is currently licensed to produce and sell medicinal and adult-use cannabis products under the laws of the State of California and Oregon.

The Company's registered head office is 2200, 885 West Georgia Street, Vancouver, British Columbia V6C 2G2 Canada.

The Company's subordinate voting shares are listed under the symbol "DYME" on the Canadian Securities Exchange ("CSE") and under the symbol "DYMEF" on the OTCQX, part of the OTC Markets Group.

Going Concern

These condensed interim consolidated financial statements have been prepared on a going concern basis under the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future. The Company's ability to continue in the normal course of operations as a going concern is dependent on its ability to raise financing sufficient to maintain operations and there are no assurances that the Company will be successful in achieving this goal. For the three and six months ended June 30, 2019 (three and four months ended June 30, 2018), the Company reported a net loss of $9,067,449 and $8,721,686 (2018 – $3,460,256 and $4,471,458); negative operating cash flows of $10,035,418 and $17,153,285 (2018 – $2,936,573 and $4,309,543); and, as of June 30, 2019 and December 31, 2018, an accumulated deficit amounting to $66,658,720 (2018 – $57,779,953) and a negative working capital of $24,035,057 (2018 – $11,077,500). These circumstances indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and ultimately on the appropriateness of the use of accounting principles applicable to a going concern. These condensed interim consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

To date, the Company has been successful in gaining access to equity and debt financing from private and public markets, however there are no guarantees that additional financing will be available in the future.

2. Basis of Preparation

Statement of Compliance

These condensed interim consolidated financial statements have been prepared in compliance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34"). The condensed interim consolidated financial statements do not include all of the information required for full annual financial statements and therefore should be read in conjunction with the annual audited consolidated financial statements of the Company for the year ended December 31, 2018, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These condensed interim consolidated financial statements were approved and authorized for issuance by the Board of Directors on August 29, 2019.

Basis of Measurement

These condensed interim consolidated financial statements have been prepared on the going concern basis, under the historical cost basis except for certain financial instruments, which are measured at fair value. Historical cost is generally based upon the fair value of the consideration given in exchange for assets. The expenses within the consolidated statements of income (loss) and comprehensive income (loss) are presented by nature and function.

Functional and Presentation Currency

The functional currency of the Company, DionyMed Brands and DionyMed Inc is the Canadian dollar and the functional currency of Herban, Herban CA, Herban OR, Herban NJ, Herban NV, Herban CO and Hometown Heart is the United States (U.S.) dollar. These condensed interim consolidated financial statements are presented in U.S. dollars.

Basis of Consolidation

These condensed interim consolidated financial statements include the financial information of the Company, its subsidiaries and entities controlled through management services agreements and options. The accounts of subsidiaries are prepared for the same reporting period using consistent accounting policies. Intercompany transactions, balances and unrealized gains or losses on transactions are eliminated. The Company's subsidiaries and controlled entities, and its interests in each, are presented below:

Subsidiaries	Jurisdictions	Interest
DionyMed, Inc ("DionyMed")	Ontario, Canada	100%
Herban Industries, Inc ("Herban")	Delaware, USA	100%
Herban Industries CA LLC ("Herban CA")	California, USA	100%
Herban Industries OR LLC ("Herban OR")	Oregon, USA	100%
Herban Industries NJ LLC ("Herban NJ")	New Jersey, USA	100%
Herban Industries NV LLC ("Herban NV")	Nevada, USA	100%
Herban Industries CO LLC ("Herban CO")	Colorado, USA	100%

Controlled entities	Jurisdictions	Interest
Hometown Heart	California, USA	Controlled through management services agreement and option

Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The Company measures goodwill as the fair value of the consideration transferred, including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount of the identifiable assets and liabilities assumed, all measured as of the acquisition date. Any excess of the fair value of the net assets acquired over the assumed consideration paid is a gain on business acquisition and is recognized as a gain in the consolidated statements of income (loss) and comprehensive income (loss).

Transaction costs, other than those associated with the issue of debt or equity securities, that the Company incurs in connection with a business combination, are expensed as incurred.

3. Critical Accounting Estimates and Judgments and Changes in Accounting Policies

Critical Accounting Estimates and Judgments

The preparation of the condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the condensed interim consolidated financial statements are described below:

Impairment of property and equipment and intangible assets and goodwill

Management is required to use judgment in determining the grouping of assets to identify their Cash Generating Units ("CGUs") for the purposes of testing for impairment. Judgment is further required to determine appropriate groupings of CGUs for the level at which goodwill and any other assets requiring testing for impairment are tested for impairment. For the purpose of goodwill impairment testing, CGUs are grouped at the lowest level at which goodwill and any other assets requiring testing

for impairment are monitored for internal management purposes. In addition, judgment is used to determine whether a triggering event has occurred requiring an impairment test to be completed.

In determining the recoverable amount of a CGU or a group of CGUs, various estimates are used. The Company determines the recoverable amount by using estimates such as projected future revenues, earnings, and capital investment consistent with strategic plans presented to the Board of Directors. Discount rates are consistent with external industry information reflecting the risk associated with the specific cash flows.

Management assesses property and equipment, as well as in use intangible assets with finite lives for any indicators of impairment at least annually taking into account factors such as economic and market conditions, as well as the useful lives of assets. If there are one or more indicators of impairment, management will estimate the recoverable amounts to assess whether there is an impairment.

Impairment of internally generated assets not yet in use, intangible assets with indefinite lives, and goodwill are assessed for impairment at least annually. This assessment takes into account factors such as economic and market conditions as well as any changes in the expected use of the asset.

Recoverability of accounts receivable

Accounts receivable includes trade and other receivables that are collectable within the short-term.

These balances are presented net of allowances for non-recoverability. In establishing our allowances for non-recoverability balances, significant judgment is exercised by management in determining the amount of outstanding accounts receivable that is expected to be recovered from the debtors adopting the expected credit loss methodology.

Although the accounts receivable balances are derived from determination of contractual provisions and trade transactions, the recoverability of such amounts may ultimately differ due to the potential for a debtor to become financially impaired or insolvent or for a contractual dispute over contract language or terms. Consequently, reviews of accounts receivable balances are done on a regular basis to determine if there is a need to establish an allowance for non-recoverability, the amount of expected credit loss provision to make and recoverability of slow-moving accounts. In performing this review, the Company uses judgment in assessing the credit worthiness of debtors and the expected probability of settlement.

Estimated useful lives and depreciation and amortization of property and equipment and intangible assets

Depreciation and amortization of property and equipment and intangible assets are dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that consider factors such as economic and market conditions and the useful lives of assets.

Warrants

The warrants are valued using the Black-Scholes Model. Key estimates such as the expected life of the warrants, the volatility of the Company's stock price and the risk-free interest rate are used.

Share-based compensation

In calculating the share-based compensation expense, key estimates such as the rate of forfeiture of options granted, the expected life of the option, the volatility of the Company's stock price and the risk-free interest rate are used.

Fair value measurements

The Company's convertible debentures are measured at fair value. In estimating fair value, the Company uses market-observable data to the extent it is available. In certain cases where Level 1 inputs are not available, the Company will engage third party qualified valuators to perform the valuation.

In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at their fair values. One of the most significant estimates relates to the determination of the fair value of these assets and liabilities. Contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as a liability is remeasured at subsequent reporting dates, as appropriate, with the corresponding gain or loss being recognized in profit or loss. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied.

Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted retrospectively in subsequent periods. However, the measurement period will last for a maximum of one year from the acquisition date.

Business combinations

Judgment is used in determining whether an acquisition is a business combination or an asset acquisition. Judgment is also required to assess whether the amounts paid on achievement of milestones represents contingent consideration or compensation for post-acquisition services. Judgment is also required to assess whether contingent consideration should be classified as equity or a liability. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as a liability is remeasured at subsequent reporting dates in accordance with IFRS 9, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

Recognition of deferred income tax assets

Management continually evaluates the likelihood that its deferred tax assets could be realized. This requires management to assess whether it is probable that sufficient taxable income will exist in the future to utilize these losses within the carry-forward period. By its nature, its assessment requires significant judgment.

Determination of functional currency

An area of judgment that has a significant impact on the amounts recognized in these condensed interim consolidated financial statements is the determination of functional currency. The determination of the Company and its subsidiaries' functional currency often requires significant judgment where the primary economic environment in which they operate may not be clear. This can have a significant impact on the consolidated results of the Company based on the foreign currency translation methods used.

Going concern risk assessment

The assessment of the Company's ability to continue as a going concern, raising additional debt or equity financing, attaining commercial operations, generating sufficient revenue to achieve and sustain profitability for the ensuing year, and to fund planned research and development activities, involves significant judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

Contingencies

Management uses judgment to assess the existence of contingencies. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. Management also uses judgment to assess the likelihood of the occurrence of one or more future events.

When contingencies exist, Management estimates the related financial impact to the Company based on the possible outcomes of one or more future events.

Changes in Accounting Policies

These condensed interim consolidated financial statements have been prepared following the same accounting policies used in preparation of the audited consolidated financial statements for the year ended December 31, 2018, except for the changes outlined below.

IFRS 16, Leases

Effective January 1, 2019, the Company adopted IFRS 16, which is based on a single lessee accounting model to determine how to recognize, measure, and present leases.

Upon entering a lease arrangement, the Company will determine whether the agreement transfers the right to control the use of an identified asset within the context of the agreement, in exchange for regular payments.

The Company has elected to use the Modified Retrospective Approach under IFRS 16. Under this approach, the Company may be required to record an opening balance adjustment for leases previously recognized under IAS 17, Leases ("IAS 17") and IFRIC 4, Determining Whether an Arrangement Contains a Lease ("IFRIC 4"). The Company has also elected to apply the practical expedient to grandfather the assessment of which transactions are leases on the date of initial application, as previously identified under IAS 17 and IFRIC 4. Finally, on transition, the Company has elected to use the practical expedient to not include initial direct costs associated with the lease in calculating the opening right-of-use asset value.

The Company leases office space in Ontario, Oregon and California. The Company also leases cultivation, manufacturing, and distribution space in Oregon and California. In adopting IFRS 16, the Company has elected to use the short-term lease recognition exemption which is applied by class of assets. The Company has also elected to use the low dollar value practical expedient, which unlike the short-term recognition exemption, is applied on an asset-by-asset basis.

In using the Modified Retrospective approach, the Company has elected to record the right-of-use asset for any identified leases under IFRS 16 at the present value of their future lease payments on January 1, 2019. On initial transition the Company's incremental borrowing rate as of that date has been used as the discount rate in determining this value.

The Company's then-current incremental borrowing rate will continue to be used for any leases entered into after initial transition, unless the discount rate implicit in the lease is known, in which case it will be used to determine the present value of the future lease payments. The Company has also elected to use the following practical expedients in transitioning to IFRS 16:

- Discount rates: The Company will apply a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Leases with a short remaining term: The Company will account for leases for which the lease term ends within 12 months of the date of initial application as short-term leases. This practical expedient is independent of the Company's accounting policy for the short-term lease recognition exemption.

Subsequent to initial recognition, the lease liability will be measured at amortized cost using the effective interest method. The liability can be remeasured throughout the term of the lease if any of the following would cause a significant change in the present value of the future lease payments:

- change in an index or discount rate;
- change in the Company's estimate of the amount expected to be payable under a residual value guarantee;
- changes in the Company's assessment of whether it will exercise a purchase, extension or termination option.

As for the right-of-use asset, it will subsequently be measured at its net book value. The deemed cost of the asset will be amortized over the shorter of its expected useful life and the term of the lease on a straight-line basis. The average

(Unaudited – Expressed in U.S. Dollars, unless stated otherwise)

amortization period of the leases as at June 30, 2019 is 4 years. These right-of-use assets will be included with property and equipment in line with the Company's accounting policy for assessment for impairment.

The impact of the adoption of IFRS 16 on January 1, 2019 is as follows:

	January 1, 2019
Right-of-use asset	$ 6,836,440
Lease liability	(7,150,203)
Accumulated deficit	157,081
Extinguishment of accounts payable – Reversal of deferred rent liability as at December 31, 2018	156,682

IFRIC 23, Uncertainty over Income Tax Treatments

IFRIC 23 'Uncertainty over Income Tax Treatments' was issued by the IASB in June 2017 and specifies the interpretation to be applied to the determination of taxable profit, tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. The Company has adopted IFRIC 23 on January 1, 2019 and had no significant impact.

4. Acquisitions

Acquisition of Assets from Cascade

On February 28, 2019, the Company through its subsidiary, Herban OR, acquired certain assets of Cascade Cannabis Distribution, Inc. ("Cascade") for a total purchase price of about $149,591. Cascade holds a cannabis wholesale license in the State of Oregon for the distribution of cannabis. The primary purpose of this acquisition was to expand the Company's distribution business in the State of Oregon. The acquisition of assets from Cascade by the Company was accounted for using the acquisition method of accounting, whereby assets and liabilities acquired were revalued to their fair value and any excess of the purchase price was recognized as goodwill.

The following table summarizes the preliminary purchase price allocation and the total fair value of consideration:

Accounts Receivable	$	91,785
Market-related Intangible Assets – License		38,000
Goodwill		293,344
Total Assets Acquired		423,129
Accounts Receivable Forgiven		(273,538)
Fair Value of Net Assets Acquired		**149,591**
Cash Consideration		99,591
18,960 Subordinate Voting Shares Issued [(1)]		50,000
Fair Value of Consideration	**$**	**149,591**

(1). 18,960 subordinate voting shares were issued at the acquisition date with a closing share price of CAD$3.50;

The Company recognized Cascade's cannabis wholesaler license in the State of Oregon as an intangible asset.

The goodwill balance reflects the benefits of the assembled workforce, expected earnings, and future market. These benefits were not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. Goodwill will not be amortized and will be reviewed for impairment on an annual basis.

(Unaudited – Expressed in U.S. Dollars, unless stated otherwise)

Acquisition of Assets from Rise Brands, Inc.

For the period ended June 30, 2019, the Company paid $666,667 related to post-transaction renumeration, included in wages and salaries expense.

5. Accounts Receivable

Accounts receivable was comprised of the following:

		June 30, 2019
Trade accounts receivable	$	2,758,436
Trade accounts receivable - Excise taxes		695,281
Total trade accounts receivable		3,453,717
Allowance for doubtful trade receivables		(558,577)
Other receivables		1,461,387
Total accounts receivable	**$**	**4,356,527**

These amounts are collectable within a short-term period and the net carrying value reasonably approximates the fair value of the receivables.

Allowance for expected credit losses

A continuity of expected credit loss allowance is as follows:

	April 1, 2019 to June 30, 2019	April 1, 2018 to June 30, 2018	January 1, 2019 to June 30, 2019	March 1, 2018 to June 30, 2018
Loss allowance, beginning of period	$ 950,010	$ -	$ 1,060,258	$ -
Loss allowance recognized during the period	380,514	-	405,781	-
Receivables written off during the period	(731,573)	-	(867,088)	-
Loss allowance unused and reversed during the period	(40,374)	-	(40,374)	-
Loss allowance, end of period	**$ 558,577**	**$ -**	**$ 558,577**	**$ -**

The credit loss provision was determined using the IFRS 9 expected credit loss model. Trade receivables are derecognized when there is no reasonable expectation of recovery.

Aging of trade accounts receivable

Aging of receivables and the credit loss assessed and provided for are as follows:

June 30, 2019	0 - 30 days	31 - 60 days	61 - 90 days	> 90 days	Total
Expected credit loss %	2%	5%	25%	61%	16%
Gross carrying amount	$ 2,124,450	$ 343,347	$ 262,012	$ 723,908	$ 3,453,717
Lifetime expected credit loss	(34,599)	(17,167)	(65,504)	(441,307)	(558,577)
Net trade accounts receivable	**$ 2,089,851**	**$ 326,180**	**$ 196,508**	**$ 282,601**	**$ 2,895,140**

As at June 30, 2019, no customer accounted for more than 10% of total trade receivables.

(Unaudited – Expressed in U.S. Dollars, unless stated otherwise)

6. Inventories and Biological Assets

The Company's inventories included the following:

		June 30, 2019
Finished goods	$	4,915,318
Inventories in process		607,307
Raw materials		53,251
Total gross inventory	**$**	**5,767,302**
Inventory write-offs		191,426
Total inventory	**$**	**5,575,876**

During the three and six months ended June 30, 2019 (three and four months ended June 30, 2018), the Company had inventory write-downs and write-offs of $191,426 and $191,426, respectively (2018 – $nil and $70,000, respectively). The amount of inventory that was included in cost of sales was $5,822,620 and $13,028,282, respectively (2018 – $994,863 and $1,844,830, respectively).

The Company's biological assets consist of cannabis plants from inception to the point of harvest. The changes in the carrying value of the biological assets are as follows:

		January 1, 2019 to June 30, 2019
Opening balance	$	-
Changes in fair value less cost to sell due to biological transformation		34,560
Total biological assets	**$**	**34,560**

The significant estimates used in determining the fair value of cannabis plants are as follows:

(a) Wholesale price per pound
(b) Cannabis oil processing efficiency
(c) Cannabis potency level
(d) Yield per plant
(e) Stage of growth

The Company's estimates are, by their nature, subject to change, and will be reflected in future changes in the fair values of biological assets. An increase or decrease of 5% applied to management's identified significant unobservable inputs would not result in a significant change in valuation.

All biological assets are classified as current assets in the statement of financial position and are considered level 3 fair value estimates. As of June 30, 2019, it is expected that the Company's biological assets will yield approximately 4,000 lbs of cannabis biomass (December 31, 2018 – nil lbs of cannabis biomass).

The valuation of biological assets is based on an income approach in which the fair value at the point of harvesting is estimated based on selling prices less the costs to sell. For in-process biological assets, the fair value at point of harvest is adjusted based on the stage of growth at period-end. Stage of growth is determined by reference to the cost incurred as a percentage of total cost as applied to estimated total fair value per gram (less fulfillment costs) to arrive at an in-process fair value for estimated biological assets, which have not yet been harvested.

(Unaudited – Expressed in U.S. Dollars, unless stated otherwise)

7. Property and Equipment

A continuity of property and equipment is as follows:

	Leasehold Improvements	Furniture and Fixtures	Vehicles	Total
Cost				
As at January 1, 2019	767,722	229,221	106,435	$ 1,103,378
Additions	1,577,192	40,147	17,668	1,635,007
As at June 30, 2019	**$ 2,344,914**	**$ 269,368**	**$ 124,103**	**$ 2,738,385**
Accumulated depreciation				
As at January 1, 2019	33,625	31,443	48,783	$ 113,851
Depreciation	56,700	43,279	22,782	122,761
As at June 30, 2019	**$ 90,325**	**$ 74,722**	**$ 71,565**	**$ 236,612**
Net book value				
As at January 1, 2019	$ 734,097	$ 197,778	$ 57,652	$ 989,527
As at June 30, 2019	**$ 2,254,589**	**$ 194,646**	**$ 52,538**	**$ 2,501,773**

8. Investments

Waterside Warehousing

On March 15, 2019, the Company signed a definitive agreement with an irrevocable option to acquire Waterside Warehousing ("Waterside"), a premium manufacturer and indoor craft cultivator located in Oakland, California. The agreement provides the Company with an option to acquire Waterside for an additional $5 million payment.

The Company agreed to provide $1,000,000 in cash by way of a secured convertible preferred note carrying a 6% interest rate per annum paid quarterly. During the six months ended June 30, 2019, $600,000 of the loan has been advanced to date and the balance is to be paid during the third quarter of 2019 (Note 24). The secured convertible preferred note matures on March 15, 2021. The loan is carried at amortized cost.

As of the date of these condensed interim consolidated financial statements, the Company has not exercised its option to acquire Waterside.

Strategic Partnership with Nevada-Based Retailer Acres Cannabis

On January 10, 2019, the Company signed a strategic partnership agreement with Acres Cannabis ("Acres"), a vertically integrated cannabis retailer based in Las Vegas, Nevada. The partnership grants the Company's brands and services access to the Nevada market. The Company's infused products and edible brands will be manufactured in Acres' facilities and sold state-wide under a royalty fee arrangement with Acres. During the six months ended June 30, 2019, the Company advanced $125,000 royalty fee to Acres.

During the quarter ended June 30, 2019, the Company has commenced operations in Nevada.

Virginia's Kitchen, LLC dba Blue Kudu

On April 5, 2019, the Company signed a term sheet to acquire Virginia's Kitchen, LLC dba Blue Kudu, an award-winning edibles brand and wholesale platform based in Denver, Colorado. The total consideration for the deal is expected to be $5,500,000, consisting of $5,000,000 at close comprised of $4,000,000 in cash and $1,000,000 in the Company's subordinated voting shares and the remaining $500,000 subject to Colorado law allowing the Company to acquire Blue Kudu's cannabis business licenses.

(Unaudited – Expressed in U.S. Dollars, unless stated otherwise)

Completion of the acquisition is subject to several conditions, including, but not limited to, execution and delivery of definitive documentation mutually agreeable to the parties, and the Company's completion of due diligence on Blue Kudu.

As of the date of these condensed interim consolidated financial statements, this transaction has not yet closed.

Pioneer Valley Extracts, LLC

On February 14, 2019, the Company signed a binding term sheet, subject to satisfaction of certain customary conditions to close, to acquire Pioneer Valley Extracts, LLC, a manufacturer and emerging cannabis brand in Massachusetts.

At close, the total purchase price will be $550,000 consisting of $150,000 in cash and $400,000 in subordinate voting shares priced at the 15-day volume-weighted average price at closing of the transaction.

As of the date of these condensed interim consolidated financial statements, this transaction has not yet closed.

9. Intangible Assets and Goodwill

A continuity of intangible assets other than goodwill is as follows:

	Customer Relationships	Market-related Intangible Assets	Recipes and Formulas	Software	Total
Cost					
As at January 1, 2019	$ 8,848,000	$ 4,217,000	$ 2,299,000	$ 133,076	$ 15,497,076
Additions from acquisitions	-	38,000	-	-	38,000
Additions	-	-	-	-	-
Impairment	(573,000)	-	-	-	(573,000)
Foreign exchange	-	-	-	340	340
As at June 30, 2019	**$ 8,275,000**	**$ 4,255,000**	**$ 2,299,000**	**$ 133,416**	**$ 14,962,416**
Accumulated amortization and impairment losses					
As at January 1, 2019	$ 536,918	$ 87,900	$ 153,267	$ 13,542	$ 791,627
Amortization	619,721	95,450	229,900	12,500	957,571
Impairment	(33,425)	-	-	-	(33,425)
As at June 30, 2019	**$ 1,123,214**	**$ 183,350**	**$ 383,167**	**$ 26,042**	**$ 1,715,773**
Net carrying amount					
As at January 1, 2019	$ 8,311,082	$ 4,129,100	$ 2,145,733	$ 119,534	$ 14,705,449
As at June 30, 2019	**$ 7,151,786**	**$ 4,071,650**	**$ 1,915,833**	**$ 107,374**	**$ 13,246,643**

For intangible assets subject to amortization, assessments of whether significant indicators of impairment existed were completed and significant indicators of impairment were identified during the six months ended June 30, 2019 in respect of the customer relationship assets, for which an impairment was recorded.

Hometown Heart's relationship with Eaze was terminated by the Company on March 29, 2019, resulting in the impairment of the related asset which carried a cost of $573,000 and accumulated amortization of $33,425. No other significant indicators of impairment were identified for the six months ended June 30, 2019.

A continuity of goodwill is as follows:

Balance as at January 1, 2019	$ 21,923,600
Goodwill acquired in acquisition of assets from Cascade Cannabis Distribution, Inc.	293,344
Measurement period adjustment on Winberry Farms	(117,022)
Measurement period adjustment on Hometown Heart	(2,049,133)
Balance as at June 30, 2019	**$ 20,050,789**

(Unaudited – Expressed in U.S. Dollars, unless stated otherwise)

For goodwill and intangible assets not subject to amortization, no significant indicators of impairment were identified for the six months ended June 30, 2019.

Measurement period adjustment on Winberry Farms

The Company has finalized the purchase price allocation to the individual assets acquired and liabilities assumed using the acquisition method. The measurement period adjustment includes a decrease to the assumed debt on the acquisition date of $117,022 based on a review of the validity of outstanding accounts payable assumed upon acquisition, which was found to have accrued for amounts that were not subsequently invoiced to the Company.

Measurement period adjustment on Hometown Heart

The Company has finalized the purchase price allocation to the individual assets acquired and liabilities assumed using the acquisition method. The measurement period adjustment includes a decrease to the assumed tax liability on the acquisition date of $2,049,133 based on a review of the U.S. federal tax liability assumed upon acquisition, which was found to be over-accrued.

10. Inventory Finance Facility

	Principal Balance	Capitalized Financing Costs	Currency Translation	Total
As at January 1, 2019	$ 3,000,000	$ (2,211,180)	$ (22,562)	$ 766,258
Repayment of early draw	(3,000,000)	-	-	(3,000,000)
Initial draw	13,000,000	(5,965,312)	-	7,034,688
Cancellation of warrants on the early draw	-	1,447,043	-	1,447,043
Amortization of capitalized financing costs	-	1,384,037	-	1,384,037
Foreign currency translation impact	-	-	138,280	138,280
As at June 30, 2019	**$ 13,000,000**	**$ (5,345,412)**	**$ 115,718**	**$ 7,770,306**

On January 17, 2019, the Company signed a definitive agreement (the "Inventory Finance Facility Agreement") for a two-year, up to $40 million senior secured credit facility (the "**Inventory Finance Facility**") from certain investors. The Inventory Finance Facility consists of a $15 million term loan facility and a $25 million asset-backed loan facility. The Company drew $13 million of the Inventory Finance Facility following the completion of certain conditions to the satisfaction of the investors. $27 million of the Inventory Finance Facility remains undrawn.

Net proceeds in the amount of $9,148,143 were received by the Company, net of the repayment of the $3,000,000 early draw and $851,857 in capitalized transaction costs.

The drawdown on the Inventory Finance Facility is secured by a general security agreement over the assets of the Company in favour of the lenders. As part of the consideration to the lenders, the Company issued 3,670,753 warrants with an exercise price of CAD$4.65 expiring February 5, 2022, with a fair value of $5,188,038. The fair value component relating to the warrants was determined using the Black-Scholes pricing model and has been treated as capitalized financing costs.

The 744,000 warrants previously issued to the lenders on November 28, 2018 were cancelled by the Company on June 1, 2019.

Interest expense of $433,502 has been accrued and included as part of Accounts Payable and Accrued Liabilities in the condensed interim consolidated statement of financial position.

The Inventory Finance Facility bears interest at a rate of LIBOR (at a floor of 0%) + 8% per annum plus an anniversary fee of 2.5% of the principal balance in the first year and 3.75% of the principal balance in the second year. The Inventory Finance Facility matures on February 5, 2021.

(Unaudited – Expressed in U.S. Dollars, unless stated otherwise)

Breaches of debt covenants

The Inventory Finance Facility is subjected to covenant clauses, whereby the Company is required to meet certain key financial ratios. As at June 30, 2019, the Company did not fulfil the current ratio, accounts payable to accounts receivable ratio, and unpaid accounts payable covenant, as required in the agreement for the Inventory Finance Facility.

Due to these breaches of the covenant clauses, the lenders are contractually entitled to request for immediate repayment of the outstanding facility amount drawn of $13,000,000 and accrued interest of $433,500. The outstanding balances are presented as current liabilities as at June 30, 2019.

The lenders had not requested early repayment of the outstanding facility amounts drawn as of the date when these condensed interim consolidated financial statements were approved by the Board of Directors.

The Company has obtained a waiver from the lenders on August 20, 2019 to waive the breaches described above for the period from April 1, 2019 to September 30, 2019.

11. Term Loans

As at January 1, 2019	$	3,860,000
Repayments		(3,860,000)
As at June 30, 2019	**$**	**-**

During the six months ended June 30, 2019, the principal balance of the term loans was fully repaid.

12. Long Term Debt

Series B Convertible Debentures

As at January 1, 2019	$	29,814,543
Conversion to equity		(1,879,720)
Fair value adjustment		(20,018,339)
Foreign currency translation impact		1,233,817
As at June 30, 2019	**$**	**9,150,301**

The Debentures, which are convertible at the conversion price of CAD$2.06, bear interest at 14% per annum and mature on June 30, 2020.

During the six months ended June 30, 2019, there were conversions of the Series B Convertible Debentures of $1,879,720. On June 30, 2019, the fair value for the Series B Convertible Debentures was estimated to be $9,150,301.

As the convertible debentures are designated as fair value through profit or loss, they are revalued at the end of each reporting period using the Black-Scholes valuation model. The Company used a volatility of 90%, dividend yield of 0.0% and risk-free rate of 1.46% where the fair value of the convertible debentures on that date was calculated to be $9,150,301. For the six months ended June 30, 2019, the Company recognized a decrease in fair value of $20,018,339 and an increase in fair value due to foreign currency translation of $1,233,817.

As at June 30, 2019, interest expense of $95,654 has been accrued and included as part of Accounts Payable and Accrued Liabilities in the condensed interim consolidated statement of financial position.

(Unaudited – Expressed in U.S. Dollars, unless stated otherwise)

Financial Liabilities

The Company's acquisitions of the assets of Rise Logistics and Winberry Farms and the Company's acquisition of Hometown Heart during the ten months ended December 31, 2018 gave rise to financial liabilities. These financial liabilities are measured at fair value at the end of each reporting period. A continuity of the financial liabilities for these acquisitions is as follows:

	Rise Logistics	Winberry Farms	Hometown Heart	Total
Total financial liabilities as at January 1, 2019	$ 2,335,000	$ 5,153,000	$ 7,944,000	$ 15,432,000
Repayment of financial liabilities	(2,375,000)	(500,000)	-	(2,875,000)
Fair value adjustment	40,000	357,000	759,498	1,156,498
Other adjustments	-	-	(159,498)	(159,498)
Total financial liabilities as at June 30, 2019	**$ -**	**$ 5,010,000**	**$ 8,544,000**	**$ 13,554,000**
Financial Liabilities – Current	$ -	$ 4,569,000	$ 2,852,000	$ 7,421,000
Financial Liabilities – Non-Current	-	441,000	5,692,000	6,133,000
Total financial liabilities as at June 30, 2019	**$ -**	**$ 5,010,000**	**$ 8,544,000**	**$ 13,554,000**

The financial liabilities of Hometown Heart were adjusted to reflect the consideration owing of 100,000 shares valued at CAD$2.06, which were released during the six months ended 2019 from the Company to the shareholders of Hometown Heart.

13. Leases

A continuity of the Company's right-of-use assets is as follows:

	January 1, 2019 to June 30, 2019
Carrying value as at January 1, 2019	$ 6,836,440
Additions	47,264
Depreciation	(740,880)
Carrying value as at June 30, 2019	**$ 6,142,824**

A continuity of the Company's lease liabilities is as follows:

		From January 1, 2019 to June 30, 2019
Carrying value as at January 1, 2019		$ 7,150,203
Additions		47,264
Less: Payments made on lease obligations	$ 1,056,977	
Less: Interest expense on lease liabilities	(503,766)	(553,211)
Carrying value as at June 30, 2019		**$ 6,644,256**
Lease liabilities – Current		1,171,501
Lease liabilities – Non-current		5,472,755
Carrying value as at June 30, 2019		**$ 6,644,256**

The Company's right-of-use assets and lease liabilities as at June 30, 2019 related predominantly to premises.

(Unaudited – Expressed in U.S. Dollars, unless stated otherwise)

The contractual undiscounted cash outflows for lease obligations are as follows:

		June 30, 2019
< 1 year	$	2,124,761
1 to 3 years		3,803,112
3 to 5 years		2,047,110
Thereafter		2,304,788
Total	**$**	**10,279,771**

As at June 30, 2019, the Company had commitments of $97,553 relating to short-term leases which were not included in the calculation of the right-of-use asset and lease obligation upon adoption of IFRS 16.

Interest expense on the lease obligations for the three and six months ended June 30, 2019 was $251,886 and $503,766, respectively.

14. Alumina Partners (Ontario) Ltd. Capital Commitment

On June 5, 2019, the Company announced a capital commitment from Alumina Partners (Ontario) Ltd. ("Alumina") for up to CAD$32,000,000 on a private placement basis completed in tranches over a 24-month period. The issuance of subordinate voting shares and warrants in each tranche is referred to herein as a unit (each a "Unit" and collectively, the "Units"). Each Unit shall be comprised of one (1) subordinate voting share and one-half of one (1/2) warrant.

Following the initial subscription, the Company may request that Alumina subscribe for subsequent tranches a minimum of five trading days following the issuance of the previous tranche.

The purchase price for each Unit in each tranche will be priced at a discount of 15% to 20% to the market price of the common shares traded on the Canadian Securities Exchange ("Exchange"), or such lesser discount as dictated by Section 2.1 of Policy 6 of the Exchange. The market price of the subordinate voting shares for each tranche will be defined as the price per subordinate voting share formally protected and reserved by the Company's filing of a Notice of Proposed Issuance of Listed Securities with the Exchange using the Exchange's Form 9. Alumina is not required to close a tranche if the closing price of the subordinate voting shares on the Exchange determined as of the close of trading on the trading day prior to the closing date is below the market price in the Form 9 corresponding to such tranche, subject to investor waiver.

At the closing of each tranche, the Company shall issue Alumina an amount of subordinate voting share purchase warrants equal to one-half of subordinate voting shares subscribed by Alumina in connection with that tranche. Each warrant will permit Alumina to acquire one subordinate voting share for five years from the date of closing the tranche, subject to a four month hold period from the date the warrants are issued. The exercise price of each warrant for each tranche is set at a 50% premium to the market price for the corresponding tranche.

At June 30, 2019, there has only been one tranche for an issuance of 662,252 Units for gross proceeds of $753,750.

15. Share Capital

Share Capital

The Company has authorized unlimited Subordinate Voting Shares ("common shares"), Series F Convertible Preferred Shares, and Series A Convertible Preferred Shares.

The Company's common shares are voting and dividend-paying. The Company's Series F Convertible Preferred Shares and Series A Convertible Preferred Shares are also voting and dividend-paying. The holders of Series F Convertible Preferred Shares (each convertible into 5,000 common shares) and Series A Convertible Preferred Shares (each convertible into 100 common shares) have the right to convert into common share of the Company.

(Unaudited – Expressed in U.S. Dollars, unless stated otherwise)

In January 2019, the Company issued 590,353 common shares at a price of C$4.25 as interest on the term loans repaid (Note 11).

On May 7, 2019, the Company closed a bought deal private placement financing with a syndicate of agents co-led by Canaccord Genuity Corp. and Cormark Securities Inc. for 3,822,055 units of the Company at a price of C$2.75 per Unit (the "Issue Price") for aggregate gross proceeds to the Company of $7,148,824. Each unit was comprised of one common share and one common share purchase warrant exercisable into one common share at price of C$3.80 per share for a period of 36 months following the closing of the offering. The net proceeds from the Offering were used primarily towards the Company's strategic growth initiatives and for general working capital purposes.

In May 2019, in connection with the acquisition of assets from Rise Brands Inc., the Company issued 1,486,418 common shares at a price of C$2.06 in satisfaction of the second tranche payment of $2,375,000 for the acquisition.

In June 2019, the Company issued 662,252 common shares at a price of C$0.98 to Alumina on the first tranche draw on its capital commitment (Note 14).

Warrants

On February 5, 2019, the Company issued tranche 10, consisting of 3,670,753 warrants with a fair value of $5,218,129, on the initial draw on the Inventory Finance Facility (Note 10). As part of this issuance, the 744,000 warrants with a fair value of $1,447,043, issued by the Company on the early draw on the inventory finance facility, has been cancelled.

On May 7, 2019, in connection with the bought deal private placement financing, the Company issued tranches 15 and 16, consisting of 3,822,055 warrants and 267,544 broker warrants with a fair value of $4,610,646.

In June 2019, the Company issued tranche 18, consisting of 331,126 warrants with a fair value of $262,411, to Alumina on the first tranche draw on the capital commitment (Note 14).

The following is a summary of warrants for the six months ended June 30, 2019:

	Number of Warrants		Fair Value of Warrants		Weighted Average Exercise Price (CAD)
Outstanding, beginning of year	12,574,898	$	19,916,643	$	5.28
Issued	9,305,049		10,885,032		3.98
Cancelled	(744,000)		(1,442,738)		5.31
Exercised	(33,664)		(49,888)		2.95
Outstanding, end of period	21,102,283	$	29,309,049	$	4.71

(Unaudited – Expressed in U.S. Dollars, unless stated otherwise)

The following table summarizes the Company's warrants by tranche:

Warrant Tranche	Issue Date	Number of Warrants	Exercise Price (CAD)	Expiry Date
(1).	Apr 4, 2018	100,000	$ 1.50	Apr 4, 2023
(2).	May 25, 2018	90,000	1.50	Apr 4, 2023
(3).	Nov 28, 2018	201,590	0.20	Jul 11, 2019
(4).	Nov 28, 2018	423,375	2.06	Nov 29, 2020
(5).	Nov 28, 2018	493,188	4.25	Nov 29, 2020
(7).	Nov 28, 2018	8,115,297	6.37	Nov 29, 2020
(8).	Dec 31, 2018	2,373,784	3.09	Nov 29, 2020
(9).	Jan 31, 2019	70,387	3.09	Nov 29, 2020
(10).	Feb 5, 2019	3,670,753	4.65	Feb 5, 2022
(11).	Feb 8, 2019	72,800	3.09	Nov 29, 2020
(12).	Mar 29, 2019	60,678	3.09	Nov 29, 2020
(13).	Apr 30, 2019	72,814	3.09	Nov 29, 2020
(14).	May 31, 2019	53,398	3.09	Nov 29, 2020
(15).	May 7, 2019	3,822,055	3.80	May 7, 2022
(16).	May 7, 2019	267,544	2.75	May 7, 2022
(17).	Jun 30, 2019	883,494	3.09	Nov 29, 2020
(18).	Jun 10, 2019	331,126	2.84	Jun 9, 2024
Total and Weighted Average Exercise Price		**21,102,283**	**$ 4.71**	

As at June 30, 2019, the weighted average remaining life of the warrants is 2.0 years. All outstanding warrants are currently exercisable.

The fair value of the warrants issued was determined using the Black-Scholes options pricing model, using the following assumptions:

Input Data	Stock price at issuance (CAD)	Exercise price (CAD)	Number of periods to exercise (years)	Risk-free interest rate	Share volatility
Warrants (1)	$ 1.00	$ 1.50	2.0	1.92%	1.05
Warrants (2)	$ 1.00	$ 1.50	2.0	1.92%	1.05
Warrants (3)	$ 4.25	$ 0.20	0.6	2.21%	1.05
Warrants (4)	$ 4.25	$ 2.06	2.0	2.21%	1.05
Warrants (5)	$ 4.25	$ 4.25	2.0	2.21%	1.05
Warrants (7)	$ 4.25	$ 6.37	2.0	2.22%	1.05
Warrants (8)	$ 2.71	$ 3.09	2.0	1.91%	1.05
Warrants (9)	$ 3.65	$ 3.09	2.0	1.91%	1.05
Warrants (10)	$ 3.73	$ 4.65	2.0	1.91%	1.05
Warrants (11)	$ 3.49	$ 3.09	2.0	1.91%	1.05
Warrants (12)	$ 3.35	$ 3.09	2.0	1.91%	1.05
Warrants (13)	$ 2.55	$ 3.09	1.5	1.51%	0.92
Warrants (14)	$ 2.80	$ 3.09	1.5	1.51%	0.92
Warrants (15)	$ 2.75	$ 3.80	3.0	1.51%	0.92
Warrants (16)	$ 2.75	$ 2.75	3.0	1.51%	0.92
Warrants (17)	$ 1.96	$ 3.09	1.4	1.51%	0.90
Warrants (18)	$ 2.08	$ 2.84	5.0	1.51%	0.90

(Unaudited – Expressed in U.S. Dollars, unless stated otherwise)

Stock Options

The following is a summary of stock options for the six months ended June 30, 2019:

	Number of Options	Weighted Average Exercise Price (CAD)
Outstanding, beginning of period	8,975,035	$ 1.13
Granted	999,500	3.36
Forfeitures	(928,562)	1.11
Exercised	(173,333)	1.22
Outstanding, end of period	8,872,640	$ 1.38
Exercisable, end of period	4,125,597	0.59

The following table summarizes the Company's stock options by exercise price:

Exercise Price (CAD)	Number of Options Outstanding	Number of Options Vested	Weighted Average Remaining Life (Years)
$ 0.10	3,005,000	2,628,125	8.10
0.15	600,000	237,500	8.40
1.00	982,313	540,492	8.70
2.09	2,692,827	586,979	9.10
3.30	78,000	-	9.40
2.36	184,000	80,000	9.50
3.50	350,000	-	9.50
3.33	450,000	-	9.50
3.83	200,000	-	9.60
3.60	117,500	52,500	9.60
3.14	106,000	-	9.80
2.60	107,000	-	9.90
Total	**8,872,640**	**4,125,597**	**8.75**

The Company used the Black-Scholes option pricing model to estimate the fair value of the stock options at the grant date using the following ranges of assumptions:

	June 30, 2019
Risk free interest rate	1.46% - 1.93%
Expected dividend yield	0%
Underlying share price (CAD)	$2.60 - $3.83 per share
Expected volatility based on comparable companies	90% - 92%
Expected term	7 years
Black-Scholes value of each option	$0.92 - $2.36

Volatility was estimated by using the historical volatility of other companies that the Company considers comparable that have trading and volatility history. The expected term in years represents the period of time that options granted are expected to be outstanding. The risk-free rate was based on the zero-coupon Canada government bonds with a remaining term equal to the expected life of the options.

For the three and six months ended June 30, 2019 (three and four months ended June 30, 2018), the Company recorded share-based compensation expense related to options issued to employees and consultants of $484,972 and $1,098,333, respectively (2018 – $194,389 and $215,156, respectively).

(Unaudited – Expressed in U.S. Dollars, unless stated otherwise)

16. Loss per Share

Net loss per common share is calculated based on the weighted average common shares outstanding as follows:

	April 1, 2019 to June 30, 2019	April 1, 2018 to June 30, 2018	January 1, 2019 to June 30, 2019	March 1, 2018 to June 30, 2018
Net loss attributable to common shareholders – basic & diluted	$ (9,067,449)	$ (3,460,256)	$ (8,721,686)	$ (4,471,458)
Weighted average common shares outstanding – basic & diluted	56,255,412	39,598,856	54,356,382	39,429,122
Net (loss) per common share – basic & diluted	**$ (0.16)**	**$ (0.09)**	**$ (0.16)**	**$ (0.11)**

Included in the calculation of basic net earnings (loss) per share are the common shares and the equivalent number of common shares represented by the Series A Convertible Preferred Shares and Series F Convertible Preferred Shares.

Diluted net income (loss) per common share is calculated by dividing the applicable net income (loss) by the sum of the weighted average number of common shares outstanding and all additional common shares that would have been outstanding if potentially dilutive common shares had been issued during the period. As at June 30, 2019 and 2018, all instruments were anti-dilutive.

17. Interest Expense

Interest expense was comprised of the following:

	April 1, 2019 to June 30, 2019	April 1, 2018 to June 30, 2018	January 1, 2019 to June 30, 2019	March 1, 2018 to June 30, 2018
Interest expense on inventory finance facility	$ 498,568	$ -	$ 743,215	$ -
Interest expense on convertible debentures	328,993	43,262	625,446	60,283
Interest expense on lease liabilities	251,886	-	503,766	-
Other interest expenses	75,991	6,313	78,939	6,553
Total	**$ 1,155,438**	**$ 49,575**	**$ 1,951,366**	**$ 66,836**

18. Deferred Tax Liabilities

A continuity of deferred tax liabilities and recoveries is as follows:

	Rise logistics	Winberry Farms	Hometown Heart	Total
As at January 1, 2019	$ 1,406,666	$ 1,547,127	$ 132,655	$ 3,086,448
Deferred tax recovery	(72,225)	(121,505)	(120,673)	(314,403)
As at June 30, 2019	**$ 1,334,441**	**$ 1,425,622**	**$ 11,982**	**$ 2,772,045**

19. Contingencies and Commitments

Contingencies

The Company's operations are subject to a variety of local and state regulations. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations. While management of the Company believes that the Company is compliant with applicable local and state regulations at June 30, 2019, cannabis regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties, or restrictions in the future.

On June 5, 2019, the Company, through its subsidiary, Herban CA, filed suit in the California Superior Court for the County of San Francisco against Eaze Technologies, Inc. (“Eaze”) seeking an injunction to halt Eaze’s processing of credit and debit cards through its website and app. As of the date of these condensed interim consolidated financial statements, this lawsuit is still in progress.

(Unaudited – Expressed in U.S. Dollars, unless stated otherwise)

Commitments

The Company has contractual obligations to make the following payments:

	Year 1	Year 2	Year 3	Year 4	Year 5	Thereafter	Total
USD-denominated							
Lease liabilities	$ 2,124,761	$ 2,072,768	$ 1,730,344	$ 1,245,819	$ 801,291	$ 2,304,788	$ 10,279,771
Consultants and advisors	216,000	216,000	216,000	-	-	-	648,000
Total USD-denominated	**$ 2,340,761**	**$ 2,288,768**	**$ 1,946,344**	**$ 1,245,819**	**$ 801,291**	**$ 2,304,788**	**$ 10,927,771**
CAD-denominated (in USD)							
Lease liabilities	$ 97,553	$ -	$ -	$ -	$ -	$ -	$ 97,553
Total CAD-denominated	**$ 97,553**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 97,553**

As part of acquisition of assets from Winberry Farms and the acquisition of Hometown Heart, the Company is obligated for certain earn-out payments with aggregate maximum value of up to $16,000,000.

20. Financial Instruments and Financial Risk Management

Financial Instruments

The Company's financial instruments consist of cash, accounts receivable, investments in convertible notes receivable, accounts payable and accrued liabilities, notes payable, Inventory Finance Facility, financial liabilities, royalty debt, and convertible debentures. Financial liabilities and convertible debentures are carried at fair value. The carrying value of cash, accounts receivable, accounts payable and accrued liabilities, and notes payable equates to their fair value due to their short-term nature.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are:

Level 1 —Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 —Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and

Level 3 —Inputs for the asset or liability that are not based on observable market data.

There have been no transfers between fair value levels during the six months ended June 30, 2019.

The following tables summarize the Company's financial instruments:

	Financial Instruments Measured at Fair Value	Financial Instruments Measured at Amortized Cost	Carrying Value	Fair Value
Financial Assets				
Cash	-	1,579,410	$ 1,579,410	$ 1,579,410
Accounts Receivables	-	4,356,527	$ 4,356,527	$ 4,356,527
Investments	-	600,000	$ 600,000	$ 600,000
Financial Liabilities				
Accounts Payable and Accrued Liabilities	-	12,646,779	$ 12,646,779	$ 12,646,779
Inventory Finance Facility	-	7,770,306	$ 7,770,306	$ 7,206,000
Financial Liabilities (Level 3)	13,554,000	-	$ 13,554,000	$ 13,554,000
Convertible Debentures (Level 3)	9,150,301	-	$ 9,150,301	$ 9,150,301
Royalty Debt	-	2,272,912	$ 2,272,912	$ 2,702,447

(Unaudited – Expressed in U.S. Dollars, unless stated otherwise)

Financial Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board mitigates these risks by assessing, monitoring and approving the Company's risk management processes:

Banking Risk

Notwithstanding that a majority of states have legalized medical marijuana, there has been no change in U.S. federal banking laws related to the deposit and holding of funds derived from activities related to the marijuana industry. Given that U.S. federal law provides that the production and possession of cannabis is illegal, there is a strong argument that banks cannot accept for deposit funds from businesses involved with the marijuana industry.

Consequently, businesses involved in the marijuana industry often have difficulty accessing the U.S. banking system and traditional financing sources. The inability to open bank accounts with certain institutions may make it difficult to operate the businesses of the Company, its subsidiaries and investee companies, and leaves their cash holdings vulnerable. The Company has banking relationships in all jurisdictions in which it operates.

In addition, the Company maintains cash with various U.S. banks and credit unions with balances in excess of the Federal Deposit Insurance Corporation and National Credit Union Share Insurance Fund limits, respectively. The failure of a bank or credit union where the Company has significant deposits could result in a loss of a portion of such cash balances in excess of the insured limit, which could materially and adversely affect the Company’s business, financial condition, results of operations and the market price of the Company’s share capital.

Credit Risk

Credit risk arises from the risk that a customer or counterparty will fail to meet its obligations. The Company is exposed to credit risk from cash and equivalents, accounts receivable, and investments in convertible notes receivable.

The Company minimizes credit risk associated with its accounts receivable by performing credit evaluation, approval, and monitoring processes. The Company applies the IFRS 9 simplified model of recognizing lifetime expected credit losses for all accounts receivables as these items do not have a significant financing component. Accounts receivable is written off when there is no reasonable expectation of recovery.

The maximum credit risk exposure as at June 30, 2019 is $6,535,937.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities.

In addition to the commitments outlined in Note 19, the Company has the following contractual obligations:

As at June 30, 2019

	< 1 year	1 to 3 years		Total
Accounts Payable and Accrued Liabilities	12,646,779	-	$	12,646,779
Inventory Finance Facility	7,770,306	-	$	7,770,306
Financial Liabilities	7,421,000	6,133,000	$	13,554,000
Convertible Debentures	-	9,150,301	$	9,150,301
Royalty Debt	-	2,272,912	$	2,272,912

Market Risk

- Interest Rate Risk

  Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Cash and cash equivalents bear interest at market rates. The Company's financial debts have fixed rates of interest and therefore expose the Company to interest rate fair value risk.

  As at June 30, 2019, if the interest rates had increased or decreased by 1%, with all other variables held constant, the net income (loss) of the Company could possibly have decreased or increased by approximately $90,000.

- Currency Risk

  As the Company's operations are located in Canada and the United States, the Company is subject to currency transaction and translation risks.

  The Company holds cash in Canadian dollars and U.S. dollars. The Company raises capital in Canadian capital markets and thus is exposed to fluctuations in the Canadian dollar relative to the U.S dollar, specifically in relation to USD denominated liabilities.

  As at June 30, 2019, if the Canadian dollar had strengthened or weakened by 5% in relation to the U.S. Dollar, with all other variables held constant, the net income (loss) of the Company could possibly have decreased or increased by approximately $530,000.

  As at June 30, 2019, the Company had no hedging agreements in place with respect to foreign exchange rates, however management monitors the Canadian and U.S. currency markets closely and continuously assesses the need to enter into currency hedging arrangements. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

Capital Management

The Company's objectives when managing capital are to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern and maintain adequate levels of funding to support its ongoing operations and development such that it can continue to provide returns to shareholders and benefits for other stakeholders.

The Company's capital is composed of equity and debt. The Company's primary uses of capital are future acquisitions and funding growth of existing operations. The Company also uses capital to finance operating losses, capital expenditures, and increases in non-cash working capital. The Company currently funds these requirements from cash raised through financings and may need to raise additional funds to reach its goals. The Company's objectives when managing capital are to ensure that the Company will continue to have enough liquidity to fund operations from which it will obtain returns on investment.

The Company monitors its capital based on the adequacy of its cash resources to fund its business plan. In order to maximize flexibility to finance growth, the Company does not currently pay a dividend to holders of its common shares. The Company did not institute any changes to its capital management strategy during the period.

(Unaudited – Expressed in U.S. Dollars, unless stated otherwise)

21. Supplementary Cash Flow Information

The Company's changes in liabilities arising from financing activities are as follows:

			Non-cash changes				
	January 1, 2019	Cash flows	Acquisitions	Foreign exchange movements	Fair value changes	Other changes[1]	June 30, 2019
Inventory Finance Facility	766,258	9,148,193	-	138,280	-	(2,282,425)	$ 7,770,306
Term Loans	3,860,000	(3,860,000)	-	-	-	-	$ -
Lease Liabilities	-	(553,212)	47,265	-	-	7,150,203	$ 6,644,256
Financial Liabilities	15,432,000	(500,000)	-	-	997,000	(2,375,000)	$ 13,554,000
Convertible Debentures	29,814,543	-	-	1,233,817	(20,018,339)	(1,879,720)	$ 9,150,301
Royalty Debt	1,716,189	-	-	81,340	-	475,383	$ 2,272,912
Total	$ 51,588,990	$ 4,234,981	$ 47,265	$ 1,453,437	$ (19,021,339)	$ 1,088,441	$ 39,391,775

			Non-cash changes				
	March 1, 2018	Cash flows	Acquisitions	Foreign exchange movements	Fair value changes	Other changes[1]	June 30, 2018
Notes Payable	874,372	(19,517)	600,000	-	-	(439,514)	$ 1,015,341
Financial Liabilities	-	-	4,684,000	-	-	-	$ 4,684,000
Convertible Debentures	3,206,348	6,287,005	-	(49,021)	-	(3,175,852)	$ 6,268,480
Royalty Debt	-	1,464,032	-	(39,510)	-	(67,399)	$ 1,357,123
Total	$ 4,080,720	$ 7,731,520	$ 5,284,000	$ (88,531)	$ -	$ (3,682,765)	$ 13,324,944

(1) Other changes include adoption of IFRS 16 (Note 3), warrant expense, realized fair value adjustment on debt carried at fair value, debentures converted, repayment of financial liabilities with the Company's shares, and accrued buyout loss.

During the six months ended June 30, 2019, $1,884,058 of accrued interest expenses on the term loans were settled through the issuance of 590,353 common shares of the Company.

During the three and six months ended June 30, 2019 (three and four months ended June 30, 2018), the Company paid interest of $684,000 and $960,000, respectively (2018 – $nil and $nil, respectively).

22. Segmented Information

The Company operates under one reporting segment. The executive management group including CEO, CFO, COO, CMO of the Company collectively are the chief operating decision makers. These chief operating decision makers only review revenue by operating unit and review all other financial information on a consolidated basis.

During the three and six months ended June 30, 2019 and three and four months ended June 30, 2018, the Company has generated the following types of revenues:

	April 1, 2019 to June 30, 2019	April 1, 2018 to June 30, 2018	January 1, 2019 to June 30, 2019	March 1, 2018 to June 30, 2018
Revenue streams				
Distribution	**$ 8,356,252**	$ 1,360,660	**$ 14,302,957**	$ 2,399,876
Direct-to-consumer	**1,851,878**	-	**12,623,815**	-
Subleases	**101,587**	-	**101,587**	-
Discounts on Sales				
Distribution	**(115,896)**	-	**(146,207)**	-
Direct-to-consumer	**(912,415)**	-	**(950,287)**	-
Taxes on Sales				
Direct-to-consumer	**(330,456)**	-	**(2,563,579)**	-
Net revenue	**$ 8,950,950**	**$ 1,360,660**	**$ 23,368,286**	**$ 2,399,876**

(Unaudited – Expressed in U.S. Dollars, unless stated otherwise)

Based on contractual arrangements with these customers, the Company only recognizes the net service fees of the product processed through its distribution network as part of the distribution revenue. The gross revenue of logistics product delivered through the Company for the three and six months ended June 30, 2019 (three and four months ended June 30, 2018) is $2,349,000 and $7,356,000, respectively (2018 – $nil and $nil, respectively).

Geographic segments

The following table is a summary of revenues by geographic location of the customers for the periods ended June 30, 2019 and 2018:

	April 1, 2019 to June 30, 2019	April 1, 2018 to June 30, 2018	January 1, 2019 to June 30, 2019	March 1, 2018 to June 30, 2018
Canada	$ -	$ -	$ -	$ -
United States of America	**8,950,950**	1,360,660	**23,368,286**	2,399,876
Net revenue	**$ 8,950,950**	**$ 1,360,660**	**$ 23,368,286**	**$ 2,399,876**

The Company's corporate and administrative offices are in Canada. The following summarizes the location of the Company's non-current assets as at June 30, 2019:

	Canada	United States of America	Total
Security Deposits	$ 24,948	$ 585,277	**$ 610,225**
Property and Equipment	14,637	2,487,136	**2,501,773**
Right-of-use Assets	-	6,142,824	**6,142,824**
Investments	-	600,000	**600,000**
Intangible Assets	8,418	13,238,225	**13,246,643**
Goodwill	-	20,050,789	**20,050,789**
Total	**$ 48,004**	**$ 43,104,250**	**$ 43,152,254**

23. Related Party Transactions

Related party transaction not described elsewhere in the condensed interim consolidated financial statements are included herein.

Key Management Personnel Compensation

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the entity, directly or indirectly. The key management personnel of the Company are the members of the Company's executive management team and Board of Directors. Compensation provided to key management is as follows:

	April 1, 2019 to June 30, 2019	April 1, 2018 to June 30, 2018	January 1, 2019 to June 30, 2019	March 1, 2018 to June 30, 2018
Salaries and bonuses	**$ 475,000**	$ 207,000	**$ 937,500**	$ 307,000
Share-based compensation	**300,000**	86,000	**402,000**	91,000
Total	**$ 775,000**	**$ 293,000**	**$ 1,339,500**	**$ 398,000**

Consulting Services from Daniel Fields

Daniel Fields, a shareholder of the Company, provided consulting services for the Company. During the three and six months ended June 30, 2019 (three and four months ended June 30, 2018), the Company incurred consulting fees of $20,000 and $80,000, respectively (2018 – $60,000 and $80,000, respectively) and chargeable expenses of $29,000 and $151,000, respectively (2018 – $156,000 and $159,000, respectively), included in Legal and Professional Fees on the condensed interim consolidated statements of income (loss) and comprehensive income (loss). As at June 30, 2019, $46,000 (2018 – $243,000) remained payable by the Company, which is included in Accounts Payable and Accrued Liabilities on the condensed interim

consolidated statement of financial position. The Company has terminated the consulting services agreement with Daniel Fields in June 2019.

Ambassador Technologies Inc Marketing Services

Ambassador Technologies Inc, over which the Company's Chief Executive Officer has significant influence, is a marketing agency company doing business in California as ByProxie. The entity is not consolidated with the Company because the Company is not entitled to its variable returns. Since August 2017, the Company engaged ByProxie to provide marketing services in California. During the three and six months ended June 30, 2019 (three and four months ended June 30, 2018), the Company incurred related expenses to ByProxie of $314,000 and $595,000, respectively (2018 – $9,000 and $14,000, respectively) for ByProxie services in addition to $1,217,000 and $1,532,000, respectively (2018 – $68,000 and $94,000, respectively) in reimbursements for payments made by ByProxie to third-party vendors, included in Sales and Marketing Expenses on the condensed interim consolidated statements of income (loss) and comprehensive income (loss). As at June 30, 2019, $666,000 (2018 – $16,000) remained payable by the Company, which is included in Accounts Payable and Accrued Liabilities on the condensed interim consolidated statements of financial position.

WestField Partners, LLC and WestField Aviation Partners, LLC

The Company's Chief Executive Officer has control over WestField Partners, LLC, a management services company, and WestField Aviation Partners, LLC, an aviation services company. WestField Partners, LLC and WestField Aviation Partners, LLC are not consolidated with the Company because the Company is not entitled to their variable returns. WestField Partners, LLC entered into a management services agreement with the Company to provide rent and employee services on March 1, 2016, and WestField Aviation Partners, LLC is engaged as needed. During the three and six months ended June 30, 2019 (three and four months ended June 30, 2018), the Company incurred management services expenses of $30,000 and $60,000, respectively (2018 – $30,000 and $40,000, respectively) which are included in Administrative and Other Expenses; rent and employee expenses of $39,000 and $82,000, respectively (2018 – $nil and $nil, respectively) which are included in Administrative and Other Expenses; and aviation expenses of $nil and $167,000, respectively (2018 – $165,000 and $165,000, respectively) which are included in Business Development Expenses on the condensed interim consolidated statements of income (loss) and comprehensive income (loss). As at June 30, 2019, $16,000 (2018 – $44,000) remained payable by the Company, which is included in Accounts Payable and Accrued Liabilities on the condensed interim consolidated statements of financial position.

24. Subsequent Events

Amendment to Inventory Finance Facility Agreement

The Inventory Finance Facility Agreement was amended as of July 18, 2019 and the lenders provided an additional advance of $2 million.

In consideration for the Lenders agreeing to enter into the Amending Agreement, the Company has issued: (i) 986,853 warrants to purchase Subordinate Voting Shares of the Company to the Marin Finance Fund LP with an exercise price of CAD$1.65 per Subordinate Voting Share until June 28, 2022; (ii) 563,318 warrants to purchase Subordinate Voting Shares to the current lenders at an exercise price of CAD$1.80 per Subordinate Voting Share until June 28, 2022. Proceeds were received on July 18, 2019.

Acquisition with Innovative Industrial Properties, Inc. ("IIPR") for Certain Assets from MM Esperanza 2 LLC ("MMAC")

On July 24, 2019, the Company closed the acquisition of certain assets from MMAC including 1.83-acre Los Angeles cannabis campus, retail, distribution, manufacturing and cultivation licenses, and a dispensary attached to the property for the purchase price of $13,067,000 in cash and $6 million in the Company's series A shares.

In conjunction with the close of the MMAC transaction, the Company entered into an agreement to sell the Los Angeles cannabis campus to Innovative Industrial Properties, Inc. ("IIPR") for $13 million and lease back the Los Angeles cannabis

campus through a 15-year lease with two optional 5-year extensions. IIPR is also providing the Company up to $2 million of capital to make improvements at the property.

Second Tranche Draw from Alumina Partners (Ontario) Ltd. Capital Commitment

On July 29, 2019, the Company issued 425,000 Units to Alumina for gross proceeds of $458,621 as part of the second tranche draw from Alumina Capital Commitment.

Issuance of $2,000,000 Secured Convertible Notes (the "Notes") to Gotham Green Partners ("GGP")

On August 1, 2019, the Company issued an aggregate of $2,000,000 of Secured Convertible Notes (the "Notes") to funds management by GGP, an investor in the global cannabis industry. The Company intends to use the proceeds from the issuance of the Note for general corporate purposes.

The Notes bears interest from the date of issuance at LIBOR + 12.5% per annum. During the first six months, interest may be paid-in-kind ("PIK") at the Company's option such that any amount of PIK interest will be added to the outstanding principal of the Note.

The Notes (including all accrued interest thereon) is convertible at any time at the option of the holder, into Subordinate Voting Shares at a price equal to CAD$1.45.

The Company shall have the right prior to December 31, 2019 to make a one-time prepayment ("One-Time Prepayment Option") at 125% of the outstanding principal amount of the Notes and if it does so, the holders shall forfeit their conversion right.

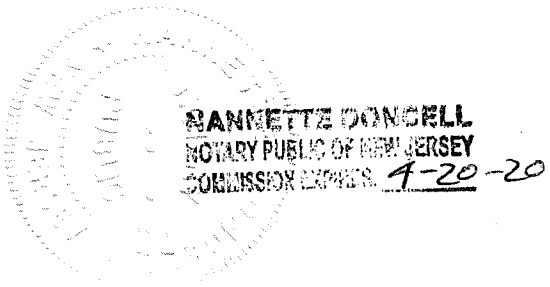
In connection with the issuance of the Notes, the Company has issued to the lenders 1,671,151 warrants with an exercise price of CAD$1.58, each of which is exercisable to purchase one subordinate voting share of the Company for a period of 36 months from the date of issuance. If the Company elects to exercise the One-Time Prepayment Option, then the warrant coverage shall be reduced by 50%.

In connection with issuing the Notes to GGP, the Company's Inventory Finance Facility Agreement is also being amended to reflect an increase in the interest rate from LIBOR (at a floor of 0%) + 8% to LIBOR (at a floor of 2.5%) + 10%, to be in line with the Note.

This is Exhibit "V" to the Affidavit of YANA KISLENKO sworn before me this 22nd day of October, 2019

Nannette Doncell

Notary Public for Taking Affidavits



DionyMed Brands Provides Financing Update, Announces Reorganization and Resumption of Trading

TORONTO--(BUSINESS WIRE)--September 19, 2019--DionyMed Brands Inc. ("DionyMed" or the "Company") (CSE:DYME; OTCQB:DYMEF), a multi-state cannabis brands, Direct-to-Consumer and distribution platform, today announced additional investment from its senior secured investor of US$3.2MM and a reorganization of the business to right size the Company. This increases the credit facility with the senior lender to US$19.2 MM. The credit facility bears interest at LIBOR (at a floor of 2.5%) plus 12% plus an anniversary fee of 2.5%, maturing February 6, 2021. While the credit facility is currently in default, the senior lender has agreed to make additional advances to the Company.

In addition, the Company announces a reduction in operating expenses through a targeted reduction of headcount from 299 to 199 allowing the Company to amplify its focus on growing its Direct-to-Consumer cannabis delivery service Chill. These improvements, in conjunction with a revamped marketing strategy and focus on higher-margin products, began in Q3 and will continue through 2019.

The Company is also pleased to announce that its shares have resumed trading on the CSE under the symbol "DYME", and on the OTCQB under the symbol "DYMEF". The Company requested a halt in trading when there was a strong possibility it would announce a transaction in the ensuing days; however, multiple other potential transactions of various types have surfaced, all of which require more time for evaluation. The Company is not able to say with certainty whether any of these transactions will be considered, or if considered, entered into, and will provide an update in due course. Any transaction may be subject to definitive documentation, corporate approvals and other regulatory and third-party approvals.

"With respect to these changes," said DionyMed CEO Ed Fields, "we're looking forward to improving market efficiencies and getting the business to breakeven at an accelerated pace. We're excited about finalizing a deal with the right strategic partner and injecting the capital necessary to drive DionyMed forward as a leader in the cannabis industry."

The Company is also announcing that Gotham Green has issued a request for repayment of its outstanding balance of US$2.2 MM representing the credit advance made on July 30, 2019 plus accrued and unpaid interest.

To be added to the DionyMed distribution list, click here or please email investorrelations@DYME.com with "Stay Updated" in the subject line.

About DionyMed

Founded in 2017, DionyMed is a multi-state cannabis brands platform, supporting cultivators, manufacturers and award-winning brands in the medical and adult-use cannabis markets. DionyMed sells branded products in every category from flower to vape cartridges, concentrates and edibles. DionyMed serves cannabis consumers through retail dispensary distribution and direct-to-consumer fulfillment with its growing portfolio of award-winning brands. Learn more at DYME.com and follow @DYME_Inc on Twitter and LinkedIn.

Forward-Looking Information and Statements

This news release contains certain "forward-looking information" within the meaning of applicable Canadian securities legislation and may also contain statements that may constitute "forward-looking statements" within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Such forward-looking information and forward-looking statements are not representative of historical facts or information or current condition, but instead represent only the Company's beliefs regarding future events, plans or objectives, many of which, by their nature, are inherently uncertain and outside of the Company's control. Generally, such forward-looking information or forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or may contain statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "will continue", "will occur" or "will be achieved".

By identifying such information and statements in this manner, the Company is alerting the reader that such information and statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such information and statements, including but not limited to the risk factors set out in the Listing Statement of the Company available on the Company's profile on SEDAR at www.sedar.com.

Although the Company believes that the assumptions and factors used in preparing, and the expectations contained in the forward-looking information and statements are reasonable, undue reliance should not be placed on such information and statements, and no assurance or guarantee can be given that such forward-looking information and statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information and statements. The forward-looking information and forward-looking statements contained in this press

release are made as of the date of this press release, and the Company does not undertake to update any forward-looking information and/or forward-looking statements that are contained or referenced herein, except in accordance with applicable securities laws. All subsequent written and oral forward- looking information and statements attributable to the Company or persons acting on its behalf are expressly qualified in its entirety by this notice.

Contacts

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415-987-5408

This is Exhibit "W" to the Affidavit of YANA KISLENKO sworn before me this 22nd day of October, 2019

Nannette Doncell

Notary Public for Taking Affidavits

NANNETTE DONCELL
NOTARY PUBLIC OF NEW JERSEY
COMMISSION EXPIRES 4-20-20

3 Second Street, Suite 206
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americas@glas.agency

October 16, 2019

By Email and Courier

DionyMed Brands Inc.
40 King Street West
Suite 2100
Toronto, Ontario M5H 3C2

Attention: Peter Kampian

Dear Mr. Kampian:

We refer to the credit agreement dated as of January 16, 2019 (as amended, supplemented or otherwise modified from time to time, the "**Credit Agreement**") between DionyMed Brands Inc. (the "**Borrower**"), HomeTown Heart, DionyMed Inc., Herban Industries, Inc., Herban Industries CA LLC, Herban Industries OR LLC, Herban Industries NJ LLC, Herban CA 2 LLC, Gourmet Green Room, Inc., and their respective subsidiaries from time to time party thereto, as Credit Parties, the lenders party thereto from time to time (the "**Lenders**"), GLAS USA LLC, as administrative agent for the Lenders (the "**Administrative Agent**"), and GLAS Americas LLC, as collateral agent (the "**Collateral Agent**"). Capitalized terms used herein and not defined have the meanings ascribed thereto in the Credit Agreement.

The Events of Default listed on Schedule A have occurred and are continuing under the Credit Agreement.

We hereby demand immediate payment from you, pursuant to the Credit Agreement, of the full amount of the Obligations owing by the Borrower including the following amounts:

(a) US$24,078,106.80, representing the principal amount of outstanding indebtedness of the Borrower under the Credit Agreement as of October 15, 2019, including the applicable Prepayment Premium;

(b) accrued and unpaid interest on the principal amount, in the amount of US$610,971.36 as of (but excluding) October 15, 2019;

(c) accrued and unpaid anniversary fee in the amount of US$121,604.64 as of (but excluding) October 15, 2019 and all other fees and expenses and other amounts owing as obligations as of October 15, 2019; and

(c) all further interest, fees, expenses and other amounts incurred or accruing from and after October 15, 2019 to and including the date of payment.

The Administrative Agent reserves all rights to make further demand for payment of any and all additional amounts owing by the Borrower to the Administrative Agent and the other Secured Creditors.

We enclose a notice of intention to enforce security pursuant to section 244 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 and ask that you sign the acknowledgement and consent attached to this letter and return it to the undersigned immediately. In addition, we reserve the right to pursue all of our rights and remedies available under the Credit Documents and applicable laws.

Yours truly,

GLAS USA LLC

By: 

Name: Yana Kislenko

Title: Vice President

SCHEDULE A
EVENTS OF DEFAULT

1. The Credit Parties' failure to pay the debt due to Gotham Green Fund II, L.P., Gotham Green Fund II (Q), L.P. and Gotham Green Admin 1, LLC upon demand pursuant to the secured convertible demand notes dated as of July 30, 2019 issued by the Borrower and Herban CA 2 LLC, in the amount of US$2,122,351.08 (as at September 16, 2019)

2. The failure of the Borrower to perform agreements contained in the royalty purchase agreement dated as at May 25, 2018 between the Borrower, Flow Capital Corp. and others (the "**Royalty Purchase Agreement**"), which is a Material Agreement, and which failure could reasonably be expected to have a Material Adverse Effect

3. The existence of Liens in favour of Flow Capital Corp. on Assets of the Credit Parties, which Liens are not Permitted Liens

4. The failure of any Credit Party to acquire for cancellation the gross sales royalty granted under the Royalty Purchase Agreement no later than the date that is the earlier of (i) the date on which the aggregate amount of Commitments is equal to or exceeds US$20,000,000 and (ii) November 1, 2019

5. The failure of the Borrower to pay interest on the Advances and accrued anniversary fee when due and payable on September 30, 2019

6. The failure of the Borrower to maintain a Market Capitalization Ratio of not less than 4.0:1.0 after September 30, 2019

7. The failure of the Borrower to maintain at all times from and after October 1, 2019 a Current Ratio greater than 1.0:1.0

8. The failure of the Borrower to maintain, at all times on a consolidated basis, Unrestricted Cash in a minimum amount of US$5,000,000

9. The failure by the Borrower to ensure that (i) at all times from and after October 1, 2019, accounts payable of the Credit Parties (exclusive of administrative expenses of the Borrower incurred by it in the ordinary course of its business as a CSE-listed holding company), calculated on a consolidated basis, shall not exceed 120% of accounts receivable of the Credit Parties, calculated on a consolidated basis, at such time and (ii) at all times from and after October 1, 2019, except for accounts payable to Eaze Solutions, Inc. pursuant to the payment schedule in existence on the Original Closing Date, no individual account payable greater than US$10,000 (up to an aggregate of US$50,000 for all such accounts payable) shall remain unpaid more than ninety (90) days after such account payable is due and payable

10. The failure of the Credit Parties to acquire all of the issued and outstanding Equity Securities in the capital of HomeTown Heart by September 30, 2019

11. The failure of the Borrower to maintain an amount at least equal to the 6-month DSR in the Debt Service Reserve Account at all times from and after October 1, 2019

ACKNOWLEDGEMENT AND CONSENT

TO: GLAS USA LLC, as Administrative Agent, and GLAS AMERICAS LLC, as Collateral Agent

DionyMed Brands Inc. acknowledges receipt of the attached Notice of Intention to Enforce a Security. DionyMed Brands Inc. acknowledges its inability to pay the amounts owing under the credit agreement dated as of January 16, 2019 between DionyMed Brands Inc., HomeTown Heart, DionyMed Inc., Herban Industries, Inc., Herban Industries CA LLC, Herban Industries OR LLC, Herban Industries NJ LLC, Herban CA 2 LLC, Gourmet Green Room, Inc., and their respective subsidiaries from time to time party thereto, as Credit Parties, the lenders party thereto from time to time, GLAS USA LLC, as Administrative Agent, and GLAS Americas LLC, as Collateral Agent, as amended, supplemented or otherwise modified from time to time, and consents to the immediate enforcement of the security granted by DionyMed Brands Inc. to the Collateral Agent.

Dated this _____ day of October, 2019.

DIONYMED BRANDS INC.

By: _____

Name: _____

Title: _____

Notice of Intention to Enforce a Security

(Rule 124)

To: DionyMed Brands Inc. (the "**Obligor**"), an insolvent person

Take notice that:

1. GLAS AMERICAS LLC (the "**Secured Creditor**"), a secured creditor, intends to enforce its security on the insolvent person's property described below:

   All of the property and undertaking of the Obligor now owned or hereafter acquired and all of the property and undertaking in which the Obligor now has or hereafter acquires any interest including all of the Obligor's:

   (a) present and after-acquired personal property;

   (b) inventory including goods held for sale, lease or resale, goods furnished or to be furnished to third parties under contracts of lease, consignment or service, goods which are raw materials or work in process, goods used in or procured for packing or shipping, and materials used or consumed in the business of the Obligor;

   (c) equipment, machinery, furniture, fixtures, plant, vehicles and other goods of every kind and description and all licences and other rights and all related records, files, charts, plans, drawings, specifications, manuals and documents;

   (d) accounts due or accruing, including deposit accounts (whether demand, term, cash, chequing, savings or other similar account, and whether or not evidenced by a certificate of deposit, account agreement, passbook or other document) maintained for the benefit of the Obligor by a bank, credit union, trust company or other financial institution, and all other monetary obligations due or accruing to the Obligor;

   (e) money, documents of title, chattel paper, financial assets and investment property;

   (f) securities accounts and all of the credit balances, securities entitlements, other financial assets and items or property (or their value) standing to the credit from time to time in such securities accounts;

   (g) Instruments, including the Instruments listed in Schedule A to the Security Agreement (as defined below);

   (h) Securities, including the Securities listed in Schedule A to the Security Agreement;

(i) intangibles including all security interests, goodwill, choses in action, contracts, contract rights, licences and other contractual benefits;

(j) Intellectual Property including the Registrable Intellectual Property listed in Schedule B of the Security Agreement;

(k) books, records, files, correspondence, invoices, documents, papers, agreements, computer programs, disks and other repositories of data recording or storage in any form or medium, evidencing or relating to the property described in Section 2.1 of the Security Agreement;

(l) all substitutions and replacements of and increases, additions and, where applicable, accessions to the property described in Section 2.1(a) through Section 2.1(k) of the Security Agreement; and

(m) all proceeds in any form derived directly or indirectly from any dealing with all or any part of the property described in Section 2.1(a) through Section 2.1(l) inclusive, of the Security Agreement, including the proceeds of such proceeds.

Capitalized terms used above but not defined herein have the meanings given to them in the Security Agreement.

2. The security that is to be enforced is the following:

Security agreement dated as of January 30, 2019 granted by DionyMed Brands Inc. in favour of GLAS Americas LLC, as Collateral Agent (the "**Security Agreement**")

3. The total amount of indebtedness secured by the security is US$24,810,682.80 as of October 15, 2019, plus any interest, fees and expenses and other amounts incurred or accruing from and after such date.

4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement.

Dated at Jersey City, this 16th day of October, 2019.

GLAS AMERICAS LLC

By: _____

Name: Yana Kislenko

Title: Vice President

DionyMed Receives Notice of Default and Demand for Payment and Notice of Intention to Enforce Security

TORONTO--(BUSINESS WIRE)--October 17, 2019--DionyMed Brands Inc. ("**DionyMed**" or the "**Company**") (CSE: DYME; OTCQB: DYMEF), a multi-state cannabis brands, direct-to-consumer and distribution platform, announced today that GLAS USA LLC ("**GLAS USA**") , as administrative agent and GLAS America LLC **("GLAS America")** as collateral agent under the Company's credit agreement dated January 16, 2019 (as amended, supplemented or otherwise modified from time to time, the "**Credit Agreement**"), provided the Company with notice of default under the Credit Agreement and demand for immediate payment of the amount of US$24,810,682.80 plus any additional interest, fees and expenses (the "**Demand Notice**"). GLAS America also concurrently provided the Company with a Notice of Intention to Enforce Security under section 244 of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA Notice**"). GLAS America will not have the right to enforce its security over the Company and its assets until the expiry of the 10-day period after the BIA Notice was sent unless the Company consents to an earlier enforcement.

The Company is reviewing and considering the Demand Notice and BIA Notice and its options. It will continue to work co-operatively with its major lender towards reaching a restructuring solution for it to continue operating as a going concern for the benefit of its stakeholders. At present, there can be no assurance as to what, if any, alternatives might be pursued by the Company and there can be no assurance that the Company will reach any solution with the Company's lender, or as to the terms of any such solution, if achieved. Holders of the Company's shares may face a loss of their investment as a result of a failure to reach a solution with the lender or as a result of a failure to reach a solution that includes holders of shares.

About DionyMed

Founded in 2017, DionyMed is a multi-state cannabis brands platform, supporting cultivators, manufacturers and award-winning brands in the medical and adult-use cannabis markets. DionyMed sells branded products in every category from flower to concentrates and edibles. DionyMed serves cannabis consumers through direct-to-consumer fulfillment and retail dispensary distribution with its growing portfolio of award-winning brands. Learn more at dyme.com and follow @DYME_Inc on Twitter and LinkedIn.

This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities described herein in the United States. The securities described herein have not been registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities law and may not

be offered or sold in the "United States", as such term is defined in Regulation S promulgated under the U.S. Securities Act, unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration requirements is available.

Contacts

Peter Kampian, CFO
Peter.Kampian@DYME.com

Media Contact:
Michelle Sitton, CMO
Michelle.Sitton@DYME.com

This is Exhibit "X" to the Affidavit of YANA KISLENKO sworn before me this 22nd day of October, 2019

Nannette Doncell

Notary Public for Taking Affidavits

NANNETTE DONCELL
NOTARY PUBLIC OF NEW JERSEY
COMMISSION EXPIRES 4-20-20

IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY

AND

IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 234(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, RSC 1985, c B-3, AS AMENDED AND SECTION 39 OF THE *LAW AND EQUITY ACT*, RSBC 1996 C 253, AS AMENDED

AND

IN THE MATTER OF THE RECEIVERSHIP OF DIONYMED BRANDS INC.

BETWEEN:

GLAS Americas LLC

PETITIONER

AND:

DionyMed Brands Inc.

RESPONDENT

CONSENT

FTI CONSULTING CANADA INC. HEREBY CONSENTS to act as the court-appointed receiver and manager of all of the assets, undertakings and property of the Respondent in the above-captioned proceedings and in accordance with the terms of the Order substantially in the form requested by the Petition.

Dated at the City of Toronto this 22nd day of October, 2019.

FTI CONSULTING CANADA INC.

Per:

Jeffrey Rosenberg
Senior Managing Director