

RUN NUMBER : 352
 RUN DATE : 2023/12/18
 ID : 20231218155523.54

PROVINCE OF ONTARIO
 MINISTRY OF PUBLIC AND BUSINESS SERVICE DELIVERY
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
 ENQUIRY RESPONSE
 CERTIFICATE

REPORT : PSSR060
 PAGE : 17
 (4604)

TYPE OF SEARCH : BUSINESS DEBTOR
 SEARCH CONDUCTED ON : TREES CORPORATION
 FILE CURRENCY : 17DEC 2023

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO. OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER
01	002	5		20211105 1150 1793 5387	
21	RECORD FILE NUMBER	777604464			
	REFERENCE			RENEWAL YEARS	CORRECT PERIOD
22	PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED		
23	REFERENCE	FIRST GIVEN NAME	INITIAL	SURNAME	
24	DEBTOR/ TRANSFEROR	BUSINESS NAME			
25	OTHER CHANGE REASON/ DESCRIPTION				
02/05	DEBTOR/ TRANSFEREE	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
03/06	TRANSFEE	BUSINESS NAME			
04/07	ADDRESS				ONTARIO CORPORATION NO.
29	ASSIGNOR	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE			
08		PMH INVESTCO LTD.			
09	ADDRESS	2000-1874 SCARTH STREET		REGINA	SK S4P4B3
	COLLATERAL CLASSIFICATION				
	CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS OTHER	MOTOR VEHICLE INCLUDED
					DATE OF AMOUNT MATURITY OR NO. FIXED MATURITY DATE
10		YEAR	MAKE	MODEL	V. I. N.
11	MOTOR VEHICLE				
12	GENERAL				
13	COLLATERAL DESCRIPTION				
14	REGISTERING AGENT OR				
15	SECURED PARTY/ LIEN CLAIMANT	ADDRESS			

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 18

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
 REGISTRAR OF PERSONAL PROPERTY SECURITY/
 LE REGISTRATEUR DES SURETÉS MOBILIÈRES

(cr)2fv 05/2022



RUN NUMBER : 352
 RUN DATE : 2023/12/18
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PROVINCE OF ONTARIO
 MINISTRY OF PUBLIC AND BUSINESS SERVICE DELIVERY
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
 ENQUIRY RESPONSE
 CERTIFICATE

REPORT : PSSR060
 PAGE : 18
 (4605)

TYPE OF SEARCH : BUSINESS DEBTOR
 SEARCH CONDUCTED ON : TREES CORPORATION
 FILE CURRENCY : 17DEC 2023

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO. OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	
01	003	5		20211105 1150 1793	5387	
21	RECORD FILE NUMBER	777604464				
	REFERENCE	PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED	RENEWAL YEARS	CORRECT PERIOD
22						
23	REFERENCE		FIRST GIVEN NAME	INITIAL	SURNAME	
24	DEBTOR/ TRANSFEROR	BUSINESS NAME				
25	OTHER CHANGE					
26	REASON/					
27	DESCRIPTION					
28						
02/	DEBTOR/	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME	
05						
03/	TRANSFEEE	BUSINESS NAME				
06						ONTARIO CORPORATION NO.
04/07		ADDRESS				
29	ASSIGNOR					
08	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE					
09		ADDRESS	2000-1874 SCARTH STREET	REGIA	SK	S4P4B3
	COLLATERAL CLASSIFICATION					
	CONSUMER		MOTOR VEHICLE	DATE OF	NO. FIXED	
	GOODS	INVENTORY	EQUIPMENT	AMOUNT	MATURITY OR	MATURITY DATE
10			ACCOUNTS OTHER	INCLUDED		
11	MOTOR	YEAR	MAKE	MODEL	V. I. N.	
12	VEHICLE					
13	GENERAL					
14	COLLATERAL					
15	DESCRIPTION					
16	REGISTERING AGENT OR					
17	SECURED PARTY/ LIEN CLAIMANT	ADDRESS				

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 19

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
 REGISTRAR OF
 PERSONAL PROPERTY SECURITY/
 LE REGISTRATEUR
 DES SÛRETÉS MOBILIÈRES

(cr)21v 05/2022



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 MINISTRY OF PUBLIC AND BUSINESS SERVICE DELIVERY
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
 ENQUIRY RESPONSE
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REPORT : PSSR060
 PAGE : 19
 (4606)

TYPE OF SEARCH : BUSINESS DEBTOR
 SEARCH CONDUCTED ON : TREES CORPORATION
 FILE CURRENCY : 17DEC 2023

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO. OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER
01	004	5		20211105 1150 1793 5387	
21	RECORD REFERENCE	FILE NUMBER	777604464		
22	PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED	RENEWAL YEARS	CORRECT PERIOD
23	REFERENCE DEBTOR/ TRANSFEROR	BUSINESS NAME	FIRST GIVEN NAME	INITIAL	SURNAME
24	OTHER CHANGE REASON/ DESCRIPTION				
25	DEBTOR/ TRANSFEREE	BUSINESS NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL SURNAME
26	04/07	ADDRESS			ONTARIO CORPORATION NO.
29	ASSIGNOR	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE			
08		MINERVA INVESTMENTS LTD.			
09		ADDRESS	BOX 40070 GRASSLANDS RPO	REGINA	SK S4W0L3
10	COLLATERAL CLASSIFICATION	CONSUMER GOODS	MOTOR VEHICLE	DATE OF MATURITY OR	NO FIXED MATURITY DATE
11	MOTOR VEHICLE GENERAL DESCRIPTION	YEAR MAKE	MODEL	V.I.N.	
12	REGISTERING AGENT OR SECURED PARTY/ LIEN CLAIMANT	ADDRESS			

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 20

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
 REGISTRAR OF PERSONAL PROPERTY SECURITY/
 LE REGISTRATEUR DES SÛRETÉS MOBILIÈRES

(crj2hv 05/2022)



RUN NUMBER : 352
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 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
 ENQUIRY RESPONSE
 CERTIFICATE

REPORT : PSSR060
 PAGE : 20
 (4607)

TYPE OF SEARCH : BUSINESS DEBTOR
 SEARCH CONDUCTED ON : TREES CORPORATION
 FILE CURRENCY : 17DEC 2023

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO. OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER
01	005	5		20211105 1150 1793	5387
21	RECORD REFERENCED	FILE NUMBER	777604464		
22	PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED	RENEWAL YEARS	CORRECT PERIOD
23	REFERENCE	FIRST GIVEN NAME	INITIAL	SURNAME	
24	DEBTOR/ TRANSFEROR	BUSINESS NAME			
25	OTHER CHANGE REASON/ DESCRIPTION				
02/05	DEBTOR/ TRANSFEREE	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
03/06	TRANSFEE	BUSINESS NAME			
04/07	ADDRESS				ONTARIO CORPORATION NO.
29	ASSIGNOR	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE			
08		ECHO CAPITAL GROWTH CORPORATION			
09	ADDRESS	2000-1874 SCARTH STREET	REGINA	SK	S4P4B3
10	COLLATERAL CLASSIFICATION	CONSUMER GOODS	MOTOR VEHICLE INCLUDED	DATE OF MATURITY OR	NO FIXED MATURITY DATE
11	MOTOR VEHICLE GENERAL DESCRIPTION	YEAR MAKE	MODEL	V.I.N.	
16	REGISTERING AGENT OR SECURED PARTY/LIEN CLAIMANT	ADDRESS			

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 21

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
 REGISTRAR OF PERSONAL PROPERTY SECURITY/
 LE REGISTRATEUR DES SÛRETÉS MOBILIÈRES

(crj2fv 05/2022)



RUN NUMBER : 352
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ID : 20231218155523.54

PROVINCE OF ONTARIO
MINISTRY OF PUBLIC AND BUSINESS SERVICE DELIVERY
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 21
(4608)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : TREES CORPORATION
FILE CURRENCY : 17DEC 2023

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO. OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER
01	001	1		20211229 1237 1793 8837	
21	RECORD REFERENCED	FILE NUMBER	777604464		
22	PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED A AMENDMENT	RENEWAL YEARS	CORRECT PERIOD
23	REFERENCE	FIRST GIVEN NAME	INITIAL	SURNAME	
24	DEBTOR/ TRANSFEROR	BUSINESS NAME	TREES CORPORATION		
25	OTHER CHANGE				
26	REASON/ DESCRIPTION	AMENDED TO REMOVE AIRD & BERLIS LLP AND BMO NESBT BURNS IN TRUST FOR HERBERT FRASER CLARKE AS SECURED PARTIES TO REGISTRATION NOS. 20211025 1546 1793 4519 AND 20211105 1150 1793 5387			
27		DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
28					
02/	DEBTOR/ TRANSFEREE	BUSINESS NAME	ONTARIO CORPORATION NO.		
05		ADDRESS			
06					
04/07		ADDRESS			
29	ASSIGNOR	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE			
08		ADDRESS			
09		ADDRESS			
	COLLATERAL CLASSIFICATION	CONSUMER	MOTOR VEHICLE	DATE OF MATURITY	NO FIXED MATURITY DATE
10		GOODS	INVENTORY EQUIPMENT ACCOUNTS OTHER	INCLUDED	AMOUNT OR MATURITY DATE
11	MOTOR VEHICLE	YEAR	MAKE	MODEL	V.I.N.
12	GENERAL DESCRIPTION				
13	REGISTERING AGENT OR	AIRD & BERLIS LLP			
14	SECURED PARTY/ LIEN CLAIMANT	ADDRESS	181 BAY STREET, SUITE 1800, BOX# 754 TORONTO ON M5J2T9		

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 22

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
 REGISTRAR OF
 PERSONAL PROPERTY SECURITY/
 LE REGISTREUR
 DES SÛRETÉS MOBILIÈRES

(cr)2iv 05/2022



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PROVINCE OF ONTARIO
 MINISTRY OF PUBLIC AND BUSINESS SERVICE DELIVERY
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
 ENQUIRY RESPONSE
 CERTIFICATE

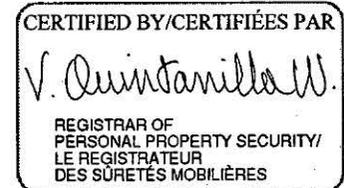
REPORT : PSSR060
 PAGE : 22
 (4609)

TYPE OF SEARCH : BUSINESS DEBTOR
 SEARCH CONDUCTED ON : TREES CORPORATION
 FILE CURRENCY : 17DEC 2023

INFORMATION RELATING TO THE REGISTRATIONS LISTED BELOW IS ATTACHED HERETO.

FILE NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER
500994765	20231206 1039 1590 1169			
500599098	20231123 1139 1590 9346			
500307858	20231114 1655 1590 8096			
777604464	20211025 1546 1793 4519	20211105 1150 1793 5387	20211229 1237 1793 8837	

6 REGISTRATION(S) ARE REPORTED IN THIS ENQUIRY RESPONSE.



(crj6 05/2022)

RUN NUMBER : 352
RUN DATE : 2023/12/18
ID : 20231218155621.74

PROVINCE OF ONTARIO
MINISTRY OF PUBLIC AND BUSINESS SERVICE DELIVERY
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 1
(4611)

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE
OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH : BUSINESS DEBTOR

SEARCH CONDUCTED ON : ONTARIO CANNABIS HOLDINGS CORP.

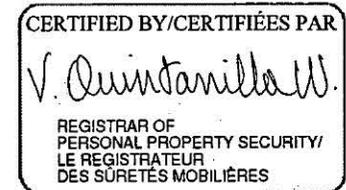
FILE CURRENCY : 17DEC 2023

ENQUIRY NUMBER 20231218155621.74 CONTAINS 7 PAGE(S), 3 FAMILY(IES).

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.

THORNTON GROUT FINNIGAN LLP - ROXANA MANEA
3200-100 WELLINGTON STREET WEST
TORONTO ON M5K 1K7

CONTINUED... 2



(crj6 05/2022)

RUN NUMBER : 352
RUN DATE : 2023/12/18
ID : 20231218155621.74

PROVINCE OF ONTARIO
MINISTRY OF PUBLIC AND BUSINESS SERVICE DELIVERY
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 2
(4612)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : ONTARIO CANNABIS HOLDINGS CORP.
FILE CURRENCY : 17DEC 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
761342562

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	001	002		20200401 1039 1862 1689	P PPSA	5

02 DEBTOR NAME DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

03 NAME BUSINESS NAME ONTARIO CANNABIS HOLDINGS CORP.

04 ADDRESS BENNET JONES LLP 100 KING STREET WEST, S TORONTO ONTARIO CORPORATION NO. ON M5X 1A4

05 DEBTOR NAME DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

06 NAME BUSINESS NAME ONTARIO CORPORATION NO.

07 ADDRESS

08 SECURED PARTY / LIEN CLAIMANT ARTHUR MINH TRI NGUYEN-CAO

09 ADDRESS 256 WOODHAVEN BAY SW CALGARY AB T2W 5S2

COLLATERAL CLASSIFICATION	CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY OR	NO FIXED MATURITY DATE
	X	X	X	X	X			

11 MOTOR VEHICLE YEAR MAKE MODEL VIN

12 GENERAL COLLATERAL DESCRIPTION

16 REGISTERING AGENT NORTON ROSE FULBRIGHT CANADA LLP (MY)
17 ADDRESS 45 O'CONNOR STREET, SUITE 1500 OTTAWA ON K1P 1A4

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 3

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 352
RUN DATE : 2023/12/18
ID : 20231218155621.74

PROVINCE OF ONTARIO
MINISTRY OF PUBLIC AND BUSINESS SERVICE DELIVERY
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 3
(4613)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : ONTARIO CANNABIS HOLDINGS CORP.
FILE CURRENCY : 17DEC 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
761342562

00

CAUTION FILING	PAGE NO.	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	002	002		20200401 1039 1862 1689		

01

DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

02

DEBTOR NAME

BUSINESS NAME

ONTARIO CORPORATION NO.

03

ADDRESS UITE 3400

04

DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

05

DEBTOR NAME

BUSINESS NAME

ONTARIO CORPORATION NO.

06

ADDRESS

07

SECURED PARTY / LIEN CLAIMANT

ADDRESS

08

09

COLLATERAL CLASSIFICATION

CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY OR	NO. FIXED MATURITY DATE

10

YEAR MAKE MODEL V.I.N.

11

MOTOR VEHICLE

12

GENERAL COLLATERAL DESCRIPTION

13

14

15

REGISTERING AGENT

16

17

ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED...

4

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
 REGISTRAR OF
 PERSONAL PROPERTY SECURITY/
 LE REGISTRATEUR
 DES SÛRETÉS MOBILIÈRES

(crj1hv 05/2022)



RUN NUMBER : 352
 RUN DATE : 2023/12/18
 ID : 20231218155621.74

PROVINCE OF ONTARIO
 MINISTRY OF PUBLIC AND BUSINESS SERVICE DELIVERY
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
 ENQUIRY RESPONSE
 CERTIFICATE

REPORT : PSSR060
 PAGE : 4
 (4614)

TYPE OF SEARCH : BUSINESS DEBTOR
 SEARCH CONDUCTED ON : ONTARIO CANNABIS HOLDINGS CORP.
 FILE CURRENCY : 17DEC 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
 761342625

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	001	002		20200401 1042 1862 1690	P PPSA	5

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

03 NAME BUSINESS NAME ONTARIO CANNABIS HOLDINGS CORP.

04 ADDRESS BENNET JONES LLP 100 KING STREET WEST, S TORONTO ONTARIO CORPORATION NO. ON M5X 1A4

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

06 NAME BUSINESS NAME ONTARIO CORPORATION NO.

07 ADDRESS

08 SECURED PARTY / LIEN CLAIMANT CJ MARKETING LTD.

09 ADDRESS 507 RIVERDALE AVENUE SW CALGARY AB T2S 0X9

COLLATERAL CLASSIFICATION		MOTOR VEHICLE	AMOUNT	DATE OF	NO. FIXED
CONSUMER	GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER
	X	X	X	X	X

11 MOTOR YEAR MAKE MODEL V.I.T.N.

12 VEHICLE

13 GENERAL COLLATERAL DESCRIPTION

16 REGISTERING AGENT NORTON ROSE FULBRIGHT CANADA LLP (MY)
 17 ADDRESS 45 O'CONNOR STREET, SUITE 1500 OTTAWA ON K1P 1A4

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 5

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
 REGISTRAR OF PERSONAL PROPERTY SECURITY /
 LE REGISTRATEUR DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 352
RUN DATE : 2023/12/18
ID : 20231218155621.74

PROVINCE OF ONTARIO
MINISTRY OF PUBLIC AND BUSINESS SERVICE DELIVERY
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 5
(4615)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : ONTARIO CANNABIS HOLDINGS CORP.
FILE CURRENCY : 17DEC 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
761342625

01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
002 002 20200401 1042 1862 1690

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME

04 ADDRESS UITE 3400 ONTARIO CORPORATION NO.

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME BUSINESS NAME

07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY /
LIEN CLAIMANT

09 ADDRESS

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE

11 MOTOR YEAR MAKE MODEL VIN
12 VEHICLE

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING
AGENT ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED...

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
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DES SÛRETÉS MOBILIÈRES

(crj1iv 05/2022)



RUN NUMBER : 352
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ID : 20231218155621.74

PROVINCE OF ONTARIO
MINISTRY OF PUBLIC AND BUSINESS SERVICE DELIVERY
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 6
(4616)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : ONTARIO CANNABIS HOLDINGS CORP.
FILE CURRENCY : 17DEC 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
760287366

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
01	001	1		20200221 1445 9234 0524	P PPSA	5

02 DEBTOR NAME
03 BUSINESS NAME
04 ADDRESS
05 DATE OF BIRTH
06 FIRST GIVEN NAME
07 INITIAL
08 SURNAME

ONTARIO CANNABIS HOLDINGS CORP.

ONTARIO CORPORATION NO.
AB T2R 0H5

201 - 620 12TH AVE. SW CALGARY

02 DEBTOR NAME
03 BUSINESS NAME
04 ADDRESS
05 DATE OF BIRTH
06 FIRST GIVEN NAME
07 INITIAL
08 SURNAME

ONTARIO CORPORATION NO.

08 SECURED PARTY / LIEN CLAIMANT
09 ADDRESS
10 COLLATERAL CLASSIFICATION

TWEED FRANCHISE INC.

1 HERSHEY DRIVE SMITH FALLS ON K7A 0A8

CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY	OR	NO FIXED MATURITY DATE
X	X	X	X	X	X				

11 MOTOR VEHICLE
12 YEAR MAKE
13 MODEL
14 V.I.N.

13 GENERAL COLLATERAL DESCRIPTION

14 REGISTERING AGENT
15 CASSELS BROCK & BLACKWELL LLP (50097-44/AS)
16 ADDRESS
17 SUITE 2100, 40 KING STREET WEST TORONTO ON M5H 3C2

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 7

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF PERSONAL PROPERTY SECURITY / LE REGISTRATEUR DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



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PROVINCE OF ONTARIO
MINISTRY OF PUBLIC AND BUSINESS SERVICE DELIVERY
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 7
(4617)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : ONTARIO CANNABIS HOLDINGS CORP.
FILE CURRENCY : 17DEC 2023

INFORMATION RELATING TO THE REGISTRATIONS LISTED BELOW IS ATTACHED HERETO.

FILE NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER
761342562	20200401	1039	1862	1689
761342625	20200401	1042	1862	1690
760287366	20200221	1445	9234	0524

3 REGISTRATION(S) ARE REPORTED IN THIS ENQUIRY RESPONSE.

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
 REGISTRAR OF
 PERSONAL PROPERTY SECURITY/
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(crj6 05/2022)



RUN NUMBER : 352
RUN DATE : 2023/12/18
ID : 20231218155546.27

PROVINCE OF ONTARIO
MINISTRY OF PUBLIC AND BUSINESS SERVICE DELIVERY
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 1
(4610)

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE
OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH : BUSINESS DEBTOR

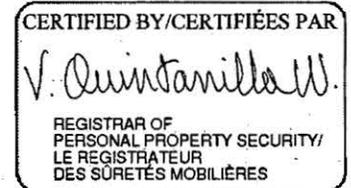
SEARCH CONDUCTED ON : MIRACULO INC.

FILE CURRENCY : 17DEC 2023

ENQUIRY NUMBER 20231218155546.27 CONTAINS 1 PAGE(S), 0 FAMILY(IES).

NO REGISTRATIONS ARE REPORTED IN THIS ENQUIRY RESPONSE.

THORNTON GROUT FINNIGAN LLP - ROXANA MANEA
3200-100 WELLINGTON STREET WEST
TORONTO ON M5K 1K7



(crj6 05/2022)

RUN NUMBER : 352
RUN DATE : 2023/12/18
ID : 20231218155641.79

PROVINCE OF ONTARIO
MINISTRY OF PUBLIC AND BUSINESS SERVICE DELIVERY
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 1
(4618)

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE
OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH : BUSINESS DEBTOR

SEARCH CONDUCTED ON : 2707461 ONTARIO INC.

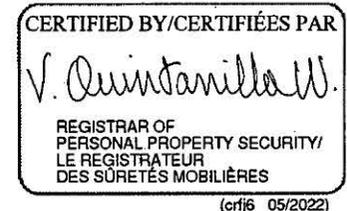
FILE CURRENCY : 17DEC 2023

ENQUIRY NUMBER 20231218155641.79 CONTAINS 5 PAGE(S), 2 FAMILY(IES).

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.

THORNTON GROUT FINNIGAN LLP - ROXANA MANEA
3200-100 WELLINGTON STREET WEST
TORONTO ON M5K 1K7

CONTINUED... 2



RUN NUMBER : 352
RUN DATE : 2023/12/18
ID : 20231218155641.79

PROVINCE OF ONTARIO
MINISTRY OF PUBLIC AND BUSINESS SERVICE DELIVERY
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 2
(4619)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 2707461 ONTARIO INC.
FILE CURRENCY : 17DEC 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
772925643

CAUTION PILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
01	001	2		20210528 1548 6083 1199	P PPSA	3

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

03 NAME BUSINESS NAME 2707461 ONTARIO INC.

04 ADDRESS 3400-100 KING ST W 1 FIRST CANADIAN PLAC TORONTO ONTARIO CORPORATION NO. ON M5X 1A4

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

06 NAME BUSINESS NAME CAMP CANNABIS

07 ADDRESS 3700 NEW STREET BURLINGTON ONTARIO CORPORATION NO. ON L7R 1K3

08 SECURED PARTY / LIEN CLAIMANT MERCHANT OPPORTUNITIES FUND LIMITED PARTNERSHIP.

09 ADDRESS 658-1500 WEST GEORGIA STREET VANCOUVER BC V6G 2Z6

COLLATERAL CLASSIFICATION

CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY OR	NO FIXED MATURITY DATE
	X	X	X	X			

11 MOTOR YEAR MAKE MODEL VIN

12 VEHICLE

13 GENERAL COLLATERAL DESCRIPTION ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTORS, INCLUDING, BUT NOT LIMITED TO, THE FUTURE DEBIT/CREDIT CARD RECEIVABLES OF THE DEBTORS

16 REGISTERING AGENT MERCHANT GROWTH LTD.

17 ADDRESS 658-1500 WEST GEORGIA STREET VANCOUVER BC V6G 2Z6

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 3

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 352
RUN DATE : 2023/12/18
ID : 20231218155641.79

PROVINCE OF ONTARIO
MINISTRY OF PUBLIC AND BUSINESS SERVICE DELIVERY
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 3
(4620)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 2707461 ONTARIO INC.
FILE CURRENCY : 17DEC 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
772925643

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
01	002	2		20210528 1548 6083 1199		

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

03 NAME BUSINESS NAME

ONTARIO CORPORATION NO.

04 ADDRESS E

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

06 NAME BUSINESS NAME CORNER CANNABIS

ONTARIO CORPORATION NO.

07 ADDRESS 3700 NEW STREET BURLINGTON ON L7R 1K3

08 SECURED PARTY / LIEN CLAIMANT

09 ADDRESS

COLLATERAL CLASSIFICATION

CONSUMER GOODS	MOTOR VEHICLE	AMOUNT	DATE OF MATURITY OR	NO FIXED MATURITY DATE

11 MOTOR YEAR MAKE MODEL VIN

12 VEHICLE

13 GENERAL

14 COLLATERAL DESCRIPTION

16 REGISTERING AGENT

17 ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED...

4

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
 REGISTRAR OF
 PERSONAL PROPERTY SECURITY/
 LE REGISTRATEUR
 DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 352
RUN DATE : 2023/12/18
ID : 20231218155641.79

PROVINCE OF ONTARIO
MINISTRY OF PUBLIC AND BUSINESS SERVICE DELIVERY
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 4
(4621)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 2707461 ONTARIO INC.
FILE CURRENCY : 17DEC 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
760294827

CAUTION PILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
01	001	1		20200221 1747 9234 0525	P PPSA	5

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

03 NAME BUSINESS NAME 2707461 ONTARIO INC.

04 ADDRESS 113 CRYSTAL GREEN BAY OKOTOKS ONTARIO CORPORATION NO. AB T1S 2N4

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

06 NAME BUSINESS NAME

07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY / LIEN CLAIMANT OCH ONTARIO CONSULTING CORP.

09 ADDRESS 201, 620 12TH AVENUE SW CALGARY AB T2R 0H5

COLLATERAL CLASSIFICATION		MOTOR VEHICLE		AMOUNT	DATE OF	NO FIXED
CONSUMER	GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	INCLUDED
	X	X	X	X	X	X

11 MOTOR YEAR MAKE MODEL V.I.T.N.

12 VEHICLE

13 GENERAL COLLATERAL DESCRIPTION

14 REGISTERING AGENT BENNETT JONES LLP (SHIMURA/87151-1/OD)
15 ADDRESS 3400-1 FIRST CANADIAN PLACE TORONTO ON M5X 1A4

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 5

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF PERSONAL PROPERTY SECURITY /
LE REGISTRATEUR DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 352
RUN DATE : 2023/12/18
ID : 20231218155641.79

PROVINCE OF ONTARIO
MINISTRY OF PUBLIC AND BUSINESS SERVICE DELIVERY
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 5
(4622)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 2707461 ONTARIO INC.
FILE CURRENCY : 17DEC 2023

INFORMATION RELATING TO THE REGISTRATIONS LISTED BELOW IS ATTACHED HERETO.

FILE NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER
772925643	20210528 1548 6083 1199			
760294827	20200221 1747 9234 0525			

2 REGISTRATION(S) ARE REPORTED IN THIS ENQUIRY RESPONSE.

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
 REGISTRAR OF
 PERSONAL PROPERTY SECURITY/
 LE REGISTRATEUR
 DES SÛRETÉS MOBILIÈRES

(crj6 05/2022)



RUN NUMBER : 352
RUN DATE : 2023/12/18
ID : 20231218155708.58

PROVINCE OF ONTARIO
MINISTRY OF PUBLIC AND BUSINESS SERVICE DELIVERY
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 1
(4623)

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE
OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH : BUSINESS DEBTOR

SEARCH CONDUCTED ON : OCH ONTARIO CONSULTING CORP.

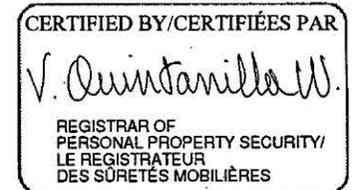
FILE CURRENCY : 17DEC 2023

ENQUIRY NUMBER 20231218155708.58 CONTAINS 7 PAGE(S), 2 FAMILY(IES).

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.

THORNTON GROUT FINNIGAN LLP - ROXANA MANEA
3200-100 WELLINGTON STREET WEST
TORONTO ON M5K 1K7

CONTINUED... 2



(crj6 05/2022)

RUN NUMBER : 352
 RUN DATE : 2023/12/18
 ID : 20231218155708.58

PROVINCE OF ONTARIO
 MINISTRY OF PUBLIC AND BUSINESS SERVICE DELIVERY
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
 ENQUIRY RESPONSE
 CERTIFICATE

REPORT : PSSR060
 PAGE : 2
 (4624)

TYPE OF SEARCH : BUSINESS DEBTOR
 SEARCH CONDUCTED ON : OCH ONTARIO CONSULTING CORP.
 FILE CURRENCY : 17DEC 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
 769866165

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
01	001	4		20210212 1638 1901 1160	P PPSA	05

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

03 NAME BUSINESS NAME OCH ONTARIO CONSULTING CORP

04 ADDRESS C/O 181 BAY STREET, SUITE 1800 TORONTO ONTARIO CORPORATION NO. ON M5J 2T9

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

06 NAME BUSINESS NAME ONTARIO CORPORATION NO.

07 ADDRESS

08 SECURED PARTY / LIEN CLAIMANT TREES CORPORATION

09 ADDRESS 250 - 6TH AVENUE SW, SUITE 920 CALGARY AB T2P 3H7

COLLATERAL CLASSIFICATION

CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY OR	NO FIXED MATURITY DATE
X	X	X	X	X				X

11 MOTOR YEAR MAKE MODEL V.I.N.

12 VEHICLE

13 GENERAL ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTOR AND

14 COLLATERAL ALL PROCEEDS THEREOF. PROCEEDS ALL GOODS, INVESTMENT PROPERTY,

15 DESCRIPTION INSTRUMENTS, DOCUMENTS OF TITLE, CHATTEL PAPER, INTANGIBLES OR MONEY

16 REGISTERING AGENT MLT AIKINS LLP

17 ADDRESS 2600-1066 WEST HASTINGS STREET VANCOUVER BC V6E 3X1

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 3

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
 REGISTRAR OF
 PERSONAL PROPERTY SECURITY/
 LE REGISTRATEUR
 DES SÛRETÉS MOBILIÈRES

(cr)1fv 05/2022



RUN NUMBER : 352
RUN DATE : 2023/12/18
ID : 20231218155708.58

PROVINCE OF ONTARIO
MINISTRY OF PUBLIC AND BUSINESS SERVICE DELIVERY
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 3
(4625)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : OCH ONTARIO CONSULTING CORP.
FILE CURRENCY : 17DEC 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
769866165

01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
002 4 20210212 1638 1901 1160

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME

04 ADDRESS ONTARIO CORPORATION NO.

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME BUSINESS NAME

07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY /
LIEN CLAIMANT

09 ADDRESS

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE

11 MOTOR YEAR MAKE MODEL VIN
12 VEHICLE

13 GENERAL NOW OR HEREAFTER FORMING PROCEEDS OF THE FOREGOING COLLATERAL. TERMS
14 COLLATERAL USED IN THIS GENERAL COLLATERAL DESCRIPTION WHICH ARE DEFINED IN THE
15 DESCRIPTION PERSONAL PROPERTY SECURITY ACT (ONTARIO) SHALL HAVE THE MEANINGS

16 REGISTERING
17 AGENT ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED...

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 352
RUN DATE : 2023/12/18
ID : 20231218155708.58

PROVINCE OF ONTARIO
MINISTRY OF PUBLIC AND BUSINESS SERVICE DELIVERY
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 4
(4626)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : OCH ONTARIO CONSULTING CORP.
FILE CURRENCY : 17DEC 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
769866165

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	003	4		20210212 1638 1901 1160		

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

03 NAME BUSINESS NAME

ONTARIO CORPORATION NO.

04 ADDRESS

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

06 NAME BUSINESS NAME

ONTARIO CORPORATION NO.

07 ADDRESS

08 SECURED PARTY / LIEN CLAIMANT

09 ADDRESS

COLLATERAL CLASSIFICATION					MOTOR VEHICLE	AMOUNT	DATE OF	NO FIXED
CONSUMER	GOODS	INVENTORY	EQUIPMENT	ACCOUNTS OTHER	INCLUDED		MATURITY OR	MATURITY DATE

11 MOTOR YEAR MAKE MODEL V.I.N.

12 VEHICLE

13 GENERAL SPECIFIED IN THE ACT, UNLESS THE CONTEXT OTHERWISE INDICATES. THE
14 COLLATERAL FULL ADDRESS OF THE DEBTOR IS C/O AIRD & BERLIS LLP, ATTN MELANIE
15 DESCRIPTION COLE, PARTNER, BROOKFIELD PLACE, 181 BAY STREET, SUITE 1800, TORONTO,

16 REGISTERING AGENT

17 ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED...

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
 REGISTRAR OF
 PERSONAL PROPERTY SECURITY/
 LE REGISTRATEUR
 DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 352
 RUN DATE : 2023/12/18
 ID : 20231218155708.58

PROVINCE OF ONTARIO
 MINISTRY OF PUBLIC AND BUSINESS SERVICE DELIVERY
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
 ENQUIRY RESPONSE
 CERTIFICATE

REPORT : PSSR060
 PAGE : 5
 (4627)

TYPE OF SEARCH : BUSINESS DEBTOR
 SEARCH CONDUCTED ON : OCH ONTARIO CONSULTING CORP.
 FILE CURRENCY : 17DEC 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
 769866165

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	004	4		20210212 1638 1901 1160		

02 DEBTOR NAME
 03 BUSINESS NAME
 04 ADDRESS
 05 DEBTOR NAME
 06 BUSINESS NAME
 07 ADDRESS

ONTARIO CORPORATION NO.

08 SECURED PARTY / LIEN CLAIMANT
 09 ADDRESS

ONTARIO CORPORATION NO.

COLLATERAL CLASSIFICATION	CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY OR	NO FIXED MATURITY DATE

11 MOTOR VEHICLE
 12 YEAR MAKE MODEL V.I.N.

13 GENERAL DESCRIPTION
 14 COLLATERAL DESCRIPTION
 15 CANADA M5J 2T9

16 REGISTERING AGENT
 17 ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED...

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
 REGISTRAR OF
 PERSONAL PROPERTY SECURITY/
 LE REGISTRATEUR
 DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 352
RUN DATE : 2023/12/18
ID : 20231218155708.58

PROVINCE OF ONTARIO
MINISTRY OF PUBLIC AND BUSINESS SERVICE DELIVERY
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 6
(4628)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : OCH ONTARIO CONSULTING CORP.
FILE CURRENCY : 17DEC 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
760287348

01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
001 1 20200221 1444 9234 0523 P PPSA 5

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME OCH ONTARIO CONSULTING CORP.

04 ADDRESS 201 - 620 12TH AVE. SW CALGARY ONTARIO CORPORATION NO.
AB T2R 0H5

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME BUSINESS NAME

07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY / TWEED FRANCHISE INC.
09 LIEN CLAIMANT

09 ADDRESS 1 HERSHEY DRIVE SMITH FALLS ON K7A 0A8

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE
X X X X X

11 MOTOR YEAR MAKE MODEL VIN
12 VEHICLE

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING CASSELS BROCK & BLACKWELL LLP (50097-44/AS)
17 AGENT ADDRESS SUITE 2100, 40 KING STREET WEST TORONTO ON M5H 3C2

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 7

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 352
RUN DATE : 2023/12/18
ID : 20231218155708.58

PROVINCE OF ONTARIO
MINISTRY OF PUBLIC AND BUSINESS SERVICE DELIVERY
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 7
(4629)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : OCH ONTARIO CONSULTING CORP.
FILE CURRENCY : 17DEC 2023

INFORMATION RELATING TO THE REGISTRATIONS LISTED BELOW IS ATTACHED HERETO.

FILE NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER
769866165	20210212 1638 1901 1160			
760287348	20200221 1444 9234 0523			

2 REGISTRATION(S) ARE REPORTED IN THIS ENQUIRY RESPONSE.

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
 REGISTRAR OF
 PERSONAL PROPERTY SECURITY/
 LE REGISTRATEUR
 DES SÛRETÉS MOBILIÈRES

(crj6 05/2022)



RUN NUMBER : 352
RUN DATE : 2023/12/18
ID : 20231218155729.14

PROVINCE OF ONTARIO
MINISTRY OF PUBLIC AND BUSINESS SERVICE DELIVERY
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 1
(4630)

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE
OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 11819496 CANADA INC.
FILE CURRENCY : 17DEC 2023

ENQUIRY NUMBER 20231218155729.14 CONTAINS 1 PAGE(S), 0 FAMILY(IES).

NO REGISTRATIONS ARE REPORTED IN THIS ENQUIRY RESPONSE.

THORNTON GROUT FINNIGAN LLP - ROXANA MANEA
3200-100 WELLINGTON STREET WEST
TORONTO ON M5K 1K7

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj6 05/2022)



This is Exhibit "P" referred to in the
Affidavit of Jeffrey Holmgren sworn by Jeffrey Holmgren of
the City of Calgary, in the Province of Alberta, before me at
the City of Toronto, in the Province of Ontario,
this 21st day of December, 2023 in accordance with
O. Reg. 431/20, Administering Oath or Declaration Remotely.

Rudrakshi Chakrabarti

A Commissioner for taking affidavits

RUDRAKSHI CHAKRABARTI

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS FOUR MONTHS AND ONE DAY AFTER THE LATER OF (I) NOVEMBER 5, 2021; AND (II) THE DATE THE COMPANY BECOMES A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY.

TREES CORPORATION
(Existing under the laws of Alberta)

SECURED CONVERTIBLE DEBENTURES

CERTIFICATE NUMBER: 2021/11-**<*>**

HOLDER: **<*>**

PRINCIPAL: **<*>** Debentures at a Principal Amount per Debenture \$1,000.00, in the lawful money of Canada for an aggregate Principal Amount of Debentures evidenced by this Certificate of **\$<*>**

ISSUE DATE: **NOVEMBER 5, 2021**

MATURITY DATE: **NOVEMBER 5, 2023**

INTEREST: **58.8% PER ANNUM (4.9% PER CALENDAR MONTH)**, calculated as non-compounding simple interest and on the basis of a 365 day year accruing from the date of issue until the Conclusion Date

THIS IS TO CERTIFY THAT TREES CORPORATION (the “**Company**”) for value received hereby acknowledges itself indebted and promises to pay to the Holder the Principal Amount and Interest thereon from the Issue Date, on presentment and surrender of this Certificate at the principal office of the Company, or its successor in the City of Vancouver, on the Maturity Date, or on such earlier date as the principal hereof becomes convertible, redeemable or payable, as the case may be, in accordance with the provisions of this Certificate.

The Debenture(s) represented by this Certificate represent the debentures issued or to be issued under one or more subscription agreements (the “**Agreement**”) made between the Company and the Holder or persons on behalf of whom the Holder acts, which Agreement and all instruments supplemental thereto are referred to for a description of the terms and conditions upon which the Debenture(s) are issued and held and the rights of the Holder and of the Company, all to the same effect as if the provisions of the Agreement and all instruments supplemental thereto were herein set forth, to all of which the Holder, by acceptance hereof, assents. All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Agreement.

In the event of any conflict or inconsistency between the provisions of the Agreement (and any amendments thereto and instruments supplement thereto) and the provisions of this Certificate, except those that are necessary by context, the provisions of this Certificate (and any amendments thereto and instruments supplement thereto) shall prevail. The terms and provisions of the Agreement (and any amendments thereto and instruments supplement thereto) are incorporated herein by reference.

[Terms to Follow]

The terms of this Certificate are as follows:

Article I. INTERPRETATION

1.1 Definitions

In this Certificate, unless there is something in the subject matter or context inconsistent therewith:

- (a) **"Agreement"** means the debenture subscription agreement pursuant to which this Certificate is granted;
- (b) **"Business Day"** means a day which is not a Saturday, Sunday or civic or statutory holiday in Calgary Alberta;
- (c) **"Certificate"** means this certificate evidencing the Debenture(s);
- (d) **"Common Shares"** means the Class A common shares in the capital of the Company;
- (e) **"Company"** means Trees Corporation;
- (f) **"Company's Auditors"** means an independent firm of chartered accountants duly appointed as auditors of the Company;
- (g) **"Conclusion Date"** means the earlier of: (i) the Maturity Date; (ii) the Prepayment Date; and (iii) the Conversion Date;
- (h) **"Conversion Date"** means the date of occurrence of the conversion of the Debenture pursuant to the Conversion Right;
- (i) **"Conversion Election Notice"** means a notice delivered by the Company at least 30 days prior to the date of occurrence of a Liquidity Event notifying the Holder as to such Holder's right to exercise its Conversion Right within the Conversion Exercise Period;
- (j) **"Conversion Exercise Notice"** means a notice delivered by the Holder to the Company notifying the Company as to the Holder's exercise of the Conversion Right within the Conversion Exercise Period;
- (k) **"Conversion Exercise Period"** means the period from the date of the Conversion Election Notice to 15 days thereafter;
- (l) **"Conversion Price"** means a 50% discount to the deemed price per Conversion Share in connection with the Liquidity Event;
- (m) **"Conversion Right"** means the right of the Holder exercisable to convert the Principal Amount and all Interest accrued and unpaid up to the date of the applicable Liquidity Event, into Conversion Shares at a share equal to the Conversion Price;
- (n) **"Conversion Shares"** means Common Shares issuable upon conversion of Debentures or such other security the Debentures or the Common Shares may be converted into or exchanged for in connection with a Liquidity Event.
- (o) **"Debenture(s)"** means the secured convertibles debenture(s) of the Company represented by this Certificate;
- (p) **"Event of Default"** has the meaning assigned to such term in Section 5.1;
- (q) **"Exchange"** means any duly recognized stock exchange or stock quotation or other trading system;

- (r) **"Financing"** means the offering of convertible secured debentures of the Company, including the Debentures represented by this Certificate;
- (s) **"General Security Agreement"** has the meaning assigned to such term in Section 4.2;
- (t) **"Holder"** means the holder of this Certificate noted on the front page of this Certificate;
- (u) **"Holders"** mean the Holder together with all other holders of the secured convertibles debenture(s) of the Company issued under the Financing;
- (v) **"Intercreditor Agreement"** has the meaning assigned to such term in Section 4.2;
- (w) **"Interest"** has the meaning assigned to such term in Section 2.2;
- (x) **"Issue Date"** means the date of issue of the Debenture(s), as shown on the first page of this Certificate;
- (y) **"Liquidity Event"** means the occurrence of any of the following, which results in the Common Shares or other equity securities of the Company (or of any resulting issuer) being publicly listed on an Exchange:
 - (i) the Company completing a bona-fide initial public offering or other listing of Common Shares or other equity securities under a prospectus filed with securities regulatory authorities; or
 - (ii) the consummation of any transaction including, without limitation, any consolidation, amalgamation, merger, plan of arrangement, reverse take-over, qualifying transaction, change of business or any other business combination or similar transaction;
- (z) **"Maturity Date"** means the second (2nd) anniversary of the Issue Date, or such earlier date as the principal hereof becomes convertible, redeemable or payable, as the case may be, in accordance with the provisions of this Certificate;
- (aa) **"Person"** means any individual, corporation or company, partnership, joint venture, syndicate, sole proprietorship, trust, trustee, executor, administrator or other legal representative or an unincorporated organization, government or governmental authority or entity and pronouns having a similarly extended meaning;
- (bb) **"Prepayment Date"** has the meaning assigned to such term in Section 2.4;
- (cc) **"Prepayment Right"** has the meaning assigned to such term in Section 2.4;
- (dd) **"Prepayment Amount"** has the meaning assigned to such term in Section 2.4
- (ee) **"Principal Amount"** has the meaning assigned to such term in Section 2.1;
- (ff) **"Security"** has the meaning assigned to such term in Section 4.1; and
- (gg) **"Successor Corporation"** has the meaning assigned to such term in Section 6.1.

1.2 Time

Time is of the essence in and of this Certificate.

1.3 Number and Gender

Words importing the singular number include the plural and vice versa, and words importing gender include the neuter, feminine and masculine genders.

1.4 Headings

The division of this Certificate into articles, sections, subsections and clauses, and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof.

1.5 Applicable Law

This Debenture shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein, without giving effect to the conflicts of laws principles thereof and without reference to the laws of any other jurisdiction. The courts of Alberta shall have exclusive jurisdiction over any dispute arising in connection with this Certificate.

1.6 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, such action shall be required to be taken on or before the requisite time on the next succeeding day that is a Business Day.

1.7 Monetary Reference

Any reference in this Certificate to "Dollars", "dollars", "CAD\$" or "\$" shall be deemed to be a reference to the lawful money of Canada.

1.8 Invalidity of Provisions

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

Article II. PRINCIPAL AND INTEREST

2.1 Promise to Pay Principal

The principal amount of each Debenture is \$1,000.00 (the "**Principal Amount**"). The Company agrees to pay to the Holder the Principal Amount for each Debenture evidenced by this Certificate, unless any such Debenture shall have been previously prepaid, redeemed or converted in accordance with the provisions hereof, on the Maturity Date on presentation and surrender of this Certificate at the principal office of the Company at the address set forth under Section 8.1 or at such other place as the Company may advise the Holder in writing.

2.2 Interest

Interest shall accrue on the Principal Amount at the simple rate of fifty-eight point eight] percent (58.8%) per annum (four point nine percent (4.9%) per calendar month), calculated as non-compounding simple interest and on the basis of a 365 day year ("**Interest**"), after, as well as, before each of maturity, default and judgment commencing on the date of issuance of the Debentures.

Unless previously prepaid, redeemed or converted, the Company shall pay to the Holder all accrued and unpaid Interest on the Principal Amount of each Debenture on:

- (a) in the event the Company completes a Liquidity Event prior to the one (1) year anniversary of the Issue Date, the one (1) year anniversary of the Issue Date; and
- (b) the Conclusion Date.

For avoidance of doubt, in the event the Debentures are converted in accordance with the Conversion Right, all accrued and unpaid Interest shall be converted in accordance with the Conversion Right and no cash payment shall be made to the Holder at any time.

2.3 Payment

All amounts paid by the Company to the Holder shall be applied, firstly, to any accrued and unpaid Interest, and secondly, to the outstanding Principal Amount.

2.4 Prepayment

In the event the Holder elects not to exercise its Conversion Right in connection with any Debentures, the Company shall have the right, but not the obligation, to elect to prepay all Principal Amount and all Interest accrued and unpaid up to the date of prepayment determined by the Company (the “**Prepayment Date**”) on such Debentures at any time in the Company’s sole discretion following the expiry of the Conversion Exercise Period (the “**Prepayment Right**”).

In the event the Company elects to exercise its Prepayment Right, the Company shall deliver a notice to the Holder at least five (5) days prior to the Prepayment Date as to the Company’s calculation of the total repayment amount of the Debentures being prepaid as of the Prepayment Date (the “**Prepayment Amount**”), and on the Prepayment Date, the Company shall deliver the Prepayment Amount to the Holder in cash and the obligations of the Company under each so prepaid Debenture (including any obligations pursuant the Agreement, the Intercreditor Agreement, the General Security Agreement, and this Certificate with respect to such prepaid Debenture) shall be deemed to be fully satisfied and shall cease. In addition, any security registration securing the obligations of the Company under the Debentures shall be discharged.

For the purposes of this Article II, the Debentures shall be deemed to be surrendered in exchange for the Prepayment Amount without further action of the Holder, and this Certificate shall cease to be of legal force and effect.

Article III. CONVERSION

3.1 Conversion Right

Subject to, and upon compliance with all other applicable provisions of this Article III, concurrently with or immediately prior to the date of occurrence of a Liquidity Event, the Holder shall have the right, but not the obligation, to elect to exercise the Conversion Right in respect of the Debentures held by the Holder to convert the Principal Amount and all accrued and unpaid Interest up to the date of conversion of such Debentures, into Conversion Shares at a conversion price per share equal to the Conversion Price. Upon such conversion, the rights and obligations of each party under the Agreement, the Intercreditor Agreement, the General Security Agreement, the Debentures and this Certificate shall be deemed to be fully satisfied and shall cease. In addition, any security registration securing the obligations of the Company under the Debentures shall be discharged.

3.2 Manner of Conversion

- (1) At least thirty (30) days prior to the date of occurrence of a Liquidity Event, the Company shall deliver a Conversion Election Notice to the Holder notifying the Holder thereof in writing and advising as to the Holder’s right to exercise its Conversion Right in connection with such Liquidity Event. The Conversion Election Notice shall state:
 - (a) the Conversion Date;
 - (b) the Conversion Exercise Period; and
 - (c) the Conversion Price.
- (2) Prior to the expiry of the Conversion Exercise Period, the Holder must deliver a Conversion Exercise Notice to the Company notifying the Company in writing as to the Holder’s election to exercise such Conversion Right or not.

- (3) **IN THE EVENT HOLDER DOES NOT PROVIDE A CONVERSION EXERCISE NOTICE WITHIN THE CONVERSION EXERCISE PERIOD, HOLDER WILL BE DEEMED TO HAVE EXERCISED ITS CONVERSION RIGHT IN RESPECT OF ALL DEBENTURES HELD BY SUCH HOLDER AND SUCH DEBENTURES WILL BE DEEMED AUTOMATICALLY CONVERTED IN CONNECTION WITH ANY OTHER DEBENTURES TO BE CONVERTED BY HOLDERS ELECTING TO EXERCISE THEIR CONVERSION RIGHT.**
- (4) On the Conversion Date, the Holder, or the Holder's nominee or assignee, shall be entered into the books of the Company as maintained by the Company's transfer agent as the holder of the Conversion Shares or other securities issuable upon conversion, and as soon as practicable thereafter, the Company shall deliver to the Holder, or subject as aforesaid, its nominee or assignee, evidence of the registration of such Conversion Shares or other securities issuable upon conversion with the Company's transfer agent.

Upon occurrence of the exercise of the Conversion Right, all obligations of the Company under the Agreement, the Intercreditor Agreement, the General Security Agreement, the Debenture and this Certificate, including, without limiting the generality of the foregoing, payment to the Holder of the Principal Amount and all accrued and unpaid Interest, shall be deemed to be fully satisfied and shall cease. In addition, any security registration securing the obligations of the Company under the Debentures shall be discharged.

For the purposes of this Article III, this Certificate shall be deemed to be surrendered for conversion on the Conversion Date without further action of the Holder, and this Certificate shall cease to be of legal force and effect.

Notwithstanding anything herein contained, Conversion Shares will only be issued and registered upon conversion of the Debentures in compliance with the securities laws of any applicable jurisdiction and, without limiting the generality of the foregoing, in the event that the Debentures are converted prior to the expiry of any applicable hold period under applicable securities legislation, the certificates representing the Conversion Shares will bear such legend(s) as may, in the opinion of counsel to the Company, be necessary in order to avoid a violation of any applicable securities laws or to comply with the requirements of any Exchange, provided that if, at any time, in the opinion of counsel to the Company, such legend(s) are no longer necessary in order to avoid a violation of any such laws, or the holder of any such legended certificate, at the holder's expense, provides the Company with evidence satisfactory in form and substance to the Company (which may include an opinion of counsel satisfactory to the Company) to the effect that such holder is entitled to sell or otherwise transfer such Conversion Shares in a transaction in which such legends are not required, such legended certificate may thereafter be surrendered to the Company in exchange for a certificate which does not bear such legend.

3.3 Adjustment on Capital Reorganization

If, and whenever at any time after the date hereof, and prior to the Conversion Date, there is a reclassification of the Common Shares at any time outstanding or change of the Common Shares into other shares or into other securities, whether of the Company or of another body corporate, or other capital reorganization, or a consolidation, amalgamation or merger of the Company with or into any other corporation or other entity (other than a consolidation, amalgamation or merger which does not result in any reclassification of the outstanding Common Shares or a change of the Common Shares into other shares), or a transfer of the undertaking or assets of the Company as an entirety or substantially as an entirety to another corporation or other entity in which the holders of Common Shares are entitled to receive shares, other securities or other property (any of such events being called a "**Capital Reorganization**"), any conversion of the Debentures into the Common Shares after the effective date of such Capital Reorganization will be entitled to receive, and will accept for the same aggregate consideration in lieu of the number of Common Shares to which the Holder was previously entitled upon such conversion, the aggregate number of shares, other securities or other property which the 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 Common Shares into which the Debentures were convertible

immediately prior to such Capital Reorganization. The Company will take all steps necessary to ensure that, on a Capital Reorganization, the Holder will, if the Conversion Right is exercised, receive the aggregate number of shares, other securities or other property to which it is entitled as a result of the Capital Reorganization.

For avoidance of doubt, in the event of occurrence of a Capital Reorganization, the number of Common Shares each Debenture is deemed converted into for the purposes of the calculations set forth herein shall be based on the Conversion Price, and if such Conversion Price is not ascribed in connection with a Capital Reorganization, shall be equal to a 50% discount to the fair market value per Common Share as determined by the Company in good faith immediately prior to the Capital Reorganization.

3.4 Notice as to Adjustment

The Company shall, include within the Conversion Election Notice, if the Conversion Date occurs after the occurrence of any event which requires an adjustment or readjustment as provided in Section 3.3, an explanation specifying the nature of the event requiring the adjustment and the amount of the adjustment or readjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based. Such notice and the amount of the adjustment specified therein shall, subject to the provisions of Section 3.5, be conclusive and binding on all parties of interest.

3.5 Rules Regarding Calculation of Conversion Option Adjustments

If, within five (5) days of receipt of the Conversion Election Notice specifying an adjustment, a Holder notifies the Company in writing that it disputes the adjustment, or if at any time a dispute is made by a shareholder or other creditor of the Company with respect to adjustments provided for in Section 3.4, such dispute will be conclusively determined by the Company's Auditors, or if they are unable or unwilling to act, by such other firm of independent chartered accountants as may be selected by the directors of the Company, and any such determination will be binding upon the Company, the Holder and the shareholders of the Company. Such auditors or accountants will be given access to all necessary records of the Company. If any such determination is made, the Company will deliver a certificate of the Company to the Holder describing such determination.

3.6 No Requirement to Issue Fractional Shares

No fractional Conversion Shares shall be issued upon the conversion of the Debentures. If any fractional interest in a Common Share or other security would be issuable upon the conversion of the Debentures, the Company shall instead issue that number of Conversion Shares rounded down to the nearest whole number of Conversion Shares.

3.7 Company to Issue

Upon exercise of the Conversion Right, the Company shall do all corporate acts necessary to issue the Conversion Shares issuable in connection with the Conversion Right. All Conversion Shares, when issued, shall be duly and validly issued as fully paid and non-assessable.

Article IV. SECURITY

4.1 Priority and Security

The indebtedness, liabilities and obligations of the Company under this Certificate are direct obligations of the Company secured against all current and after acquired assets of the Company (the "**Security**") evidenced by a security registration under each of the *Personal Property Security Act* (British Columbia), the *Personal Property Security Act* (Alberta) and the *Personal Property Security Act* (Ontario) in favour of the Holders, and will rank senior to all other indebtedness of the Company except as prescribed by law. In connection therewith, the Company shall enter into a general security agreement with each Holder (a "**General Security Agreement**").

4.2 Ranking

Notwithstanding the timing of registration of the Security and the General Security Agreement, the Holder has, pursuant to an intercreditor agreement among the Company, the Holder and other holders of convertible debentures of this series (the “**Intercreditor Agreement**”), agreed to notify all other holders of convertible debentures of this series in connection with any enforcement action to be taken by the Holder and irrevocably agreed that the security held by the Holder shall rank equally, ratably and without preference with the security held by all other holders of convertible debentures of this series.

4.3 Release from Covenants

Upon the payment of the Principal Amount and all accrued and unpaid Interest thereon under the Debentures or the exercise of the Conversion Right, as applicable, the Holder shall deliver to the Company all such instruments as may be reasonably requested by the Company to evidence the release of the Company from its covenants herein and the extinguishment of all security interests created under the General Security Agreement and the Intercreditor Agreement.

Article V. DEFAULT AND ENFORCEMENT

5.1 Events of Default

Each of the following events is herein sometimes called an “**Event of Default**”:

- (a) if the Company defaults in payment of the Principal Amount and accrued and unpaid Interest on any date which the Company is required to render that payment herein and such default continues for a period of fifteen (15) days after notice has been given to the Company by the Holder specifying such default and requiring the Company to rectify same;
- (b) if an order shall be made or an effective resolution is passed for the winding-up, liquidation or dissolution of the Company except in the course of carrying out or pursuant to a transaction which is permitted by Article III or Article VI or in the event of any dissolution of the Company by operation of law;
- (c) if the Company shall make a general assignment for the benefit of its creditors or a proposal under any bankruptcy, insolvency or analogous laws, or shall be declared bankrupt, or if a custodian or a sequestrator or a receiver and manager or any other Person with similar powers shall be appointed of the Company or of the property of the Company or any part thereof which is a substantial part thereof;
- (d) if an encumbrancer shall take possession of all of the property of the Company or any substantial part thereof, or if a distress or execution or any similar process shall be levied or enforced there against and remain unsatisfied for such period as would permit such property or such part thereof to be sold thereunder; or
- (e) if the Company fails to observe any covenant or other obligation to the Holder under this Certificate and such default continues for a period of fifteen (15) days after notice has been given to the Company by the Holder specifying such default and requiring the Company to rectify same.

5.2 Acceleration on Default

In case any Event of Default has occurred and is continuing, the Holder may, in its discretion by notice in writing to the Company, declare the Principal Amount, all accrued and unpaid Interest hereunder and any other moneys appropriately payable hereunder to be due and payable by the Company to the Holder at minimum fifteen (15) days following receipt by the Company of such notice. No premium shall be payable pursuant to the Holder issuing notice in writing to the Company declaring the Company in default.

Article VI. SUCCESSOR CORPORATIONS

6.1 Certain Requirements in Respect of Merger, etc.

The Company shall not enter into any transaction (whether by way of reorganization, reconstruction, consolidation, amalgamation, merger, transfer, sale, lease or otherwise) whereby all or substantially all of its undertaking, property and assets would become the property of any other Person or, in the case of amalgamation, of the continuing corporation resulting therefrom unless the following conditions have been met:

- (a) such other Person is a body corporate (herein called a “**Successor Corporation**”) incorporated under the laws of Canada or any province or territory thereof;
- (b) the Successor Corporation shall execute, prior to or contemporaneously with the consummation of such transaction, such instruments as are satisfactory to the Company and, in the opinion of counsel to the Company, are necessary or advisable to evidence the assumption by the Successor Corporation of liability for the due and punctual payment of the Principal Amount and the Interest thereon and all other moneys payable hereunder and the covenant of the Successor Corporation to pay the same and its agreement to observe and perform all the covenants and obligations of the Company under this Certificate;
- (c) such transaction shall, to the satisfaction of the Company and in the opinion of counsel to the Company, be upon such terms as will substantially preserve and not to impair any of the rights and powers of the Holder under this Certificate and upon such terms as are not in any way prejudicial to the interests of the Holder; and
- (d) no condition or event shall exist in respect of the Successor Corporation at the time of such transaction and after giving full effect thereto which would constitute an Event of Default.

Article VII. SATISFACTION AND DISCHARGE

7.1 Release from Covenants

Upon the payment of the Principal Amount and all accrued and unpaid Interest thereon under the Debentures or the occurrence of the Automatic Conversion, as applicable, the Holder shall deliver to the Company all such instruments as may be reasonably requested by the Company to evidence the release of the Company from its covenants herein.

Article VIII. MISCELLANEOUS

8.1 Notice

All notices, requests and other communications hereunder as between the parties shall be valid and effective only if delivered or sent by electronic mail to the address stated below. Notices, requests and other communications shall be deemed to have been given and delivered (x) on the date of delivery, if delivered or (y) on the date of transmission, if transmitted by electronic mail,

- (a) if to the Company:

Trees Corporation
 c/o Aird & Berlis LLP
 181 Bay Street, Suite 1800
 Toronto, ON M5J 2T9

Attention: Jeff Holmgren, CFO
 Email: jeffh@treescorp.ca

- (b) if to the Holder, at the address and contact information provided by the Holder in the subscription agreement entered into between the Holder and the Company in connection with such Holder's subscription for Debentures,

provided that each party's notice information may be changed by notice to the other which shall only be effective upon receipt.

8.2 Replacement of Certificates

- (a) In case this Certificate shall become mutilated or be lost, destroyed or stolen, the Company shall issue, and thereupon deliver, a new Certificate of like tenor as the one mutilated, lost, destroyed or stolen in exchange for and upon surrender and cancellation of such mutilated Certificate or in lieu of and in substitution for such lost, destroyed or stolen Certificate.
- (b) The Holder shall bear the 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 Company such evidence of ownership and of the loss, destruction or theft of the Certificate so lost, destroyed or stolen as shall be satisfactory to the Company in its discretion and such applicant shall also furnish indemnity in amount and form satisfactory to the Company in its discretion, and shall pay the reasonable charges of the Company in connection therewith.

8.3 Assignment

The Debentures are non-transferable and the Holder may not assign this Certificate without the written consent of the Company. Except as provided herein, the Company may not assign its obligations under this Certificate without the written consent of the Holder. Any purported assignment without such consent is void.

8.4 Electronic Signature

This Certificate may be signed by facsimile or other electronic means, which shall be deemed to be an original and shall be deemed to have the same legal effect and validity as a certificate bearing an original signature.

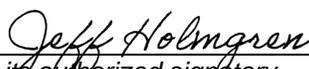
8.5 Amendment, Waiver

No amendment or waiver of this Certificate will be binding unless executed in writing by the Company if it is to be bound thereby, or by the Holder if the Holder is to be bound thereby. No waiver of any provision of this Certificate will constitute a waiver of any other provision nor will any waiver of any provision of this Certificate constitute a continuing waiver unless otherwise expressly provided.

[Signature Page to Immediately Follow]

IN WITNESS WHEREOF TREES CORPORATION has caused this Certificate to be signed by its authorized signatory as of the 5th day of November, 2021.

TREES CORPORATION


by its authorized signatory
Name: Jeff Holmgren
Title: Chief Financial Officer

46475525.1

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS FOUR MONTHS AND ONE DAY AFTER THE LATER OF (I) NOVEMBER 5, 2021; AND (II) THE DATE THE COMPANY BECOMES A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY.

TREES CORPORATION
(Existing under the laws of Alberta)

SECURED CONVERTIBLE DEBENTURES

CERTIFICATE NUMBER: 2021/11-02

HOLDER: 606093 Saskatchewan Ltd.

PRINCIPAL: 25 Debentures at a Principal Amount per Debenture of \$1,000.00, in the lawful money of Canada for an aggregate Principal Amount of Debentures evidenced by this Certificate of \$25,000.00

ISSUE DATE: NOVEMBER 5, 2021

MATURITY DATE: NOVEMBER 5, 2023

INTEREST: 58.8% PER ANNUM (4.9% PER CALENDAR MONTH), calculated as non-compounding simple interest and on the basis of a 365 day year accruing from the date of issue until the Conclusion Date

THIS IS TO CERTIFY THAT TREES CORPORATION (the "**Company**") for value received hereby acknowledges itself indebted and promises to pay to the Holder the Principal Amount and Interest thereon from the Issue Date, on presentment and surrender of this Certificate at the principal office of the Company, or its successor in the City of Vancouver, on the Maturity Date, or on such earlier date as the principal hereof becomes convertible, redeemable or payable, as the case may be, in accordance with the provisions of this Certificate.

The Debenture(s) represented by this Certificate represent the debentures issued or to be issued under one or more subscription agreements (the "**Agreement**") made between the Company and the Holder or persons on behalf of whom the Holder acts, which Agreement and all instruments supplemental thereto are referred to for a description of the terms and conditions upon which the Debenture(s) are issued and held and the rights of the Holder and of the Company, all to the same effect as if the provisions of the Agreement and all instruments supplemental thereto were herein set forth, to all of which the Holder, by acceptance hereof, assents. All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Agreement.

In the event of any conflict or inconsistency between the provisions of the Agreement (and any amendments thereto and instruments supplement thereto) and the provisions of this Certificate, except those that are necessary by context, the provisions of this Certificate (and any amendments thereto and instruments supplement thereto) shall prevail. The terms and provisions of the Agreement (and any amendments thereto and instruments supplement thereto) are incorporated herein by reference.

[Terms to Follow]

The terms of this Certificate are as follows:

Article I. INTERPRETATION

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- (b) **"Business Day"** means a day which is not a Saturday, Sunday or civic or statutory holiday in Calgary Alberta;
- (c) **"Certificate"** means this certificate evidencing the Debenture(s);
- (d) **"Common Shares"** means the Class A common shares in the capital of the Company;
- (e) **"Company"** means Trees Corporation;
- (f) **"Company's Auditors"** means an independent firm of chartered accountants duly appointed as auditors of the Company;
- (g) **"Conclusion Date"** means the earlier of: (i) the Maturity Date; (ii) the Prepayment Date; and (iii) the Conversion Date;
- (h) **"Conversion Date"** means the date of occurrence of the conversion of the Debenture pursuant to the Conversion Right;
- (i) **"Conversion Election Notice"** means a notice delivered by the Company at least 30 days prior to the date of occurrence of a Liquidity Event notifying the Holder as to such Holder's right to exercise its Conversion Right within the Conversion Exercise Period;
- (j) **"Conversion Exercise Notice"** means a notice delivered by the Holder to the Company notifying the Company as to the Holder's exercise of the Conversion Right within the Conversion Exercise Period;
- (k) **"Conversion Exercise Period"** means the period from the date of the Conversion Election Notice to 15 days thereafter;
- (l) **"Conversion Price"** means a 50% discount to the deemed price per Conversion Share in connection with the Liquidity Event;
- (m) **"Conversion Right"** means the right of the Holder exercisable to convert the Principal Amount and all Interest accrued and unpaid up to the date of the applicable Liquidity Event, into Conversion Shares at a share equal to the Conversion Price;
- (n) **"Conversion Shares"** means Common Shares issuable upon conversion of Debentures or such other security the Debentures or the Common Shares may be converted into or exchanged for in connection with a Liquidity Event.
- (o) **"Debenture(s)"** means the secured convertibles debenture(s) of the Company represented by this Certificate;
- (p) **"Event of Default"** has the meaning assigned to such term in Section 5.1;
- (q) **"Exchange"** means any duly recognized stock exchange or stock quotation or other trading system;

- (r) **"Financing"** means the offering of convertible secured debentures of the Company, including the Debentures represented by this Certificate;
- (s) **"General Security Agreement"** has the meaning assigned to such term in Section 4.2;
- (t) **"Holder"** means the holder of this Certificate noted on the front page of this Certificate;
- (u) **"Holders"** mean the Holder together with all other holders of the secured convertibles debenture(s) of the Company issued under the Financing;
- (v) **"Intercreditor Agreement"** has the meaning assigned to such term in Section 4.2;
- (w) **"Interest"** has the meaning assigned to such term in Section 2.2;
- (x) **"Issue Date"** means the date of issue of the Debenture(s), as shown on the first page of this Certificate;
- (y) **"Liquidity Event"** means the occurrence of any of the following, which results in the Common Shares or other equity securities of the Company (or of any resulting issuer) being publicly listed on an Exchange:
 - (i) the Company completing a bona-fide initial public offering or other listing of Common Shares or other equity securities under a prospectus filed with securities regulatory authorities; or
 - (ii) the consummation of any transaction including, without limitation, any consolidation, amalgamation, merger, plan of arrangement, reverse take-over, qualifying transaction, change of business or any other business combination or similar transaction;
- (z) **"Maturity Date"** means the second (2nd) anniversary of the Issue Date, or such earlier date as the principal hereof becomes convertible, redeemable or payable, as the case may be, in accordance with the provisions of this Certificate;
- (aa) **"Person"** means any individual, corporation or company, partnership, joint venture, syndicate, sole proprietorship, trust, trustee, executor, administrator or other legal representative or an unincorporated organization, government or governmental authority or entity and pronouns having a similarly extended meaning;
- (bb) **"Prepayment Date"** has the meaning assigned to such term in Section 2.4;
- (cc) **"Prepayment Right"** has the meaning assigned to such term in Section 2.4;
- (dd) **"Prepayment Amount"** has the meaning assigned to such term in Section 2.4
- (ee) **"Principal Amount"** has the meaning assigned to such term in Section 2.1;
- (ff) **"Security"** has the meaning assigned to such term in Section 4.1; and
- (gg) **"Successor Corporation"** has the meaning assigned to such term in Section 6.1.

1.2 Time

Time is of the essence in and of this Certificate.

1.3 Number and Gender

Words importing the singular number include the plural and vice versa, and words importing gender include the neuter, feminine and masculine genders.

1.4 Headings

The division of this Certificate into articles, sections, subsections and clauses, and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof.

1.5 Applicable Law

This Debenture shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein, without giving effect to the conflicts of laws principles thereof and without reference to the laws of any other jurisdiction. The courts of Alberta shall have exclusive jurisdiction over any dispute arising in connection with this Certificate.

1.6 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, such action shall be required to be taken on or before the requisite time on the next succeeding day that is a Business Day.

1.7 Monetary Reference

Any reference in this Certificate to "Dollars", "dollars", "CAD\$" or "\$" shall be deemed to be a reference to the lawful money of Canada.

1.8 Invalidity of Provisions

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

Article II. PRINCIPAL AND INTEREST

2.1 Promise to Pay Principal

The principal amount of each Debenture is \$1,000.00 (the "**Principal Amount**"). The Company agrees to pay to the Holder the Principal Amount for each Debenture evidenced by this Certificate, unless any such Debenture shall have been previously prepaid, redeemed or converted in accordance with the provisions hereof, on the Maturity Date on presentation and surrender of this Certificate at the principal office of the Company at the address set forth under Section 8.1 or at such other place as the Company may advise the Holder in writing.

2.2 Interest

Interest shall accrue on the Principal Amount at the simple rate of fifty-eight point eight] percent (58.8%) per annum (four point nine percent (4.9%) per calendar month), calculated as non-compounding simple interest and on the basis of a 365 day year ("**Interest**"), after, as well as, before each of maturity, default and judgment commencing on the date of issuance of the Debentures.

Unless previously prepaid, redeemed or converted, the Company shall pay to the Holder all accrued and unpaid Interest on the Principal Amount of each Debenture on:

- (a) in the event the Company completes a Liquidity Event prior to the one (1) year anniversary of the Issue Date, the one (1) year anniversary of the Issue Date; and
- (b) the Conclusion Date.

For avoidance of doubt, in the event the Debentures are converted in accordance with the Conversion Right, all accrued and unpaid Interest shall be converted in accordance with the Conversion Right and no cash payment shall be made to the Holder at any time.

2.3 Payment

All amounts paid by the Company to the Holder shall be applied, firstly, to any accrued and unpaid Interest, and secondly, to the outstanding Principal Amount.

2.4 Prepayment

In the event the Holder elects not to exercise its Conversion Right in connection with any Debentures, the Company shall have the right, but not the obligation, to elect to prepay all Principal Amount and all Interest accrued and unpaid up to the date of prepayment determined by the Company (the “**Prepayment Date**”) on such Debentures at any time in the Company’s sole discretion following the expiry of the Conversion Exercise Period (the “**Prepayment Right**”).

In the event the Company elects to exercise its Prepayment Right, the Company shall deliver a notice to the Holder at least five (5) days prior to the Prepayment Date as to the Company’s calculation of the total repayment amount of the Debentures being prepaid as of the Prepayment Date (the “**Prepayment Amount**”), and on the Prepayment Date, the Company shall deliver the Prepayment Amount to the Holder in cash and the obligations of the Company under each so prepaid Debenture (including any obligations pursuant the Agreement, the Intercreditor Agreement, the General Security Agreement, and this Certificate with respect to such prepaid Debenture) shall be deemed to be fully satisfied and shall cease. In addition, any security registration securing the obligations of the Company under the Debentures shall be discharged.

For the purposes of this Article II, the Debentures shall be deemed to be surrendered in exchange for the Prepayment Amount without further action of the Holder, and this Certificate shall cease to be of legal force and effect.

Article III. CONVERSION

3.1 Conversion Right

Subject to, and upon compliance with all other applicable provisions of this Article III, concurrently with or immediately prior to the date of occurrence of a Liquidity Event, the Holder shall have the right, but not the obligation, to elect to exercise the Conversion Right in respect of the Debentures held by the Holder to convert the Principal Amount and all accrued and unpaid Interest up to the date of conversion of such Debentures, into Conversion Shares at a conversion price per share equal to the Conversion Price. Upon such conversion, the rights and obligations of each party under the Agreement, the Intercreditor Agreement, the General Security Agreement, the Debentures and this Certificate shall be deemed to be fully satisfied and shall cease. In addition, any security registration securing the obligations of the Company under the Debentures shall be discharged.

3.2 Manner of Conversion

- (1) At least thirty (30) days prior to the date of occurrence of a Liquidity Event, the Company shall deliver a Conversion Election Notice to the Holder notifying the Holder thereof in writing and advising as to the Holder’s right to exercise its Conversion Right in connection with such Liquidity Event. The Conversion Election Notice shall state:
 - (a) the Conversion Date;
 - (b) the Conversion Exercise Period; and
 - (c) the Conversion Price.
- (2) Prior to the expiry of the Conversion Exercise Period, the Holder must deliver a Conversion Exercise Notice to the Company notifying the Company in writing as to the Holder’s election to exercise such Conversion Right or not.

- (3) **IN THE EVENT HOLDER DOES NOT PROVIDE A CONVERSION EXERCISE NOTICE WITHIN THE CONVERSION EXERCISE PERIOD, HOLDER WILL BE DEEMED TO HAVE EXERCISED ITS CONVERSION RIGHT IN RESPECT OF ALL DEBENTURES HELD BY SUCH HOLDER AND SUCH DEBENTURES WILL BE DEEMED AUTOMATICALLY CONVERTED IN CONNECTION WITH ANY OTHER DEBENTURES TO BE CONVERTED BY HOLDERS ELECTING TO EXERCISE THEIR CONVERSION RIGHT.**
- (4) On the Conversion Date, the Holder, or the Holder's nominee or assignee, shall be entered into the books of the Company as maintained by the Company's transfer agent as the holder of the Conversion Shares or other securities issuable upon conversion, and as soon as practicable thereafter, the Company shall deliver to the Holder, or subject as aforesaid, its nominee or assignee, evidence of the registration of such Conversion Shares or other securities issuable upon conversion with the Company's transfer agent.

Upon occurrence of the exercise of the Conversion Right, all obligations of the Company under the Agreement, the Intercreditor Agreement, the General Security Agreement, the Debenture and this Certificate, including, without limiting the generality of the foregoing, payment to the Holder of the Principal Amount and all accrued and unpaid Interest, shall be deemed to be fully satisfied and shall cease. In addition, any security registration securing the obligations of the Company under the Debentures shall be discharged.

For the purposes of this Article III, this Certificate shall be deemed to be surrendered for conversion on the Conversion Date without further action of the Holder, and this Certificate shall cease to be of legal force and effect.

Notwithstanding anything herein contained, Conversion Shares will only be issued and registered upon conversion of the Debentures in compliance with the securities laws of any applicable jurisdiction and, without limiting the generality of the foregoing, in the event that the Debentures are converted prior to the expiry of any applicable hold period under applicable securities legislation, the certificates representing the Conversion Shares will bear such legend(s) as may, in the opinion of counsel to the Company, be necessary in order to avoid a violation of any applicable securities laws or to comply with the requirements of any Exchange, provided that if, at any time, in the opinion of counsel to the Company, such legend(s) are no longer necessary in order to avoid a violation of any such laws, or the holder of any such legended certificate, at the holder's expense, provides the Company with evidence satisfactory in form and substance to the Company (which may include an opinion of counsel satisfactory to the Company) to the effect that such holder is entitled to sell or otherwise transfer such Conversion Shares in a transaction in which such legends are not required, such legended certificate may thereafter be surrendered to the Company in exchange for a certificate which does not bear such legend.

3.3 Adjustment on Capital Reorganization

If, and whenever at any time after the date hereof, and prior to the Conversion Date, there is a reclassification of the Common Shares at any time outstanding or change of the Common Shares into other shares or into other securities, whether of the Company or of another body corporate, or other capital reorganization, or a consolidation, amalgamation or merger of the Company with or into any other corporation or other entity (other than a consolidation, amalgamation or merger which does not result in any reclassification of the outstanding Common Shares or a change of the Common Shares into other shares), or a transfer of the undertaking or assets of the Company as an entirety or substantially as an entirety to another corporation or other entity in which the holders of Common Shares are entitled to receive shares, other securities or other property (any of such events being called a "**Capital Reorganization**"), any conversion of the Debentures into the Common Shares after the effective date of such Capital Reorganization will be entitled to receive, and will accept for the same aggregate consideration in lieu of the number of Common Shares to which the Holder was previously entitled upon such conversion, the aggregate number of shares, other securities or other property which the 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 Common Shares into which the Debentures were convertible

immediately prior to such Capital Reorganization. The Company will take all steps necessary to ensure that, on a Capital Reorganization, the Holder will, if the Conversion Right is exercised, receive the aggregate number of shares, other securities or other property to which it is entitled as a result of the Capital Reorganization.

For avoidance of doubt, in the event of occurrence of a Capital Reorganization, the number of Common Shares each Debenture is deemed converted into for the purposes of the calculations set forth herein shall be based on the Conversion Price, and if such Conversion Price is not ascribed in connection with a Capital Reorganization, shall be equal to a 50% discount to the fair market value per Common Share as determined by the Company in good faith immediately prior to the Capital Reorganization.

3.4 Notice as to Adjustment

The Company shall, include within the Conversion Election Notice, if the Conversion Date occurs after the occurrence of any event which requires an adjustment or readjustment as provided in Section 3.3, an explanation specifying the nature of the event requiring the adjustment and the amount of the adjustment or readjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based. Such notice and the amount of the adjustment specified therein shall, subject to the provisions of Section 3.5, be conclusive and binding on all parties of interest.

3.5 Rules Regarding Calculation of Conversion Option Adjustments

If, within five (5) days of receipt of the Conversion Election Notice specifying an adjustment, a Holder notifies the Company in writing that it disputes the adjustment, or if at any time a dispute is made by a shareholder or other creditor of the Company with respect to adjustments provided for in Section 3.4, such dispute will be conclusively determined by the Company's Auditors, or if they are unable or unwilling to act, by such other firm of independent chartered accountants as may be selected by the directors of the Company, and any such determination will be binding upon the Company, the Holder and the shareholders of the Company. Such auditors or accountants will be given access to all necessary records of the Company. If any such determination is made, the Company will deliver a certificate of the Company to the Holder describing such determination.

3.6 No Requirement to Issue Fractional Shares

No fractional Conversion Shares shall be issued upon the conversion of the Debentures. If any fractional interest in a Common Share or other security would be issuable upon the conversion of the Debentures, the Company shall instead issue that number of Conversion Shares rounded down to the nearest whole number of Conversion Shares.

3.7 Company to Issue

Upon exercise of the Conversion Right, the Company shall do all corporate acts necessary to issue the Conversion Shares issuable in connection with the Conversion Right. All Conversion Shares, when issued, shall be duly and validly issued as fully paid and non-assessable.

Article IV. SECURITY

4.1 Priority and Security

The indebtedness, liabilities and obligations of the Company under this Certificate are direct obligations of the Company secured against all current and after acquired assets of the Company (the "**Security**") evidenced by a security registration under each of the *Personal Property Security Act* (British Columbia), the *Personal Property Security Act* (Alberta) and the *Personal Property Security Act* (Ontario) in favour of the Holders, and will rank senior to all other indebtedness of the Company except as prescribed by law. In connection therewith, the Company shall enter into a general security agreement with each Holder (a "**General Security Agreement**").

4.2 Ranking

Notwithstanding the timing of registration of the Security and the General Security Agreement, the Holder has, pursuant to an intercreditor agreement among the Company, the Holder and other holders of convertible debentures of this series (the “**Intercreditor Agreement**”), agreed to notify all other holders of convertible debentures of this series in connection with any enforcement action to be taken by the Holder and irrevocably agreed that the security held by the Holder shall rank equally, ratably and without preference with the security held by all other holders of convertible debentures of this series.

4.3 Release from Covenants

Upon the payment of the Principal Amount and all accrued and unpaid Interest thereon under the Debentures or the exercise of the Conversion Right, as applicable, the Holder shall deliver to the Company all such instruments as may be reasonably requested by the Company to evidence the release of the Company from its covenants herein and the extinguishment of all security interests created under the General Security Agreement and the Intercreditor Agreement.

Article V. DEFAULT AND ENFORCEMENT

5.1 Events of Default

Each of the following events is herein sometimes called an “**Event of Default**”:

- (a) if the Company defaults in payment of the Principal Amount and accrued and unpaid Interest on any date which the Company is required to render that payment herein and such default continues for a period of fifteen (15) days after notice has been given to the Company by the Holder specifying such default and requiring the Company to rectify same;
- (b) if an order shall be made or an effective resolution is passed for the winding-up, liquidation or dissolution of the Company except in the course of carrying out or pursuant to a transaction which is permitted by Article III or Article VI or in the event of any dissolution of the Company by operation of law;
- (c) if the Company shall make a general assignment for the benefit of its creditors or a proposal under any bankruptcy, insolvency or analogous laws, or shall be declared bankrupt, or if a custodian or a sequestrator or a receiver and manager or any other Person with similar powers shall be appointed of the Company or of the property of the Company or any part thereof which is a substantial part thereof;
- (d) if an encumbrancer shall take possession of all of the property of the Company or any substantial part thereof, or if a distress or execution or any similar process shall be levied or enforced there against and remain unsatisfied for such period as would permit such property or such part thereof to be sold thereunder; or
- (e) if the Company fails to observe any covenant or other obligation to the Holder under this Certificate and such default continues for a period of fifteen (15) days after notice has been given to the Company by the Holder specifying such default and requiring the Company to rectify same.

5.2 Acceleration on Default

In case any Event of Default has occurred and is continuing, the Holder may, in its discretion by notice in writing to the Company, declare the Principal Amount, all accrued and unpaid Interest hereunder and any other moneys appropriately payable hereunder to be due and payable by the Company to the Holder at minimum fifteen (15) days following receipt by the Company of such notice. No premium shall be payable pursuant to the Holder issuing notice in writing to the Company declaring the Company in default.

Article VI. SUCCESSOR CORPORATIONS

6.1 Certain Requirements in Respect of Merger, etc.

The Company shall not enter into any transaction (whether by way of reorganization, reconstruction, consolidation, amalgamation, merger, transfer, sale, lease or otherwise) whereby all or substantially all of its undertaking, property and assets would become the property of any other Person or, in the case of amalgamation, of the continuing corporation resulting therefrom unless the following conditions have been met:

- (a) such other Person is a body corporate (herein called a “**Successor Corporation**”) incorporated under the laws of Canada or any province or territory thereof;
- (b) the Successor Corporation shall execute, prior to or contemporaneously with the consummation of such transaction, such instruments as are satisfactory to the Company and, in the opinion of counsel to the Company, are necessary or advisable to evidence the assumption by the Successor Corporation of liability for the due and punctual payment of the Principal Amount and the Interest thereon and all other moneys payable hereunder and the covenant of the Successor Corporation to pay the same and its agreement to observe and perform all the covenants and obligations of the Company under this Certificate;
- (c) such transaction shall, to the satisfaction of the Company and in the opinion of counsel to the Company, be upon such terms as will substantially preserve and not to impair any of the rights and powers of the Holder under this Certificate and upon such terms as are not in any way prejudicial to the interests of the Holder; and
- (d) no condition or event shall exist in respect of the Successor Corporation at the time of such transaction and after giving full effect thereto which would constitute an Event of Default.

Article VII. SATISFACTION AND DISCHARGE

7.1 Release from Covenants

Upon the payment of the Principal Amount and all accrued and unpaid Interest thereon under the Debentures or the occurrence of the Automatic Conversion, as applicable, the Holder shall deliver to the Company all such instruments as may be reasonably requested by the Company to evidence the release of the Company from its covenants herein.

Article VIII. MISCELLANEOUS

8.1 Notice

All notices, requests and other communications hereunder as between the parties shall be valid and effective only if delivered or sent by electronic mail to the address stated below. Notices, requests and other communications shall be deemed to have been given and delivered (x) on the date of delivery, if delivered or (y) on the date of transmission, if transmitted by electronic mail,

- (a) if to the Company:

Trees Corporation
 c/o Aird & Berlis LLP
 181 Bay Street, Suite 1800
 Toronto, ON M5J 2T9

Attention: Jeff Holmgren, CFO
 Email: jeffh@treescorp.ca

- (b) if to the Holder, at the address and contact information provided by the Holder in the subscription agreement entered into between the Holder and the Company in connection with such Holder's subscription for Debentures,

provided that each party's notice information may be changed by notice to the other which shall only be effective upon receipt.

8.2 Replacement of Certificates

- (a) In case this Certificate shall become mutilated or be lost, destroyed or stolen, the Company shall issue, and thereupon deliver, a new Certificate of like tenor as the one mutilated, lost, destroyed or stolen in exchange for and upon surrender and cancellation of such mutilated Certificate or in lieu of and in substitution for such lost, destroyed or stolen Certificate.
- (b) The Holder shall bear the 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 Company such evidence of ownership and of the loss, destruction or theft of the Certificate so lost, destroyed or stolen as shall be satisfactory to the Company in its discretion and such applicant shall also furnish indemnity in amount and form satisfactory to the Company in its discretion, and shall pay the reasonable charges of the Company in connection therewith.

8.3 Assignment

The Debentures are non-transferable and the Holder may not assign this Certificate without the written consent of the Company. Except as provided herein, the Company may not assign its obligations under this Certificate without the written consent of the Holder. Any purported assignment without such consent is void.

8.4 Electronic Signature

This Certificate may be signed by facsimile or other electronic means, which shall be deemed to be an original and shall be deemed to have the same legal effect and validity as a certificate bearing an original signature.

8.5 Amendment, Waiver

No amendment or waiver of this Certificate will be binding unless executed in writing by the Company if it is to be bound thereby, or by the Holder if the Holder is to be bound thereby. No waiver of any provision of this Certificate will constitute a waiver of any other provision nor will any waiver of any provision of this Certificate constitute a continuing waiver unless otherwise expressly provided.

[Signature Page to Immediately Follow]

IN WITNESS WHEREOF TREES CORPORATION has caused this Certificate to be signed by its authorized signatory as of the 5th day of November, 2021.

TREES CORPORATION

Jeff Holmgren

by its authorized signatory

Name: Jeff Holmgren

Title: Chief Financial Officer

46475526.1

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS FOUR MONTHS AND ONE DAY AFTER THE LATER OF (I) NOVEMBER 5, 2021; AND (II) THE DATE THE COMPANY BECOMES A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY.

TREES CORPORATION
(Existing under the laws of Alberta)

SECURED CONVERTIBLE DEBENTURES

CERTIFICATE NUMBER: 2021/11-03

HOLDER: Minerva Investments Ltd.

PRINCIPAL: 25 Debentures at a Principal Amount per Debenture of \$1,000.00, in the lawful money of Canada for an aggregate Principal Amount of Debentures evidenced by this Certificate of \$25,000.00

ISSUE DATE: NOVEMBER 5, 2021

MATURITY DATE: NOVEMBER 5, 2023

INTEREST: 58.8% PER ANNUM (4.9% PER CALENDAR MONTH), calculated as non-compounding simple interest and on the basis of a 365 day year accruing from the date of issue until the Conclusion Date

THIS IS TO CERTIFY THAT TREES CORPORATION (the "**Company**") for value received hereby acknowledges itself indebted and promises to pay to the Holder the Principal Amount and Interest thereon from the Issue Date, on presentment and surrender of this Certificate at the principal office of the Company, or its successor in the City of Vancouver, on the Maturity Date, or on such earlier date as the principal hereof becomes convertible, redeemable or payable, as the case may be, in accordance with the provisions of this Certificate.

The Debenture(s) represented by this Certificate represent the debentures issued or to be issued under one or more subscription agreements (the "**Agreement**") made between the Company and the Holder or persons on behalf of whom the Holder acts, which Agreement and all instruments supplemental thereto are referred to for a description of the terms and conditions upon which the Debenture(s) are issued and held and the rights of the Holder and of the Company, all to the same effect as if the provisions of the Agreement and all instruments supplemental thereto were herein set forth, to all of which the Holder, by acceptance hereof, assents. All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Agreement.

In the event of any conflict or inconsistency between the provisions of the Agreement (and any amendments thereto and instruments supplement thereto) and the provisions of this Certificate, except those that are necessary by context, the provisions of this Certificate (and any amendments thereto and instruments supplement thereto) shall prevail. The terms and provisions of the Agreement (and any amendments thereto and instruments supplement thereto) are incorporated herein by reference.

[Terms to Follow]

The terms of this Certificate are as follows:

Article I. INTERPRETATION

1.1 Definitions

In this Certificate, unless there is something in the subject matter or context inconsistent therewith:

- (a) **"Agreement"** means the debenture subscription agreement pursuant to which this Certificate is granted;
- (b) **"Business Day"** means a day which is not a Saturday, Sunday or civic or statutory holiday in Calgary Alberta;
- (c) **"Certificate"** means this certificate evidencing the Debenture(s);
- (d) **"Common Shares"** means the Class A common shares in the capital of the Company;
- (e) **"Company"** means Trees Corporation;
- (f) **"Company's Auditors"** means an independent firm of chartered accountants duly appointed as auditors of the Company;
- (g) **"Conclusion Date"** means the earlier of: (i) the Maturity Date; (ii) the Prepayment Date; and (iii) the Conversion Date;
- (h) **"Conversion Date"** means the date of occurrence of the conversion of the Debenture pursuant to the Conversion Right;
- (i) **"Conversion Election Notice"** means a notice delivered by the Company at least 30 days prior to the date of occurrence of a Liquidity Event notifying the Holder as to such Holder's right to exercise its Conversion Right within the Conversion Exercise Period;
- (j) **"Conversion Exercise Notice"** means a notice delivered by the Holder to the Company notifying the Company as to the Holder's exercise of the Conversion Right within the Conversion Exercise Period;
- (k) **"Conversion Exercise Period"** means the period from the date of the Conversion Election Notice to 15 days thereafter;
- (l) **"Conversion Price"** means a 50% discount to the deemed price per Conversion Share in connection with the Liquidity Event;
- (m) **"Conversion Right"** means the right of the Holder exercisable to convert the Principal Amount and all Interest accrued and unpaid up to the date of the applicable Liquidity Event, into Conversion Shares at a share equal to the Conversion Price;
- (n) **"Conversion Shares"** means Common Shares issuable upon conversion of Debentures or such other security the Debentures or the Common Shares may be converted into or exchanged for in connection with a Liquidity Event.
- (o) **"Debenture(s)"** means the secured convertibles debenture(s) of the Company represented by this Certificate;
- (p) **"Event of Default"** has the meaning assigned to such term in Section 5.1;
- (q) **"Exchange"** means any duly recognized stock exchange or stock quotation or other trading system;

- (r) **"Financing"** means the offering of convertible secured debentures of the Company, including the Debentures represented by this Certificate;
- (s) **"General Security Agreement"** has the meaning assigned to such term in Section 4.2;
- (t) **"Holder"** means the holder of this Certificate noted on the front page of this Certificate;
- (u) **"Holders"** mean the Holder together with all other holders of the secured convertibles debenture(s) of the Company issued under the Financing;
- (v) **"Intercreditor Agreement"** has the meaning assigned to such term in Section 4.2;
- (w) **"Interest"** has the meaning assigned to such term in Section 2.2;
- (x) **"Issue Date"** means the date of issue of the Debenture(s), as shown on the first page of this Certificate;
- (y) **"Liquidity Event"** means the occurrence of any of the following, which results in the Common Shares or other equity securities of the Company (or of any resulting issuer) being publicly listed on an Exchange:
 - (i) the Company completing a bona-fide initial public offering or other listing of Common Shares or other equity securities under a prospectus filed with securities regulatory authorities; or
 - (ii) the consummation of any transaction including, without limitation, any consolidation, amalgamation, merger, plan of arrangement, reverse take-over, qualifying transaction, change of business or any other business combination or similar transaction;
- (z) **"Maturity Date"** means the second (2nd) anniversary of the Issue Date, or such earlier date as the principal hereof becomes convertible, redeemable or payable, as the case may be, in accordance with the provisions of this Certificate;
- (aa) **"Person"** means any individual, corporation or company, partnership, joint venture, syndicate, sole proprietorship, trust, trustee, executor, administrator or other legal representative or an unincorporated organization, government or governmental authority or entity and pronouns having a similarly extended meaning;
- (bb) **"Prepayment Date"** has the meaning assigned to such term in Section 2.4;
- (cc) **"Prepayment Right"** has the meaning assigned to such term in Section 2.4;
- (dd) **"Prepayment Amount"** has the meaning assigned to such term in Section 2.4
- (ee) **"Principal Amount"** has the meaning assigned to such term in Section 2.1;
- (ff) **"Security"** has the meaning assigned to such term in Section 4.1; and
- (gg) **"Successor Corporation"** has the meaning assigned to such term in Section 6.1.

1.2 Time

Time is of the essence in and of this Certificate.

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Words importing the singular number include the plural and vice versa, and words importing gender include the neuter, feminine and masculine genders.

1.4 Headings

The division of this Certificate into articles, sections, subsections and clauses, and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof.

1.5 Applicable Law

This Debenture shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein, without giving effect to the conflicts of laws principles thereof and without reference to the laws of any other jurisdiction. The courts of Alberta shall have exclusive jurisdiction over any dispute arising in connection with this Certificate.

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In the event that any day on or before which any action is required to be taken hereunder is not a Business Day, such action shall be required to be taken on or before the requisite time on the next succeeding day that is a Business Day.

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Any reference in this Certificate to "Dollars", "dollars", "CAD\$" or "\$" shall be deemed to be a reference to the lawful money of Canada.

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

Article II. PRINCIPAL AND INTEREST

2.1 Promise to Pay Principal

The principal amount of each Debenture is \$1,000.00 (the "**Principal Amount**"). The Company agrees to pay to the Holder the Principal Amount for each Debenture evidenced by this Certificate, unless any such Debenture shall have been previously prepaid, redeemed or converted in accordance with the provisions hereof, on the Maturity Date on presentation and surrender of this Certificate at the principal office of the Company at the address set forth under Section 8.1 or at such other place as the Company may advise the Holder in writing.

2.2 Interest

Interest shall accrue on the Principal Amount at the simple rate of fifty-eight point eight] percent (58.8%) per annum (four point nine percent (4.9%) per calendar month), calculated as non-compounding simple interest and on the basis of a 365 day year ("**Interest**"), after, as well as, before each of maturity, default and judgment commencing on the date of issuance of the Debentures.

Unless previously prepaid, redeemed or converted, the Company shall pay to the Holder all accrued and unpaid Interest on the Principal Amount of each Debenture on:

- (a) in the event the Company completes a Liquidity Event prior to the one (1) year anniversary of the Issue Date, the one (1) year anniversary of the Issue Date; and
- (b) the Conclusion Date.

For avoidance of doubt, in the event the Debentures are converted in accordance with the Conversion Right, all accrued and unpaid Interest shall be converted in accordance with the Conversion Right and no cash payment shall be made to the Holder at any time.

2.3 Payment

All amounts paid by the Company to the Holder shall be applied, firstly, to any accrued and unpaid Interest, and secondly, to the outstanding Principal Amount.

2.4 Prepayment

In the event the Holder elects not to exercise its Conversion Right in connection with any Debentures, the Company shall have the right, but not the obligation, to elect to prepay all Principal Amount and all Interest accrued and unpaid up to the date of prepayment determined by the Company (the “**Prepayment Date**”) on such Debentures at any time in the Company’s sole discretion following the expiry of the Conversion Exercise Period (the “**Prepayment Right**”).

In the event the Company elects to exercise its Prepayment Right, the Company shall deliver a notice to the Holder at least five (5) days prior to the Prepayment Date as to the Company’s calculation of the total repayment amount of the Debentures being prepaid as of the Prepayment Date (the “**Prepayment Amount**”), and on the Prepayment Date, the Company shall deliver the Prepayment Amount to the Holder in cash and the obligations of the Company under each so prepaid Debenture (including any obligations pursuant the Agreement, the Intercreditor Agreement, the General Security Agreement, and this Certificate with respect to such prepaid Debenture) shall be deemed to be fully satisfied and shall cease. In addition, any security registration securing the obligations of the Company under the Debentures shall be discharged.

For the purposes of this Article II, the Debentures shall be deemed to be surrendered in exchange for the Prepayment Amount without further action of the Holder, and this Certificate shall cease to be of legal force and effect.

Article III. CONVERSION

3.1 Conversion Right

Subject to, and upon compliance with all other applicable provisions of this Article III, concurrently with or immediately prior to the date of occurrence of a Liquidity Event, the Holder shall have the right, but not the obligation, to elect to exercise the Conversion Right in respect of the Debentures held by the Holder to convert the Principal Amount and all accrued and unpaid Interest up to the date of conversion of such Debentures, into Conversion Shares at a conversion price per share equal to the Conversion Price. Upon such conversion, the rights and obligations of each party under the Agreement, the Intercreditor Agreement, the General Security Agreement, the Debentures and this Certificate shall be deemed to be fully satisfied and shall cease. In addition, any security registration securing the obligations of the Company under the Debentures shall be discharged.

3.2 Manner of Conversion

- (1) At least thirty (30) days prior to the date of occurrence of a Liquidity Event, the Company shall deliver a Conversion Election Notice to the Holder notifying the Holder thereof in writing and advising as to the Holder’s right to exercise its Conversion Right in connection with such Liquidity Event. The Conversion Election Notice shall state:
 - (a) the Conversion Date;
 - (b) the Conversion Exercise Period; and
 - (c) the Conversion Price.
- (2) Prior to the expiry of the Conversion Exercise Period, the Holder must deliver a Conversion Exercise Notice to the Company notifying the Company in writing as to the Holder’s election to exercise such Conversion Right or not.

- (3) **IN THE EVENT HOLDER DOES NOT PROVIDE A CONVERSION EXERCISE NOTICE WITHIN THE CONVERSION EXERCISE PERIOD, HOLDER WILL BE DEEMED TO HAVE EXERCISED ITS CONVERSION RIGHT IN RESPECT OF ALL DEBENTURES HELD BY SUCH HOLDER AND SUCH DEBENTURES WILL BE DEEMED AUTOMATICALLY CONVERTED IN CONNECTION WITH ANY OTHER DEBENTURES TO BE CONVERTED BY HOLDERS ELECTING TO EXERCISE THEIR CONVERSION RIGHT.**
- (4) On the Conversion Date, the Holder, or the Holder's nominee or assignee, shall be entered into the books of the Company as maintained by the Company's transfer agent as the holder of the Conversion Shares or other securities issuable upon conversion, and as soon as practicable thereafter, the Company shall deliver to the Holder, or subject as aforesaid, its nominee or assignee, evidence of the registration of such Conversion Shares or other securities issuable upon conversion with the Company's transfer agent.

Upon occurrence of the exercise of the Conversion Right, all obligations of the Company under the Agreement, the Intercreditor Agreement, the General Security Agreement, the Debenture and this Certificate, including, without limiting the generality of the foregoing, payment to the Holder of the Principal Amount and all accrued and unpaid Interest, shall be deemed to be fully satisfied and shall cease. In addition, any security registration securing the obligations of the Company under the Debentures shall be discharged.

For the purposes of this Article III, this Certificate shall be deemed to be surrendered for conversion on the Conversion Date without further action of the Holder, and this Certificate shall cease to be of legal force and effect.

Notwithstanding anything herein contained, Conversion Shares will only be issued and registered upon conversion of the Debentures in compliance with the securities laws of any applicable jurisdiction and, without limiting the generality of the foregoing, in the event that the Debentures are converted prior to the expiry of any applicable hold period under applicable securities legislation, the certificates representing the Conversion Shares will bear such legend(s) as may, in the opinion of counsel to the Company, be necessary in order to avoid a violation of any applicable securities laws or to comply with the requirements of any Exchange, provided that if, at any time, in the opinion of counsel to the Company, such legend(s) are no longer necessary in order to avoid a violation of any such laws, or the holder of any such legended certificate, at the holder's expense, provides the Company with evidence satisfactory in form and substance to the Company (which may include an opinion of counsel satisfactory to the Company) to the effect that such holder is entitled to sell or otherwise transfer such Conversion Shares in a transaction in which such legends are not required, such legended certificate may thereafter be surrendered to the Company in exchange for a certificate which does not bear such legend.

3.3 Adjustment on Capital Reorganization

If, and whenever at any time after the date hereof, and prior to the Conversion Date, there is a reclassification of the Common Shares at any time outstanding or change of the Common Shares into other shares or into other securities, whether of the Company or of another body corporate, or other capital reorganization, or a consolidation, amalgamation or merger of the Company with or into any other corporation or other entity (other than a consolidation, amalgamation or merger which does not result in any reclassification of the outstanding Common Shares or a change of the Common Shares into other shares), or a transfer of the undertaking or assets of the Company as an entirety or substantially as an entirety to another corporation or other entity in which the holders of Common Shares are entitled to receive shares, other securities or other property (any of such events being called a "**Capital Reorganization**"), any conversion of the Debentures into the Common Shares after the effective date of such Capital Reorganization will be entitled to receive, and will accept for the same aggregate consideration in lieu of the number of Common Shares to which the Holder was previously entitled upon such conversion, the aggregate number of shares, other securities or other property which the 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 Common Shares into which the Debentures were convertible

immediately prior to such Capital Reorganization. The Company will take all steps necessary to ensure that, on a Capital Reorganization, the Holder will, if the Conversion Right is exercised, receive the aggregate number of shares, other securities or other property to which it is entitled as a result of the Capital Reorganization.

For avoidance of doubt, in the event of occurrence of a Capital Reorganization, the number of Common Shares each Debenture is deemed converted into for the purposes of the calculations set forth herein shall be based on the Conversion Price, and if such Conversion Price is not ascribed in connection with a Capital Reorganization, shall be equal to a 50% discount to the fair market value per Common Share as determined by the Company in good faith immediately prior to the Capital Reorganization.

3.4 Notice as to Adjustment

The Company shall, include within the Conversion Election Notice, if the Conversion Date occurs after the occurrence of any event which requires an adjustment or readjustment as provided in Section 3.3, an explanation specifying the nature of the event requiring the adjustment and the amount of the adjustment or readjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based. Such notice and the amount of the adjustment specified therein shall, subject to the provisions of Section 3.5, be conclusive and binding on all parties of interest.

3.5 Rules Regarding Calculation of Conversion Option Adjustments

If, within five (5) days of receipt of the Conversion Election Notice specifying an adjustment, a Holder notifies the Company in writing that it disputes the adjustment, or if at any time a dispute is made by a shareholder or other creditor of the Company with respect to adjustments provided for in Section 3.4, such dispute will be conclusively determined by the Company's Auditors, or if they are unable or unwilling to act, by such other firm of independent chartered accountants as may be selected by the directors of the Company, and any such determination will be binding upon the Company, the Holder and the shareholders of the Company. Such auditors or accountants will be given access to all necessary records of the Company. If any such determination is made, the Company will deliver a certificate of the Company to the Holder describing such determination.

3.6 No Requirement to Issue Fractional Shares

No fractional Conversion Shares shall be issued upon the conversion of the Debentures. If any fractional interest in a Common Share or other security would be issuable upon the conversion of the Debentures, the Company shall instead issue that number of Conversion Shares rounded down to the nearest whole number of Conversion Shares.

3.7 Company to Issue

Upon exercise of the Conversion Right, the Company shall do all corporate acts necessary to issue the Conversion Shares issuable in connection with the Conversion Right. All Conversion Shares, when issued, shall be duly and validly issued as fully paid and non-assessable.

Article IV. SECURITY

4.1 Priority and Security

The indebtedness, liabilities and obligations of the Company under this Certificate are direct obligations of the Company secured against all current and after acquired assets of the Company (the "**Security**") evidenced by a security registration under each of the *Personal Property Security Act* (British Columbia), the *Personal Property Security Act* (Alberta) and the *Personal Property Security Act* (Ontario) in favour of the Holders, and will rank senior to all other indebtedness of the Company except as prescribed by law. In connection therewith, the Company shall enter into a general security agreement with each Holder (a "**General Security Agreement**").

4.2 Ranking

Notwithstanding the timing of registration of the Security and the General Security Agreement, the Holder has, pursuant to an intercreditor agreement among the Company, the Holder and other holders of convertible debentures of this series (the “**Intercreditor Agreement**”), agreed to notify all other holders of convertible debentures of this series in connection with any enforcement action to be taken by the Holder and irrevocably agreed that the security held by the Holder shall rank equally, ratably and without preference with the security held by all other holders of convertible debentures of this series.

4.3 Release from Covenants

Upon the payment of the Principal Amount and all accrued and unpaid Interest thereon under the Debentures or the exercise of the Conversion Right, as applicable, the Holder shall deliver to the Company all such instruments as may be reasonably requested by the Company to evidence the release of the Company from its covenants herein and the extinguishment of all security interests created under the General Security Agreement and the Intercreditor Agreement.

Article V. DEFAULT AND ENFORCEMENT

5.1 Events of Default

Each of the following events is herein sometimes called an “**Event of Default**”:

- (a) if the Company defaults in payment of the Principal Amount and accrued and unpaid Interest on any date which the Company is required to render that payment herein and such default continues for a period of fifteen (15) days after notice has been given to the Company by the Holder specifying such default and requiring the Company to rectify same;
- (b) if an order shall be made or an effective resolution is passed for the winding-up, liquidation or dissolution of the Company except in the course of carrying out or pursuant to a transaction which is permitted by Article III or Article VI or in the event of any dissolution of the Company by operation of law;
- (c) if the Company shall make a general assignment for the benefit of its creditors or a proposal under any bankruptcy, insolvency or analogous laws, or shall be declared bankrupt, or if a custodian or a sequestrator or a receiver and manager or any other Person with similar powers shall be appointed of the Company or of the property of the Company or any part thereof which is a substantial part thereof;
- (d) if an encumbrancer shall take possession of all of the property of the Company or any substantial part thereof, or if a distress or execution or any similar process shall be levied or enforced there against and remain unsatisfied for such period as would permit such property or such part thereof to be sold thereunder; or
- (e) if the Company fails to observe any covenant or other obligation to the Holder under this Certificate and such default continues for a period of fifteen (15) days after notice has been given to the Company by the Holder specifying such default and requiring the Company to rectify same.

5.2 Acceleration on Default

In case any Event of Default has occurred and is continuing, the Holder may, in its discretion by notice in writing to the Company, declare the Principal Amount, all accrued and unpaid Interest hereunder and any other moneys appropriately payable hereunder to be due and payable by the Company to the Holder at minimum fifteen (15) days following receipt by the Company of such notice. No premium shall be payable pursuant to the Holder issuing notice in writing to the Company declaring the Company in default.

Article VI. SUCCESSOR CORPORATIONS

6.1 Certain Requirements in Respect of Merger, etc.

The Company shall not enter into any transaction (whether by way of reorganization, reconstruction, consolidation, amalgamation, merger, transfer, sale, lease or otherwise) whereby all or substantially all of its undertaking, property and assets would become the property of any other Person or, in the case of amalgamation, of the continuing corporation resulting therefrom unless the following conditions have been met:

- (a) such other Person is a body corporate (herein called a “**Successor Corporation**”) incorporated under the laws of Canada or any province or territory thereof;
- (b) the Successor Corporation shall execute, prior to or contemporaneously with the consummation of such transaction, such instruments as are satisfactory to the Company and, in the opinion of counsel to the Company, are necessary or advisable to evidence the assumption by the Successor Corporation of liability for the due and punctual payment of the Principal Amount and the Interest thereon and all other moneys payable hereunder and the covenant of the Successor Corporation to pay the same and its agreement to observe and perform all the covenants and obligations of the Company under this Certificate;
- (c) such transaction shall, to the satisfaction of the Company and in the opinion of counsel to the Company, be upon such terms as will substantially preserve and not to impair any of the rights and powers of the Holder under this Certificate and upon such terms as are not in any way prejudicial to the interests of the Holder; and
- (d) no condition or event shall exist in respect of the Successor Corporation at the time of such transaction and after giving full effect thereto which would constitute an Event of Default.

Article VII. SATISFACTION AND DISCHARGE

7.1 Release from Covenants

Upon the payment of the Principal Amount and all accrued and unpaid Interest thereon under the Debentures or the occurrence of the Automatic Conversion, as applicable, the Holder shall deliver to the Company all such instruments as may be reasonably requested by the Company to evidence the release of the Company from its covenants herein.

Article VIII. MISCELLANEOUS

8.1 Notice

All notices, requests and other communications hereunder as between the parties shall be valid and effective only if delivered or sent by electronic mail to the address stated below. Notices, requests and other communications shall be deemed to have been given and delivered (x) on the date of delivery, if delivered or (y) on the date of transmission, if transmitted by electronic mail,

- (a) if to the Company:

Trees Corporation
c/o Aird & Berlis LLP
181 Bay Street, Suite 1800
Toronto, ON M5J 2T9

Attention: Jeff Holmgren, CFO
Email: jeffh@treescorp.ca

- (b) if to the Holder, at the address and contact information provided by the Holder in the subscription agreement entered into between the Holder and the Company in connection with such Holder's subscription for Debentures,

provided that each party's notice information may be changed by notice to the other which shall only be effective upon receipt.

8.2 Replacement of Certificates

- (a) In case this Certificate shall become mutilated or be lost, destroyed or stolen, the Company shall issue, and thereupon deliver, a new Certificate of like tenor as the one mutilated, lost, destroyed or stolen in exchange for and upon surrender and cancellation of such mutilated Certificate or in lieu of and in substitution for such lost, destroyed or stolen Certificate.
- (b) The Holder shall bear the 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 Company such evidence of ownership and of the loss, destruction or theft of the Certificate so lost, destroyed or stolen as shall be satisfactory to the Company in its discretion and such applicant shall also furnish indemnity in amount and form satisfactory to the Company in its discretion, and shall pay the reasonable charges of the Company in connection therewith.

8.3 Assignment

The Debentures are non-transferable and the Holder may not assign this Certificate without the written consent of the Company. Except as provided herein, the Company may not assign its obligations under this Certificate without the written consent of the Holder. Any purported assignment without such consent is void.

8.4 Electronic Signature

This Certificate may be signed by facsimile or other electronic means, which shall be deemed to be an original and shall be deemed to have the same legal effect and validity as a certificate bearing an original signature.

8.5 Amendment, Waiver

No amendment or waiver of this Certificate will be binding unless executed in writing by the Company if it is to be bound thereby, or by the Holder if the Holder is to be bound thereby. No waiver of any provision of this Certificate will constitute a waiver of any other provision nor will any waiver of any provision of this Certificate constitute a continuing waiver unless otherwise expressly provided.

[Signature Page to Immediately Follow]

IN WITNESS WHEREOF TREES CORPORATION has caused this Certificate to be signed by its authorized signatory as of the 5th day of November, 2021.

TREES CORPORATION

Jeff Holmgren

by its authorized signatory

Name: Jeff Holmgren

Title: Chief Financial Officer

46475529.1

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS FOUR MONTHS AND ONE DAY AFTER THE LATER OF (I) NOVEMBER 5, 2021; AND (II) THE DATE THE COMPANY BECOMES A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY.

TREES CORPORATION
(Existing under the laws of Alberta)

SECURED CONVERTIBLE DEBENTURES

CERTIFICATE NUMBER: 2021/11-04

HOLDER: Echo Capital Growth Corporation

PRINCIPAL: 100 Debentures at a Principal Amount per Debenture of \$1,000.00, in the lawful money of Canada for an aggregate Principal Amount of Debentures evidenced by this Certificate of \$100,000.00

ISSUE DATE: NOVEMBER 5, 2021

MATURITY DATE: NOVEMBER 5, 2023

INTEREST: 58.8% PER ANNUM (4.9% PER CALENDAR MONTH), calculated as non-compounding simple interest and on the basis of a 365 day year accruing from the date of issue until the Conclusion Date

THIS IS TO CERTIFY THAT TREES CORPORATION (the “**Company**”) for value received hereby acknowledges itself indebted and promises to pay to the Holder the Principal Amount and Interest thereon from the Issue Date, on presentment and surrender of this Certificate at the principal office of the Company, or its successor in the City of Vancouver, on the Maturity Date, or on such earlier date as the principal hereof becomes convertible, redeemable or payable, as the case may be, in accordance with the provisions of this Certificate.

The Debenture(s) represented by this Certificate represent the debentures issued or to be issued under one or more subscription agreements (the “**Agreement**”) made between the Company and the Holder or persons on behalf of whom the Holder acts, which Agreement and all instruments supplemental thereto are referred to for a description of the terms and conditions upon which the Debenture(s) are issued and held and the rights of the Holder and of the Company, all to the same effect as if the provisions of the Agreement and all instruments supplemental thereto were herein set forth, to all of which the Holder, by acceptance hereof, assents. All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Agreement.

In the event of any conflict or inconsistency between the provisions of the Agreement (and any amendments thereto and instruments supplement thereto) and the provisions of this Certificate, except those that are necessary by context, the provisions of this Certificate (and any amendments thereto and instruments supplement thereto) shall prevail. The terms and provisions of the Agreement (and any amendments thereto and instruments supplement thereto) are incorporated herein by reference.

[Terms to Follow]

The terms of this Certificate are as follows:

Article I. INTERPRETATION

1.1 Definitions

In this Certificate, unless there is something in the subject matter or context inconsistent therewith:

- (a) **"Agreement"** means the debenture subscription agreement pursuant to which this Certificate is granted;
- (b) **"Business Day"** means a day which is not a Saturday, Sunday or civic or statutory holiday in Calgary Alberta;
- (c) **"Certificate"** means this certificate evidencing the Debenture(s);
- (d) **"Common Shares"** means the Class A common shares in the capital of the Company;
- (e) **"Company"** means Trees Corporation;
- (f) **"Company's Auditors"** means an independent firm of chartered accountants duly appointed as auditors of the Company;
- (g) **"Conclusion Date"** means the earlier of: (i) the Maturity Date; (ii) the Prepayment Date; and (iii) the Conversion Date;
- (h) **"Conversion Date"** means the date of occurrence of the conversion of the Debenture pursuant to the Conversion Right;
- (i) **"Conversion Election Notice"** means a notice delivered by the Company at least 30 days prior to the date of occurrence of a Liquidity Event notifying the Holder as to such Holder's right to exercise its Conversion Right within the Conversion Exercise Period;
- (j) **"Conversion Exercise Notice"** means a notice delivered by the Holder to the Company notifying the Company as to the Holder's exercise of the Conversion Right within the Conversion Exercise Period;
- (k) **"Conversion Exercise Period"** means the period from the date of the Conversion Election Notice to 15 days thereafter;
- (l) **"Conversion Price"** means a 50% discount to the deemed price per Conversion Share in connection with the Liquidity Event;
- (m) **"Conversion Right"** means the right of the Holder exercisable to convert the Principal Amount and all Interest accrued and unpaid up to the date of the applicable Liquidity Event, into Conversion Shares at a share equal to the Conversion Price;
- (n) **"Conversion Shares"** means Common Shares issuable upon conversion of Debentures or such other security the Debentures or the Common Shares may be converted into or exchanged for in connection with a Liquidity Event.
- (o) **"Debenture(s)"** means the secured convertibles debenture(s) of the Company represented by this Certificate;
- (p) **"Event of Default"** has the meaning assigned to such term in Section 5.1;
- (q) **"Exchange"** means any duly recognized stock exchange or stock quotation or other trading system;

- (r) **"Financing"** means the offering of convertible secured debentures of the Company, including the Debentures represented by this Certificate;
- (s) **"General Security Agreement"** has the meaning assigned to such term in Section 4.2;
- (t) **"Holder"** means the holder of this Certificate noted on the front page of this Certificate;
- (u) **"Holders"** mean the Holder together with all other holders of the secured convertibles debenture(s) of the Company issued under the Financing;
- (v) **"Intercreditor Agreement"** has the meaning assigned to such term in Section 4.2;
- (w) **"Interest"** has the meaning assigned to such term in Section 2.2;
- (x) **"Issue Date"** means the date of issue of the Debenture(s), as shown on the first page of this Certificate;
- (y) **"Liquidity Event"** means the occurrence of any of the following, which results in the Common Shares or other equity securities of the Company (or of any resulting issuer) being publicly listed on an Exchange:
 - (i) the Company completing a bona-fide initial public offering or other listing of Common Shares or other equity securities under a prospectus filed with securities regulatory authorities; or
 - (ii) the consummation of any transaction including, without limitation, any consolidation, amalgamation, merger, plan of arrangement, reverse take-over, qualifying transaction, change of business or any other business combination or similar transaction;
- (z) **"Maturity Date"** means the second (2nd) anniversary of the Issue Date, or such earlier date as the principal hereof becomes convertible, redeemable or payable, as the case may be, in accordance with the provisions of this Certificate;
- (aa) **"Person"** means any individual, corporation or company, partnership, joint venture, syndicate, sole proprietorship, trust, trustee, executor, administrator or other legal representative or an unincorporated organization, government or governmental authority or entity and pronouns having a similarly extended meaning;
- (bb) **"Prepayment Date"** has the meaning assigned to such term in Section 2.4;
- (cc) **"Prepayment Right"** has the meaning assigned to such term in Section 2.4;
- (dd) **"Prepayment Amount"** has the meaning assigned to such term in Section 2.4
- (ee) **"Principal Amount"** has the meaning assigned to such term in Section 2.1;
- (ff) **"Security"** has the meaning assigned to such term in Section 4.1; and
- (gg) **"Successor Corporation"** has the meaning assigned to such term in Section 6.1.

1.2 Time

Time is of the essence in and of this Certificate.

1.3 Number and Gender

Words importing the singular number include the plural and vice versa, and words importing gender include the neuter, feminine and masculine genders.

1.4 Headings

The division of this Certificate into articles, sections, subsections and clauses, and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof.

1.5 Applicable Law

This Debenture shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein, without giving effect to the conflicts of laws principles thereof and without reference to the laws of any other jurisdiction. The courts of Alberta shall have exclusive jurisdiction over any dispute arising in connection with this Certificate.

1.6 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, such action shall be required to be taken on or before the requisite time on the next succeeding day that is a Business Day.

1.7 Monetary Reference

Any reference in this Certificate to "Dollars", "dollars", "CAD\$" or "\$" shall be deemed to be a reference to the lawful money of Canada.

1.8 Invalidity of Provisions

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

Article II. PRINCIPAL AND INTEREST

2.1 Promise to Pay Principal

The principal amount of each Debenture is \$1,000.00 (the "**Principal Amount**"). The Company agrees to pay to the Holder the Principal Amount for each Debenture evidenced by this Certificate, unless any such Debenture shall have been previously prepaid, redeemed or converted in accordance with the provisions hereof, on the Maturity Date on presentation and surrender of this Certificate at the principal office of the Company at the address set forth under Section 8.1 or at such other place as the Company may advise the Holder in writing.

2.2 Interest

Interest shall accrue on the Principal Amount at the simple rate of fifty-eight point eight] percent (58.8%) per annum (four point nine percent (4.9%) per calendar month), calculated as non-compounding simple interest and on the basis of a 365 day year ("**Interest**"), after, as well as, before each of maturity, default and judgment commencing on the date of issuance of the Debentures.

Unless previously prepaid, redeemed or converted, the Company shall pay to the Holder all accrued and unpaid Interest on the Principal Amount of each Debenture on:

- (a) in the event the Company completes a Liquidity Event prior to the one (1) year anniversary of the Issue Date, the one (1) year anniversary of the Issue Date; and
- (b) the Conclusion Date.

For avoidance of doubt, in the event the Debentures are converted in accordance with the Conversion Right, all accrued and unpaid Interest shall be converted in accordance with the Conversion Right and no cash payment shall be made to the Holder at any time.

2.3 Payment

All amounts paid by the Company to the Holder shall be applied, firstly, to any accrued and unpaid Interest, and secondly, to the outstanding Principal Amount.

2.4 Prepayment

In the event the Holder elects not to exercise its Conversion Right in connection with any Debentures, the Company shall have the right, but not the obligation, to elect to prepay all Principal Amount and all Interest accrued and unpaid up to the date of prepayment determined by the Company (the “**Prepayment Date**”) on such Debentures at any time in the Company’s sole discretion following the expiry of the Conversion Exercise Period (the “**Prepayment Right**”).

In the event the Company elects to exercise its Prepayment Right, the Company shall deliver a notice to the Holder at least five (5) days prior to the Prepayment Date as to the Company’s calculation of the total repayment amount of the Debentures being prepaid as of the Prepayment Date (the “**Prepayment Amount**”), and on the Prepayment Date, the Company shall deliver the Prepayment Amount to the Holder in cash and the obligations of the Company under each so prepaid Debenture (including any obligations pursuant the Agreement, the Intercreditor Agreement, the General Security Agreement, and this Certificate with respect to such prepaid Debenture) shall be deemed to be fully satisfied and shall cease. In addition, any security registration securing the obligations of the Company under the Debentures shall be discharged.

For the purposes of this Article II, the Debentures shall be deemed to be surrendered in exchange for the Prepayment Amount without further action of the Holder, and this Certificate shall cease to be of legal force and effect.

Article III. CONVERSION

3.1 Conversion Right

Subject to, and upon compliance with all other applicable provisions of this Article III, concurrently with or immediately prior to the date of occurrence of a Liquidity Event, the Holder shall have the right, but not the obligation, to elect to exercise the Conversion Right in respect of the Debentures held by the Holder to convert the Principal Amount and all accrued and unpaid Interest up to the date of conversion of such Debentures, into Conversion Shares at a conversion price per share equal to the Conversion Price. Upon such conversion, the rights and obligations of each party under the Agreement, the Intercreditor Agreement, the General Security Agreement, the Debentures and this Certificate shall be deemed to be fully satisfied and shall cease. In addition, any security registration securing the obligations of the Company under the Debentures shall be discharged.

3.2 Manner of Conversion

- (1) At least thirty (30) days prior to the date of occurrence of a Liquidity Event, the Company shall deliver a Conversion Election Notice to the Holder notifying the Holder thereof in writing and advising as to the Holder’s right to exercise its Conversion Right in connection with such Liquidity Event. The Conversion Election Notice shall state:
 - (a) the Conversion Date;
 - (b) the Conversion Exercise Period; and
 - (c) the Conversion Price.
- (2) Prior to the expiry of the Conversion Exercise Period, the Holder must deliver a Conversion Exercise Notice to the Company notifying the Company in writing as to the Holder’s election to exercise such Conversion Right or not.

- (3) **IN THE EVENT HOLDER DOES NOT PROVIDE A CONVERSION EXERCISE NOTICE WITHIN THE CONVERSION EXERCISE PERIOD, HOLDER WILL BE DEEMED TO HAVE EXERCISED ITS CONVERSION RIGHT IN RESPECT OF ALL DEBENTURES HELD BY SUCH HOLDER AND SUCH DEBENTURES WILL BE DEEMED AUTOMATICALLY CONVERTED IN CONNECTION WITH ANY OTHER DEBENTURES TO BE CONVERTED BY HOLDERS ELECTING TO EXERCISE THEIR CONVERSION RIGHT.**
- (4) On the Conversion Date, the Holder, or the Holder's nominee or assignee, shall be entered into the books of the Company as maintained by the Company's transfer agent as the holder of the Conversion Shares or other securities issuable upon conversion, and as soon as practicable thereafter, the Company shall deliver to the Holder, or subject as aforesaid, its nominee or assignee, evidence of the registration of such Conversion Shares or other securities issuable upon conversion with the Company's transfer agent.

Upon occurrence of the exercise of the Conversion Right, all obligations of the Company under the Agreement, the Intercreditor Agreement, the General Security Agreement, the Debenture and this Certificate, including, without limiting the generality of the foregoing, payment to the Holder of the Principal Amount and all accrued and unpaid Interest, shall be deemed to be fully satisfied and shall cease. In addition, any security registration securing the obligations of the Company under the Debentures shall be discharged.

For the purposes of this Article III, this Certificate shall be deemed to be surrendered for conversion on the Conversion Date without further action of the Holder, and this Certificate shall cease to be of legal force and effect.

Notwithstanding anything herein contained, Conversion Shares will only be issued and registered upon conversion of the Debentures in compliance with the securities laws of any applicable jurisdiction and, without limiting the generality of the foregoing, in the event that the Debentures are converted prior to the expiry of any applicable hold period under applicable securities legislation, the certificates representing the Conversion Shares will bear such legend(s) as may, in the opinion of counsel to the Company, be necessary in order to avoid a violation of any applicable securities laws or to comply with the requirements of any Exchange, provided that if, at any time, in the opinion of counsel to the Company, such legend(s) are no longer necessary in order to avoid a violation of any such laws, or the holder of any such legended certificate, at the holder's expense, provides the Company with evidence satisfactory in form and substance to the Company (which may include an opinion of counsel satisfactory to the Company) to the effect that such holder is entitled to sell or otherwise transfer such Conversion Shares in a transaction in which such legends are not required, such legended certificate may thereafter be surrendered to the Company in exchange for a certificate which does not bear such legend.

3.3 Adjustment on Capital Reorganization

If, and whenever at any time after the date hereof, and prior to the Conversion Date, there is a reclassification of the Common Shares at any time outstanding or change of the Common Shares into other shares or into other securities, whether of the Company or of another body corporate, or other capital reorganization, or a consolidation, amalgamation or merger of the Company with or into any other corporation or other entity (other than a consolidation, amalgamation or merger which does not result in any reclassification of the outstanding Common Shares or a change of the Common Shares into other shares), or a transfer of the undertaking or assets of the Company as an entirety or substantially as an entirety to another corporation or other entity in which the holders of Common Shares are entitled to receive shares, other securities or other property (any of such events being called a "**Capital Reorganization**"), any conversion of the Debentures into the Common Shares after the effective date of such Capital Reorganization will be entitled to receive, and will accept for the same aggregate consideration in lieu of the number of Common Shares to which the Holder was previously entitled upon such conversion, the aggregate number of shares, other securities or other property which the 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 Common Shares into which the Debentures were convertible

immediately prior to such Capital Reorganization. The Company will take all steps necessary to ensure that, on a Capital Reorganization, the Holder will, if the Conversion Right is exercised, receive the aggregate number of shares, other securities or other property to which it is entitled as a result of the Capital Reorganization.

For avoidance of doubt, in the event of occurrence of a Capital Reorganization, the number of Common Shares each Debenture is deemed converted into for the purposes of the calculations set forth herein shall be based on the Conversion Price, and if such Conversion Price is not ascribed in connection with a Capital Reorganization, shall be equal to a 50% discount to the fair market value per Common Share as determined by the Company in good faith immediately prior to the Capital Reorganization.

3.4 Notice as to Adjustment

The Company shall, include within the Conversion Election Notice, if the Conversion Date occurs after the occurrence of any event which requires an adjustment or readjustment as provided in Section 3.3, an explanation specifying the nature of the event requiring the adjustment and the amount of the adjustment or readjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based. Such notice and the amount of the adjustment specified therein shall, subject to the provisions of Section 3.5, be conclusive and binding on all parties of interest.

3.5 Rules Regarding Calculation of Conversion Option Adjustments

If, within five (5) days of receipt of the Conversion Election Notice specifying an adjustment, a Holder notifies the Company in writing that it disputes the adjustment, or if at any time a dispute is made by a shareholder or other creditor of the Company with respect to adjustments provided for in Section 3.4, such dispute will be conclusively determined by the Company's Auditors, or if they are unable or unwilling to act, by such other firm of independent chartered accountants as may be selected by the directors of the Company, and any such determination will be binding upon the Company, the Holder and the shareholders of the Company. Such auditors or accountants will be given access to all necessary records of the Company. If any such determination is made, the Company will deliver a certificate of the Company to the Holder describing such determination.

3.6 No Requirement to Issue Fractional Shares

No fractional Conversion Shares shall be issued upon the conversion of the Debentures. If any fractional interest in a Common Share or other security would be issuable upon the conversion of the Debentures, the Company shall instead issue that number of Conversion Shares rounded down to the nearest whole number of Conversion Shares.

3.7 Company to Issue

Upon exercise of the Conversion Right, the Company shall do all corporate acts necessary to issue the Conversion Shares issuable in connection with the Conversion Right. All Conversion Shares, when issued, shall be duly and validly issued as fully paid and non-assessable.

Article IV. SECURITY

4.1 Priority and Security

The indebtedness, liabilities and obligations of the Company under this Certificate are direct obligations of the Company secured against all current and after acquired assets of the Company (the "**Security**") evidenced by a security registration under each of the *Personal Property Security Act* (British Columbia), the *Personal Property Security Act* (Alberta) and the *Personal Property Security Act* (Ontario) in favour of the Holders, and will rank senior to all other indebtedness of the Company except as prescribed by law. In connection therewith, the Company shall enter into a general security agreement with each Holder (a "**General Security Agreement**").

4.2 Ranking

Notwithstanding the timing of registration of the Security and the General Security Agreement, the Holder has, pursuant to an intercreditor agreement among the Company, the Holder and other holders of convertible debentures of this series (the “**Intercreditor Agreement**”), agreed to notify all other holders of convertible debentures of this series in connection with any enforcement action to be taken by the Holder and irrevocably agreed that the security held by the Holder shall rank equally, ratably and without preference with the security held by all other holders of convertible debentures of this series.

4.3 Release from Covenants

Upon the payment of the Principal Amount and all accrued and unpaid Interest thereon under the Debentures or the exercise of the Conversion Right, as applicable, the Holder shall deliver to the Company all such instruments as may be reasonably requested by the Company to evidence the release of the Company from its covenants herein and the extinguishment of all security interests created under the General Security Agreement and the Intercreditor Agreement.

Article V. DEFAULT AND ENFORCEMENT

5.1 Events of Default

Each of the following events is herein sometimes called an “**Event of Default**”:

- (a) if the Company defaults in payment of the Principal Amount and accrued and unpaid Interest on any date which the Company is required to render that payment herein and such default continues for a period of fifteen (15) days after notice has been given to the Company by the Holder specifying such default and requiring the Company to rectify same;
- (b) if an order shall be made or an effective resolution is passed for the winding-up, liquidation or dissolution of the Company except in the course of carrying out or pursuant to a transaction which is permitted by Article III or Article VI or in the event of any dissolution of the Company by operation of law;
- (c) if the Company shall make a general assignment for the benefit of its creditors or a proposal under any bankruptcy, insolvency or analogous laws, or shall be declared bankrupt, or if a custodian or a sequestrator or a receiver and manager or any other Person with similar powers shall be appointed of the Company or of the property of the Company or any part thereof which is a substantial part thereof;
- (d) if an encumbrancer shall take possession of all of the property of the Company or any substantial part thereof, or if a distress or execution or any similar process shall be levied or enforced there against and remain unsatisfied for such period as would permit such property or such part thereof to be sold thereunder; or
- (e) if the Company fails to observe any covenant or other obligation to the Holder under this Certificate and such default continues for a period of fifteen (15) days after notice has been given to the Company by the Holder specifying such default and requiring the Company to rectify same.

5.2 Acceleration on Default

In case any Event of Default has occurred and is continuing, the Holder may, in its discretion by notice in writing to the Company, declare the Principal Amount, all accrued and unpaid Interest hereunder and any other moneys appropriately payable hereunder to be due and payable by the Company to the Holder at minimum fifteen (15) days following receipt by the Company of such notice. No premium shall be payable pursuant to the Holder issuing notice in writing to the Company declaring the Company in default.

Article VI. SUCCESSOR CORPORATIONS

6.1 Certain Requirements in Respect of Merger, etc.

The Company shall not enter into any transaction (whether by way of reorganization, reconstruction, consolidation, amalgamation, merger, transfer, sale, lease or otherwise) whereby all or substantially all of its undertaking, property and assets would become the property of any other Person or, in the case of amalgamation, of the continuing corporation resulting therefrom unless the following conditions have been met:

- (a) such other Person is a body corporate (herein called a “**Successor Corporation**”) incorporated under the laws of Canada or any province or territory thereof;
- (b) the Successor Corporation shall execute, prior to or contemporaneously with the consummation of such transaction, such instruments as are satisfactory to the Company and, in the opinion of counsel to the Company, are necessary or advisable to evidence the assumption by the Successor Corporation of liability for the due and punctual payment of the Principal Amount and the Interest thereon and all other moneys payable hereunder and the covenant of the Successor Corporation to pay the same and its agreement to observe and perform all the covenants and obligations of the Company under this Certificate;
- (c) such transaction shall, to the satisfaction of the Company and in the opinion of counsel to the Company, be upon such terms as will substantially preserve and not to impair any of the rights and powers of the Holder under this Certificate and upon such terms as are not in any way prejudicial to the interests of the Holder; and
- (d) no condition or event shall exist in respect of the Successor Corporation at the time of such transaction and after giving full effect thereto which would constitute an Event of Default.

Article VII. SATISFACTION AND DISCHARGE

7.1 Release from Covenants

Upon the payment of the Principal Amount and all accrued and unpaid Interest thereon under the Debentures or the occurrence of the Automatic Conversion, as applicable, the Holder shall deliver to the Company all such instruments as may be reasonably requested by the Company to evidence the release of the Company from its covenants herein.

Article VIII. MISCELLANEOUS

8.1 Notice

All notices, requests and other communications hereunder as between the parties shall be valid and effective only if delivered or sent by electronic mail to the address stated below. Notices, requests and other communications shall be deemed to have been given and delivered (x) on the date of delivery, if delivered or (y) on the date of transmission, if transmitted by electronic mail,

- (a) if to the Company:

Trees Corporation
 c/o Aird & Berlis LLP
 181 Bay Street, Suite 1800
 Toronto, ON M5J 2T9

Attention: Jeff Holmgren, CFO
 Email: jeffh@treescorp.ca

- (b) if to the Holder, at the address and contact information provided by the Holder in the subscription agreement entered into between the Holder and the Company in connection with such Holder's subscription for Debentures,

provided that each party's notice information may be changed by notice to the other which shall only be effective upon receipt.

8.2 Replacement of Certificates

- (a) In case this Certificate shall become mutilated or be lost, destroyed or stolen, the Company shall issue, and thereupon deliver, a new Certificate of like tenor as the one mutilated, lost, destroyed or stolen in exchange for and upon surrender and cancellation of such mutilated Certificate or in lieu of and in substitution for such lost, destroyed or stolen Certificate.
- (b) The Holder shall bear the 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 Company such evidence of ownership and of the loss, destruction or theft of the Certificate so lost, destroyed or stolen as shall be satisfactory to the Company in its discretion and such applicant shall also furnish indemnity in amount and form satisfactory to the Company in its discretion, and shall pay the reasonable charges of the Company in connection therewith.

8.3 Assignment

The Debentures are non-transferable and the Holder may not assign this Certificate without the written consent of the Company. Except as provided herein, the Company may not assign its obligations under this Certificate without the written consent of the Holder. Any purported assignment without such consent is void.

8.4 Electronic Signature

This Certificate may be signed by facsimile or other electronic means, which shall be deemed to be an original and shall be deemed to have the same legal effect and validity as a certificate bearing an original signature.

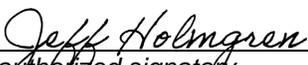
8.5 Amendment, Waiver

No amendment or waiver of this Certificate will be binding unless executed in writing by the Company if it is to be bound thereby, or by the Holder if the Holder is to be bound thereby. No waiver of any provision of this Certificate will constitute a waiver of any other provision nor will any waiver of any provision of this Certificate constitute a continuing waiver unless otherwise expressly provided.

[Signature Page to Immediately Follow]

IN WITNESS WHEREOF TREES CORPORATION has caused this Certificate to be signed by its authorized signatory as of the 5th day of November, 2021.

TREES CORPORATION


by its authorized signatory
Name: Jeff Holmgren
Title: Chief Financial Officer

46475540.1

This is Exhibit "Q" referred to in the
Affidavit of Jeffrey Holmgren sworn by Jeffrey Holmgren of
the City of Calgary, in the Province of Alberta, before me at
the City of Toronto, in the Province of Ontario,
this 21st day of December, 2023 in accordance with
O. Reg. 431/20, Administering Oath or Declaration Remotely.

Rudrakshi Chakrabarti

A Commissioner for taking affidavits

RUDRAKSHI CHAKRABARTI

TREES CORPORATION
(the "Corporation")

SUBSCRIPTION AGREEMENT FOR SECURED CONVERTIBLE DEBENTURES
(this "Agreement")

For Subscribers resident in Canada only. Monetary references in this Agreement are to Canadian currency.

Certain capitalized terms used on Pages 1 through 4 of this Agreement are defined in Section 1.01 of this Agreement, which begins on Page 6. A term sheet is attached as APPENDIX VII to this Agreement.

INSTRUCTIONS

1. Review this Agreement in full. Complete **Pages 3 and 4**, and date and sign **Page 3** of this Agreement.
2. If the Holder is not an individual and is investing at least \$150,000, go directly to Item 4. If the Holder is (a) an individual or (b) is not an individual and is investing less than \$150,000, proceed to Item 3.
3. If the Holder does not meet the criteria in Item 2, the Holder must complete, date and sign the the Accredited Investor Certificate attached as **APPENDIX I** and the Risk Acknowledgement Form attached as **APPENDIX II**.
4. All Holders must review, complete, date and sign Schedule A to the **Intercreditor Agreement** attached as **APPENDIX IV**.
5. All Holders must review and sign the **General Security Agreement** attached as **APPENDIX V**.
6. **Subscription Proceeds** must be paid in the form of a certified cheque, money order or bank draft made payable to "Ontario Cannabis Holdings Corp.", or by wire transfer in accordance with the wire transfer instructions set forth in the **Wire Transfer Instructions** attached as **Appendix IX**.

Please return a completed, dated and signed copy of this Agreement (including the appropriate completed, dated and signed appendices), together with payment of the Purchase Price for the Debentures, to the following address:

Trees Corporation
Attn: Jeff Holmgren
c/o Aird & Berlis LLP
Suite 1800, 181 Bay Street
Toronto, Ontario M5J 2T9
Email: jeffh@treescorp.ca
Phone: 403-818-7969

NOTE: THE INFORMATION COLLECTED HEREIN MAY BE USED BY THE CORPORATION IN DETERMINING WHETHER THE HOLDER MEETS THE REQUIREMENTS OF THE APPLICABLE PROSPECTUS EXEMPTIONS, FOR MAKING CERTAIN FILINGS WITH APPLICABLE REGULATORY AUTHORITIES AND FOR MEETING THE CORPORATION'S OBLIGATIONS UNDER SECURITIES LEGISLATION AS MAY BE REQUIRED. REFERENCE SHOULD BE MADE TO ARTICLE 8 OF THIS AGREEMENT.

TO: TREES CORPORATION (THE "CORPORATION")

The undersigned (the "**Holder**") hereby irrevocably subscribes for and agrees to purchase that number of secured convertible debentures of the Corporation (each, a "**Debenture**") set forth below at a price per Debenture of \$1,000. Each Debenture shall have a principal amount of \$1,000 (the "**Principal Amount**") and shall mature on the two (2) year anniversary of the date of issuance thereof (the "**Maturity Date**"). The obligations of the Corporation hereunder shall be a secured obligation of the Corporation secured against the assets of the Corporation and evidenced by registrations in Alberta, British Columbia and Ontario under the PPSA Acts (the "**Security**"), all as more accurately described herein. Each Debenture shall bear interest at a simple non-compounding rate of 58.8% per annum (4.9% per calendar month) ("**Interest**") from the date of issue thereof (the "**Issue Date**") until the earlier of (the "**Conclusion Date**"): the date on which the Debentures are converted in accordance with their terms; (ii) the Prepayment Date; and (iii) the Maturity Date.

Unless converted in accordance with its terms, all accrued and unpaid Interest outstanding from time to time is payable in cash on: (i) in the event the Corporation completes a Liquidity Event (as defined herein) prior to the one (1) year anniversary of the Issue Date, the one (1) year anniversary of the Issue Date; and (ii) the Conclusion Date.

Concurrently with or immediately prior to the date of occurrence of a Liquidity Event, the Holder shall have the right, but not the obligation, to elect to convert (the "**Conversion Right**") the Principal Amount and all Interest accrued and unpaid up to the date of such Liquidity Event into Conversion Shares at a conversion price per share equal to a 50% discount to the deemed price per Common Share in connection with such Liquidity Event (the "**Conversion Price**"). **For avoidance of doubt, Debentures shall not be convertible at any time other than in connection with the Conversion Right. Any Debentures outstanding following a Liquidity Event shall not be convertible at any time thereafter.**

In the event the Holder elects not to exercise its Conversion Right in connection with any Debenture(s), the Corporation shall have the right, but not the obligation, to elect to prepay the Principal Amount and all Interest accrued and unpaid of such Debenture(s) up to a date of prepayment determined by the Corporation (the "**Prepayment Date**") at any time, in the Corporation's sole discretion, following the expiry of the Conversion Exercise Period (the "**Prepayment Right**").

The Holder agrees to be bound by the terms and conditions set forth in this Agreement, including, without limitation, the terms, representations, warranties, covenants, certifications and acknowledgements set forth in the applicable Schedules and Appendices attached thereto. The Holder further agrees, without limitation, that the Corporation may rely upon the Holder's representations, warranties, covenants, certifications and acknowledgments contained in such documents.

Monetary references in this Agreement are to Canadian currency. The Purchase Price must be paid to the Corporation by certified cheque, bank draft, money order, wire transfer or as otherwise agreed between the Parties. Wire Instructions for the Corporation are attached hereto as APPENDIX VIII.

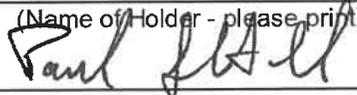
EACH HOLDER MUST SUBSCRIBE FOR A MINIMUM OF TWENTY-FIVE (25) DEBENTURES FOR AN AGGREGATE PURCHASE PRICE OF \$25,000.

DATED the 20th day of October, 2021.

Number of Debentures @ \$1,000/Debenture:
100 (MINIMUM 25)

Aggregate Principal Amount (the "Purchase Price"):
\$ 100,000.00

Echo Capital Growth Corporation
 (Name of Holder - please print)


 (Authorized Signature of Holder)

President
 (Official Capacity or Title if not an individual)

Paul Hill
 (Please print the name of the individual whose signature appears above if different from the name of the Holder)

2000-1874 Scarth Street
 (Holder's Address)

Regina, SK S4B 4B3
 (Holder's Address)

306-777-0604
 (Holder's Telephone Number)

pjhill@hillcompanies.com
 (Holder's E-Mail Address)

Register the Debentures as follows:

Echo Capital Growth Corporation
 (Name)

(Account reference, if applicable)
See below

(Address)

(Address)

Deliver the Debentures as follows:

Echo Capital Growth Corporation
 (Name)

Paul Hill
 (Contact Name)

2000-1874 Scarth Street
 (Address)

Regina, SK S4P 4B3
 (Address)

INFORMATION REGARDING THE HOLDER

Please check the appropriate box (and complete the required information, if applicable) in each section:

1. **Securities Holdings.** Prior to giving effect to the securities being subscribed for under this Agreement, the Holder and all persons acting jointly and in concert with the Holder currently own, directly or indirectly, or exercise control or direction over (provide additional detail as applicable):

1,400,000 Common Shares of the Corporation and/or the following other kinds of shares and convertible securities (including, but not limited to, convertible debt, warrants and options) entitling the Holder to acquire additional Common Shares or other kinds of securities of the Corporation:

No shares of the Corporation or securities convertible into shares or any other securities of the Corporation.

2. **Insider Status.** The Holder either:

Is an "Insider" of the Corporation by virtue of being:

- (a) a director or senior officer of the Corporation;
- (b) a director or senior officer of a person or company that is itself an Insider or subsidiary of the Corporation;
- (c) a person that has (i) beneficial ownership of, or control over, directly or indirectly, or (ii) a combination of beneficial ownership of and control over, directly or indirectly, securities of an issuer carrying more than 10% of the voting rights attached to all the Corporation's outstanding voting shares;
- (d) the Corporation itself if it holds any of its own securities; or
- (e) a person designated as an insider in an order made by the Alberta Securities Commission under the *Securities Act* (Alberta).

Is not an Insider of the Corporation.

3. **Registrant Status.** The Holder either:

Is a person registered or required to be registered under the Acts.

Is not a person registered or required to be registered under the Acts.

ACCEPTANCE

The Corporation hereby accepts the subscription as set forth above on the terms and conditions contained in this Agreement.

Accepted and agreed to by the Corporation as of the _____ day of _____, 2021.

TREES CORPORATION

Per: Jeff Holmgren
Authorized Signatory

**ARTICLE 1
INTERPRETATION**

1.01 In this Agreement:

- (a) **"1933 Act"** means the United States *Securities Act of 1933*, as amended;
- (b) **"Accredited Investor"** has the meaning ascribed to such term in NI 45-106;
- (c) **"Acts"** means, collectively, the securities legislation, together with the regulations and rules made thereunder, and all policy statements, multilateral or national instruments, blanket orders, notices, directions and rulings issued or adopted by a Commission (all as amended) of each province of Canada in which Debentures are sold;
- (d) **"Business Day"** means a day which is not a Saturday, Sunday or civic or statutory holiday in the City of Calgary, Alberta;
- (e) **"Closing"** means the closing of the issuance of Debentures pursuant to this Agreement;
- (f) **"Closing Date"** has the meaning ascribed to such in term Section 6.01;
- (g) **"Commissions"** means the securities commission(s) or other securities regulatory authority(ies) in each province or territory of Canada in which Debentures are sold;
- (h) **"Common Shares"** means the Class A common shares in the capital of the Corporation;
- (i) **"Conclusion Date"** has the meaning ascribed to such term on Page 2 of this Agreement;
- (j) **"Conversion Election Notice"** has the meaning ascribed to such term in Section 2.01(g)(vi);
- (k) **"Conversion Exercise Notice"** has the meaning ascribed to such term in Section 2.01(g)(vi);
- (l) **"Conversion Exercise Period"** has the meaning ascribed to such term in Section 2.01(g)(vi);
- (m) **"Conversion Price"** has the meaning ascribed to such term on Page 2 of this Agreement;
- (n) **"Conversion Right"** has the meaning ascribed to such term on Page 2 of this Agreement;
- (o) **"Conversion Shares"** means Common Shares issuable upon conversion of Debentures or such other security the Debentures or the Common Shares may be converted into or exchanged for in connection with a Liquidity Event.
- (p) **"Corporation"** means Trees Corporation and includes any successor corporation to or of the Corporation;
- (q) **"Debenture"** has the meaning ascribed to such term on Page 2 of this Agreement;
- (r) **"Debenture Certificate"** means the form of certificate evidencing the Debentures attached as APPENDIX VI;
- (s) **"Exchange"** means any duly recognized stock exchange or stock quotation or other trading system;
- (t) **"Holder"** has the meaning ascribed to such term on Page 2 of this Agreement;
- (u) **"Interest"** has the meaning ascribed to such term on Page 2 of this Agreement;

- (v) **"Interest Rate"** shall mean the simple rate of fifty-eight point eight percent (58.8%) per annum (four point nine percent (4.9%) per calendar month), calculated as non-compounding simple interest and on the basis of a 365 day year;
- (w) **"Issue Date"** has the meaning ascribed to such term on Page 2 of this Agreement;
- (x) **"Liquidity Event"** means the occurrence of any of the following, which results in the Common Shares or other equity securities of the Corporation (or of any resulting issuer) being publicly listed on an Exchange:
 - (i) the Corporation completing a bona-fide initial public offering or other listing of Common Shares or other equity securities under a prospectus filed with securities regulatory authorities; or
 - (ii) the consummation of any transaction including, without limitation, any consolidation, amalgamation, merger, plan of arrangement, reverse take-over, qualifying transaction, change of business or any other business combination or similar transaction;
- (y) **"Maturity Date"** means the maturity date of the Debentures, being the date that is the two (2) year anniversary of the date of issuance of the Debentures;
- (z) **"NI 45-106"** means National Instrument 45-106 – *Prospectus Exemptions*;
- (aa) **"Offering"** has the meaning ascribed to such term in Section 2.01(a);
- (bb) **"Parties"** means the Holder and the Corporation, and **"Party"** means either the Holder or the Corporation, as the context requires;
- (cc) **"PPSA Acts"** means, together, the *Personal Property Security Act* (Alberta), *Personal Property Security Act* (British Columbia), and *Personal Property Security Act* (Ontario), as each may be amended;
- (dd) **"Prepayment Date"** has the meaning ascribed to such term on Page 2 of this Agreement;
- (ee) **"Prepayment Right"** has the meaning ascribed to such term on Page 2 of this Agreement;
- (ff) **"Prepayment Amount"** has the meaning ascribed to such term in Section 2.01(g)(xi);
- (gg) **"Principal Amount"** has the meaning ascribed to such term on Page 2 of this Agreement;
- (hh) **"Purchase Price"** has the meaning ascribed to such term on Page 3 of this Agreement;
- (ii) **"Regulation D"** means Regulation D promulgated under the 1933 Act;
- (jj) **"Regulation S"** means Regulation S promulgated under the 1933 Act;
- (kk) **"Regulatory Authorities"** means, collectively, the Commissions, any Exchange and the applicable securities regulatory authorities in other jurisdictions;
- (ll) **"Security"** has the meaning ascribed to such term on Page 2 of this Agreement;
- (mm) **"Securities"** means the Conversion Shares and the Debentures;
- (nn) **"United States"** has the meaning ascribed to such term in Regulation S and, without restricting the foregoing generally means the United States of America, its territories and possessions and the District of Columbia; and

(oo) **"U.S. Person"** has the meaning ascribed to such term in Regulation S.

1.02 Time is of the essence of this Agreement and will be calculated in accordance with the provisions of the *Interpretation Act* (Alberta).

1.03 This Agreement is to be read with all changes in gender or number as required by the context.

1.04 The headings in this Agreement are for convenience of reference only and do not affect the interpretation of this Agreement.

1.05 Unless otherwise indicated, all monetary references in this Agreement are to Canadian currency.

1.06 This Agreement shall be governed by, subject to and interpreted in accordance with the laws of Alberta and the federal laws of Canada applicable therein, without giving effect to the conflicts of laws principles thereof and without reference to the laws of any other jurisdiction. The courts of Alberta shall have exclusive jurisdiction over any dispute arising in connection with this Agreement.

ARTICLE 2 TERMS OF THE OFFERING

2.01 The Holder acknowledges and agrees on its behalf (on its own behalf and, if applicable, on behalf of each beneficial purchaser on whose behalf it is contracting) that:

- (a) the Debentures subscribed for by it under this Agreement form part of a larger issuance and sale by the Corporation of up to an aggregate of 1,500 Debentures, or such other number as may be determined by the Corporation, at a price of \$1,000 per Debenture by way of a non-brokered private placement (the "**Offering**");
- (b) the Corporation reserves the right to not proceed with the Offering unless subscriptions for at least a minimum number of Debentures, as may be determined by the Corporation, in its sole discretion, are received;
- (c) this subscription is subject to rejection or allotment by the Corporation, in whole or in part;
- (d) each Holder is responsible for ensuring sufficient funds are submitted to the Corporation in connection with its subscription hereunder and any funds received in currency other than Canadian dollars will be converted into Canadian dollars based on the applicable exchange rates of the bank of the Corporation on the Closing Date;
- (e) it has received, for informational purposes only, a copy of this Agreement and the Term Sheet attached hereto as APPENDIX VII relating to the Offering, has had the opportunity to ask questions and receive answers about the Offering and has had access to such additional information, if any, concerning the Corporation as it has considered necessary in connection with its decision to invest in the Debentures;

Terms of the Debentures:

- (f) the Debentures will be a senior secured debt obligation of the Corporation and shall be duly and validly created and issued pursuant to the terms of a Debenture Certificate to be issued at Closing and governed by the terms therein;
- (g) the Debenture Certificate shall be in the form attached as APPENDIX VI to this Agreement and shall provide, among other things, that:

Principal Terms:

- (i) the Debentures shall mature on the Maturity Date;
- (ii) the Debentures will accrue Interest at the Interest Rate from the date of issuance of the Debentures until the Conclusion Date;
- (iii) in respect of each Debenture, unless such Debenture has been converted pursuant to the Conversion Right in accordance with its terms, all accrued and unpaid Interest then outstanding shall be due and payable on:
 - (A) in the event the Corporation completes a Liquidity Event prior to the one (1) year anniversary of the Issue Date, the one (1) year anniversary of the Issue Date; and
 - (B) the Conclusion Date,

where, for avoidance of doubt, in the event the Debentures are converted in accordance with the Conversion Right, all accrued and unpaid Interest shall be converted in accordance with the Conversion Right and no cash payment shall be made to the Holder at any time.
- (iv) the Debentures shall be secured against the assets of the Corporation and evidenced by the Security.

Conversion Right:

- (v) concurrently with or immediately prior to the date of occurrence of a Liquidity Event, each Holder shall have the right, but not the obligation, to elect to exercise the Conversion Right in respect of the Debenture(s) held by such Holder to convert the Principal Amount and all accrued and unpaid Interest up to the date of conversion into Conversion Shares at a price per share equal to the Conversion Price;
- (vi) at least thirty (30) days prior to the date of occurrence of a Liquidity Event, the Corporation shall notify the Holder thereof in writing and advising as to the Holder's right to exercise its Conversion Right in connection with such Liquidity Event (the "**Conversion Election Notice**"), and within fifteen (15) days of the date of the Conversion Election Notice (the "**Conversion Exercise Period**"), the Holder must notify the Corporation in writing as to its election to exercise such Conversion Right or not (the "**Conversion Exercise Notice**");
- (vii) in the event Holder does not provide a Conversion Exercise Notice within the Conversion Exercise Period, the Holder will be deemed to have exercised its Conversion Right in respect of the aggregate Principal Amount and all accrued and unpaid Interest on all Debentures held by such Holder and such aggregate amount will be deemed automatically converted in connection with any other Debentures to be converted by Holders electing or being deemed to elect to exercise their Conversion Right;
- (viii) for avoidance of doubt, upon conversion in accordance with the Conversion Right, the Corporation shall have no further obligation whatsoever pursuant to the Debentures;
- (ix) for avoidance of doubt, Debentures shall not be convertible at any time other than in connection with the Conversion Right, and any Debentures outstanding following a Liquidity Event shall not be convertible at any time thereafter;

Prepayment Right

- (x) in the event the Holder elects not to exercise its Conversion Right in connection with any Debentures, the Corporation shall have the right, but not the obligation, to exercise the Prepayment Right to elect to prepay the aggregate Principal Amount and all Interest accrued and unpaid up to the Prepayment Date on any Debenture(s) at any time in the Corporation's sole discretion following the expiry of the Conversion Exercise Period;
- (xi) in the event the Corporation elects to exercise its Prepayment Right, the Corporation shall deliver a notice to the Holder at least five (5) days prior to the Prepayment Date as to the Corporation's calculation of the total repayment amount of the aggregate Principal Amount and all Interest accrued and unpaid up to the Prepayment being prepaid as of the Prepayment Date (the "**Prepayment Amount**"); and
- (xii) on the Prepayment Date, the Corporation shall deliver the Prepayment Amount to the Holder in cash and the obligations of the Corporation under each so prepaid Debenture shall be deemed to be fully satisfied;
- (h) nothing in the Debenture Certificate or in the holding of a Debenture will give any right or interest whatsoever to the holder thereof as a shareholder of the Corporation, including, but not limited to, the right to vote at, to receive notice of, or to attend meetings of shareholders, or the right to receive dividends or any continuous disclosure materials of the Corporation. Holders of Debentures will be entitled to exercise the rights expressly provided for in the Debenture Certificates on the terms and conditions set forth therein;
- (i) the Debenture Certificates shall otherwise be in such form and contain such terms as shall be approved by the Corporation. Any description of the Debentures set forth in this Agreement is a summary only and is subject to the provisions of the Debenture Certificates. For greater certainty, in the event of a conflict between this Agreement and the Debenture Certificates in respect of the terms of the Debentures, the Debenture Certificates will govern;
- (j) the Debentures will not be listed or posted for trading on the facilities of any Exchange; and

Security Registration:

- (k) in connection with the registration of the Security, the Holder agrees to be bound by the terms and conditions of the Intercreditor Agreement attached hereto as APPENDIX IV and the General Security Agreement attached hereto as APPENDIX V, and agrees to review, complete, sign and date such Appendices (as necessary) in connection with its subscription hereunder. Such Intercreditor Agreement and General Security Agreement shall be binding on the Corporation only upon execution thereof by the Corporation and shall be dated on or about the first date of issue of Debentures by the Corporation. Upon execution thereof by the Corporation, such agreements shall be binding on the Holder and any other parties thereto without any further notice to the Holder and the Holder expressly acknowledges same and waives any requirement for further notice thereof.

**ARTICLE 3
NON-REPORTING ISSUER**

3.01 The Holder acknowledges that the Corporation is not a reporting issuer in any jurisdiction. Therefore, the Holder's investment in the Corporation and the Securities involves a high degree of risk due to, among other risks, the lack of any market for the Securities.

**ARTICLE 4
REPRESENTATIONS, WARRANTIES, COVENANTS
AND ACKNOWLEDGEMENTS OF THE HOLDER**

4.01 The Holder acknowledges, represents, warrants and covenants to and with the Corporation as at the date given above and at the Closing that:

- (a) the Holder:
 - (i) is a person described in at least one of the categories noted in APPENDIX I and is therefore eligible to purchase the Debentures under an exemption from the prospectus requirements under the Acts, and agrees to complete, sign and deliver to the Corporation the accredited investor certificate attached as APPENDIX I and the risk acknowledgement form attached as APPENDIX II, if and as required; or
 - (ii) is not an individual, is purchasing the Debentures as principal for its own account, the Purchase Price is not less than \$150,000, and the Holder has not been created or used solely to purchase or hold the Securities;
- (b) the Holder acknowledges that:
 - (i) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Securities;
 - (ii) there is no government or other insurance covering the Securities;
 - (iii) there are risks associated with the purchase of the Securities;
 - (iv) there are restrictions on the Holder's ability to resell the Securities and it is the responsibility of the Holder to find out what those restrictions are and to comply with them before selling the Securities; and
 - (v) the Corporation has advised the Holder that the Corporation is relying on an exemption from the requirements to provide the Holder with a prospectus and to sell securities through a person registered to sell securities under the Acts and, as a consequence of acquiring Securities pursuant to this exemption, certain protections, rights and remedies provided by the Acts, including statutory rights of rescission or damages, will not be available to the Holder;
- (c) no prospectus has been filed by the Corporation with any of the Commissions in connection with the issuance of the Securities, such issuance is exempted from the prospectus requirements of the Acts and that:
 - (i) the Holder is restricted from using most of the civil remedies available under the Acts;
 - (ii) the Holder may not receive information that would otherwise be required to be provided to it under the Acts; and
 - (iii) the Corporation is relieved from certain obligations that would otherwise apply under the Acts;
- (d) the Holder is resident in Canada and resides at the address set out under "Holder's address" on Page 3 of this Agreement;
- (e) the Holder is subscribing for Debentures as principal for its own account and not for the benefit of any other person or is deemed under the Acts to be subscribing for Debentures as principal,

and in either case is subscribing for Debentures for investment only and not with a view to the resale or distribution of all or any of the Securities;

- (f) no person has made to the Holder any written or oral representations:
 - (i) that any person will resell or repurchase any of the Securities;
 - (ii) that any person will refund the purchase price of any of the Securities;
 - (iii) as to the future price or value of any of the Securities; or
 - (iv) that any of the Securities will be listed and posted for trading on an Exchange or that application has been made to list and post any of the Securities for trading on an Exchange;
- (g) the Holder acknowledges that the Securities have not been registered under the 1933 Act or the securities laws of any state of the United States, that the Securities may not be offered or sold, directly or indirectly, in the United States except pursuant to registration under the 1933 Act and the securities laws of all applicable states or available exemptions therefrom, and that the Corporation has no obligation or present intention of filing a registration statement under the 1933 Act in respect of any of the Securities;
- (h) the Holder acknowledges and agrees that the offer to subscribe for Debentures was not made to the Holder when the Holder was in the United States, and at the time the Holder's subscription for Debentures was executed and delivered to the Corporation, the Holder was not a U.S. Person and was outside the United States and that:
 - (i) the Holder is not and will not be subscribing for Debentures for the account or benefit of any U.S. Person or person in the United States;
 - (ii) the current structure of this transaction and all transactions and activities contemplated hereunder is not a scheme to avoid the registration requirements of the 1933 Act; and
 - (iii) the Holder has no intention to distribute either directly or indirectly any of the Securities in the United States, except in compliance with the 1933 Act;
- (i) the offer made by this subscription is irrevocable and requires acceptance by the Corporation which will be conditional upon the sale and issuance of Debentures to the Holder being exempt from the prospectus and registration requirements under applicable relevant securities legislation;
- (j) the Corporation will have the right to accept this subscription offer in whole or in part and the acceptance of this subscription offer will be conditional upon the sale and issuance of Debentures to the Holder being exempt from the prospectus and registration requirements under applicable relevant securities legislation; if less than all of the subscription offer is accepted, the rejected portion of the tendered Purchase Price will be returned, without interest or deduction;
- (k) the Holder has the legal capacity and competence to enter into and execute this Agreement and to take all actions required pursuant hereto and, if an individual is of full age of majority, and if the Holder is a corporation it is duly incorporated and validly subsisting under the laws of its jurisdiction of incorporation, and all necessary approvals by its directors, shareholders and others have been given to authorize the execution of this Agreement on behalf of the Holder;

- (l) the entering into of this Agreement and the transactions contemplated hereby will not result in the violation of any of the terms and provisions of the constating documents of, the Holder or of any agreement, written or oral, to which the Holder may be a party or by which it is or may be bound or, to the Holder's knowledge, any law applicable to the Holder;
- (m) this Agreement has been duly executed and delivered by the Holder and constitutes a legal, valid and binding obligation of the Holder enforceable against the Holder, subject to applicable bankruptcy, insolvency, reorganization and other laws of general application limiting the enforcement of creditors' rights generally and the fact that specific performance is an equitable remedy available in the discretion of a court;
- (n) the Holder has been advised to consult its own legal, financial, tax and other professional advisors in connection with the execution, delivery and performance by it of this Agreement and the completion of the transactions contemplated hereby;
- (o) if required by applicable securities legislation, policy or order or by any securities commission, Exchange or other regulatory authority, the Holder will execute, deliver, file and otherwise assist the Corporation in filing, such reports, undertakings and other documents with respect to the issue of the Securities as may be required including, without limitation this Agreement and the Appendices hereto to the extent applicable;
- (p) the Holder has not received or been provided with a prospectus, offering memorandum or similar document in connection with the sale and issuance of the Debentures hereunder or any document purporting to describe the business and affairs of the Corporation which has been prepared for review by prospective purchasers to assist in making an investment decision in respect of the Debentures, and the Holder's decision to subscribe for the Debentures was not based upon, and the Holder has not relied upon, any oral or written representations as to facts made by or on behalf of the Corporation or any finder (a "Finder") that might have introduced the Holder to the Corporation other than those expressly made by the Corporation in this Agreement. The Holder's decision to enter into this Agreement and to subscribe for the Debentures from the Corporation is based entirely upon this Agreement, the Holder has had access to such additional information, if any, concerning the Corporation as it has considered necessary in connection with its investment decision to acquire the Debentures;
- (q) the Corporation may pay fees or issue securities or both to one or more Finders in connection with the Offering;
- (r) unless otherwise disclosed in writing to the Corporation, there is no person acting or purporting to act in connection with the transactions contemplated herein who is entitled to any brokerage or finder's fee. If any person establishes a claim that any fee or other compensation is payable in connection with this subscription for the Debentures, the Holder covenants to indemnify and hold harmless the Corporation with respect thereto and with respect to all costs reasonably incurred in the defence thereof;
- (s) the Holder has not subscribed for Debentures as a result of any form of "general solicitation" or "general advertising" (as those terms are used in Regulation D), including advertisements, articles, notices or other communication published in any newspaper, magazine or similar media or broadcast over radio, television or internet or any seminar or meeting whose attendees have been invited by general solicitation or general advertising;
- (t) the Holder has such knowledge and experience in financial and business affairs as to be capable of evaluating the merits and risks of its investment in the Debentures and is able to, and agrees to, bear the economic risk of loss of its investment or, where it is not purchasing as principal, each beneficial purchaser is able to, and agrees to, bear the economic risk of loss of its investment;

- (u) there is currently no market for the Securities and there can be no assurance that one will develop. There will be restrictions on the Holder's ability to re-sell the Securities and it is the Holder's responsibility to determine the nature of those restrictions and to comply with them before re-selling any Securities;
- (v) it acknowledges that the Corporation's legal counsel, MLT Aikins LLP and Aird & Berlis LLP, are acting as counsel to the Corporation and not as counsel to the Holder (or any person on whose behalf the Holder is contracting);
- (w) the Holder will hold the Corporation and the Corporation's legal counsel, MLT Aikins LLP and Aird & Berlis LLP, harmless from any loss or damage they may suffer as a result of the Holder's failure to correctly complete this Agreement and its Appendices; and
- (x) the Purchase Price will not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada)* (the "PCMLTFA") and each of the Holder acknowledges that the Corporation may in the future be required by law to disclose the name of the Holder and other information relating to this Agreement and the subscription of the Holder hereunder, on a confidential basis, pursuant to the PCMLTFA. To the Holder's knowledge (i) none of the Purchase Price provided by the Holder (A) has been or will be derived from or related to any activity that is deemed criminal under the law of Canada, the United States, or any other jurisdiction, or (B) is being tendered on behalf of a person or entity who has not been identified to the Holder and (ii) it shall promptly notify the Corporation if the Holder discovers that any of such representations ceases to be true, and provide the Corporation with appropriate information in connection therewith.

4.02 The Holder covenants that the Holder's representations, warranties, covenants and acknowledgements made in this Agreement will be true and correct both as of the execution of this subscription and as of the Closing Date. The foregoing representations, warranties, covenants and acknowledgements will survive the Closing and are made by the Holder with the intent that they be relied upon by the Corporation in determining its suitability as a purchaser of Debentures, and the Holder agrees and covenants to indemnify the Corporation and its directors, officers, employees, agents, advisers and shareholders from and against all losses, claims, costs, expenses and damages or liabilities which they may suffer or incur as a result of reliance thereon. The Holder undertakes to notify the Corporation immediately of any change in any representation, warranty or other information relating to the Holder set forth herein which takes place prior to the Closing.

ARTICLE 5 REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE CORPORATION

5.01 The Corporation represents, warrants and covenants that, as of the date given above and at the Closing:

- (a) the Corporation is a valid and subsisting corporation in good standing under the laws of Alberta;
- (b) the Securities (or any other security of the Corporation) are not listed for trading on any Exchange;
- (c) the Corporation is duly registered and licensed to carry on business in the jurisdictions in which it carries on business or owns property where required under the laws of that jurisdiction;
- (d) the Conversion Shares issuable upon exercise of the Debentures will, at the time of issue, be duly allotted, validly issued, fully paid and non-assessable and will be free of all liens, charges and encumbrances (other than applicable escrow and hold periods pursuant to applicable securities laws, policies of any Exchange or as may be deemed suitable by the Corporation in order to facilitate a Liquidity Event) and the Corporation will reserve sufficient Common Shares

in the treasury of the Corporation for the exercise of all of the Debentures sold pursuant to the Offering;

- (e) the Corporation has complied and will comply fully with the requirements of all applicable corporate and securities laws and administrative policies and directions, including, without limitation, the Acts in relation to the issue and trading of its securities and in all matters relating to the Offering;
- (f) the creation, issuance and sale of the Securities by the Corporation does not and will not conflict with, and does not and will not result in a breach of, any of the terms of the Corporation's constating documents or any agreement or instrument to which the Corporation is a party or by which it is bound;
- (g) the Corporation is not a party to any actions, suits or proceedings which could materially affect its business or financial condition, and to the best of the Corporation's knowledge no such actions, suits or proceedings are contemplated or have been threatened;
- (h) no order ceasing or suspending trading in securities of the Corporation nor prohibiting the sale of such securities has been issued to and is outstanding against the Corporation or its directors, officers or promoters or against any other companies that have common directors, officers or promoters and no investigations or proceedings for such purposes are pending or threatened;
- (i) the Corporation will, within the required time, file with the applicable Commission(s), any documents, reports and information, in the required form, required to be filed by applicable securities laws in connection with this Offering, together with any applicable filing fees and other materials; and
- (j) this Agreement has been or will be by the Closing, duly authorized by all necessary corporate action on the part of the Corporation, and the Corporation has or will have by the Closing full corporate power and authority to undertake the Offering.

ARTICLE 6 CLOSING

6.01 The Closing will take place on a date determined by the Corporation (the "**Closing Date**") at a place and time as the Corporation may determine at its sole discretion. The Holder hereby waives receiving any prior notice of Closing. The Closing may occur in one or more tranches in the sole discretion of the Corporation.

6.02 Prior to the Closing, the Holder will deliver to the Corporation this Agreement (including all applicable appendices hereto), duly completed and executed in accordance with the instructions on Page 1, and the Purchase Price, paid in accordance with the instructions on Page 1.

6.03 At Closing, the Corporation will deliver a copy of the Debenture Certificate(s) representing the Debentures purchased hereunder to the Holder and the originals of all certificates to its legal counsel to hold in the Corporation's corporate records book.

ARTICLE 7 RESALE RESTRICTIONS

7.01 The Holder represents, warrants and covenants to the Corporation (and acknowledges that the Corporation and its counsel, are relying thereon) that both at the date hereof and on the Closing Date it has been independently advised as to restrictions with respect to trading the Securities imposed by applicable securities laws, confirms that no representation (written or oral) has been made to it by or on behalf of the Corporation with respect thereto, acknowledges that it is aware of the characteristics of the Securities, the risks relating to an investment therein and of the fact that it may not be able to resell the Securities, except

in accordance with limited exemptions under applicable securities laws until expiry of the applicable restricted period and compliance with the other requirements of applicable law; and it agrees that unless notified otherwise, any certificates representing the Debenture or any ownership statements issued under a direct registration system or other electronic book-entry system, are to bear the following legends (or legends with substantially similar wording) indicating that the resale of such securities is restricted:

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS FOUR MONTHS AND ONE DAY AFTER THE LATER OF (I) [INSERT THE DISTRIBUTION DATE]; AND (II) THE DATE THE CORPORATION BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY.

and, in addition, any certificates representing the Conversion Shares or any ownership statements issued under a direct registration system or other electronic book-entry system will bear such legends as are required under applicable securities laws and the policies of the Exchange.

ARTICLE 8 POWER OF ATTORNEY

8.01 The Holder hereby agrees to approve of and perform each and every act and thing requisite and necessary to be done to consummate a business combination transaction or Liquidity Event involving the Corporation approved by its board of directors (the "**Board**") (whether by way of shares, assets, amalgamation, merger or reorganization, statutory or otherwise) (a "**Business Combination**") or a going public transaction, which for avoidance of doubt includes a Liquidity Event, involving the listing of a class of the Corporation's shares (including the Common Shares) on an Exchange or involving an exchange of all of the outstanding shares of one or more classes of the Corporation's shares in any merger, arrangement, takeover or acquisition, the consideration for which is securities issued from treasury of another corporation or other legal entity, which securities are listed on an Exchange, including an initial public offering of securities of the Corporation pursuant to a prospectus filed with securities regulatory authorities in the jurisdiction(s) in which such offering is being made (a "**Going Public Transaction**").

8.02 If the Corporation undergoes such a Business Combination or completes a Going Public Transaction the Securities may be required to be pooled or escrowed, either at the request of the Corporation, the Corporation's selling agent or underwriter, or pursuant to applicable securities legislation as amended from time to time and regulations and rules prescribed thereto, pursuant to the policies of the applicable securities commissions, pursuant to the policies of an Exchange on which the Corporation may seek to list its securities, or any other securities regulatory body having jurisdiction. The Holder agrees to sign any such pooling or escrow agreement and abide by any such restrictions as may be so imposed.

8.03 In consideration of the acceptance of this subscription by the Corporation and to the extent permitted by applicable law, the Holder hereby irrevocably constitutes and appoints any director or officer of the Corporation (the "**Attorney**"), with full power of substitution, as the Holder's true and lawful attorney and agent, with full power and authority in the Holder's name, place and stead and for the Holder's benefit to execute any and all documents, instruments and agreements and perform each and every act and thing required and necessary to be done to:

- (a) effect a Board approved Business Combination, a Going Public Transaction and sign a pooling or escrow agreement on behalf of the Holder to provide for pooling or escrow of the Securities, as applicable;
- (b) give effect to all documents which such Attorney sees fit in his discretion to give on the Holder's behalf to any Regulatory Authority in connection with any Business Combination or Going Public Transaction, on such terms and subject to such conditions as such attorney shall in his discretion deem fit or advisable; and

- (c) provide for any changes in the Corporation's constating documents necessary to enable the Corporation to offer its securities to the public.

and the Holder hereby irrevocably ratifies and agrees to ratify and confirm all actions taken by the said attorney-in-fact and agent, or his or her substitute or substitutes, as they may lawfully do or cause to be done by virtue hereof.

8.04 The power of attorney granted in this ARTICLE 8 is hereby declared to be irrevocable and is a power coupled with an interest and will survive the assignment by the Holder of the whole or any part of its interest and extends to the administrators, successors and assigns of the Holder and may be exercised by the Attorney on behalf of the Holder by executing any certificate, instrument, form, proxy or agreement as attorney and agent for the Holder. The Holder agrees to be bound by actions made or taken by the Attorney pursuant to this power-of-attorney in accordance with the terms hereof and the Holder hereby waives any claims, losses, costs, expenses, damages or liabilities it may have against the Attorney in the execution of the power granted in this ARTICLE 8.

8.05 The Holder agrees to indemnify the Attorney fully against all claims, losses, costs, expenses, damages or liability which the Attorney may sustain or incur as a result of any action by it pursuant to the power of attorney granted under this ARTICLE 8 (including any necessary and reasonable costs incurred in enforcing this indemnity).

8.06 The Holder acknowledges that the ability of the Corporation to have the Common Shares or other securities listed for trading on an Exchange is dependent on factors beyond the Corporation's control and no representation is made that the Corporation will ever have its Common Shares or any other securities listed for trading on an Exchange.

ARTICLE 9 USE OF PERSONAL INFORMATION

9.01 The Holder acknowledges and consents to: (i) the disclosure by the Holder and the Corporation of Personal Information (hereinafter defined) concerning the Holder to the Regulatory Authorities; and (ii) the collection, use and disclosure of Personal Information by the Regulatory Authorities for the following purposes (or as otherwise identified by the Regulatory Authorities, from time to time):

- (a) to conduct background checks;
- (b) to verify the Personal Information that has been provided about the Holder;
- (c) to consider the suitability of the Holder as a holder of securities of the Corporation;
- (d) to consider the eligibility of the Corporation to become listed on the Exchange;
- (e) to provide disclosure to market participants as to the security holdings of the Corporation's shareholders, and their involvement with any other reporting issuers, issuers subject to a cease trade order or bankruptcy, and information respecting penalties, sanctions or personal bankruptcies, and possible conflicts of interest with the Corporation;
- (f) to detect and prevent fraud;
- (g) to conduct enforcement proceedings; and
- (h) to perform other investigations as required by and to ensure compliance with all applicable rules, policies, rulings and regulations of an Exchange, securities legislation and other legal and regulatory requirements governing the conduct and protection of the public markets in Canada.

9.02 The Holder also acknowledges that: (i) Exchanges also collect additional Personal Information from other sources, including securities regulatory authorities in Canada or elsewhere, investigative law enforcement or self-regulatory organizations, and regulations service providers to ensure that the purposes set forth above can be accomplished; (ii) the Personal Information an Exchange collects may also be disclosed to the agencies and organizations referred to above or as otherwise permitted or required by law, and they may use it in their own investigations for the purposes described above; (iii) the Personal Information may be disclosed on that Exchange's website or through printed materials published by or pursuant to the direction of that Exchange; and (iv) an Exchange may from time to time use third parties to process information and provide other administrative services, and may share the information with such providers.

9.03 Herein, "**Personal Information**" means any information about the Holder required to be disclosed to the Regulatory Authorities, whether pursuant to a Regulatory Authority's form or a request made by a Regulatory Authority.

9.04 The Holder acknowledges and consents to: (i) the fact that the Corporation is collecting its personal information for the purpose of completing this Agreement; (ii) the Corporation retaining such personal information for as long as permitted or required by law or business practices; (iii) the fact that the Corporation may be required by securities laws, the rules and policies of an Exchange or the rules of the Investment Industry Regulatory Organization of Canada to provide Regulatory Authorities with any personal information provided by the Holder in this Agreement.

9.05 The Holder acknowledges that the Holder:

- (a) has been notified by the Corporation:
 - (i) that delivery is required to be made to the Regulatory Authorities of certain Personal Information including, without limitation, the Holder's name and address, telephone number, e-mail address, the number of Debentures purchased, the total purchase price of such securities and the prospectus and registration exemption relied upon by the Corporation;
 - (ii) that the Personal Information is being collected indirectly by the Regulatory Authorities under the authority granted to it in securities legislation and is being collected by the Regulatory Authorities for the purposes of the administration and enforcement of the securities legislation of the local jurisdiction; and
 - (iii) of the title, business address and business telephone number of the public official in the local jurisdiction who can answer questions about the Regulatory Authorities' indirect collection of the information is set out in Appendix IV attached hereto; and
- (b) authorizes the indirect collection of the information by the Regulatory Authorities.

ARTICLE 10 MISCELLANEOUS

10.01 The Holder authorizes the Corporation to correct any errors in, or complete any minor information missing from this Agreement (including the Appendices to this Agreement) which have been executed by the Holder and delivered to the Corporation.

10.02 This Agreement, which includes any interest granted or right arising under this Agreement, may not be assigned or transferred, except as expressly contemplated herein.

10.03 Except as expressly provided in this Agreement and in the agreements, instruments and other documents contemplated or provided for herein, this Agreement contains the entire agreement between the Parties with respect to the Securities and there are no other terms, conditions, representations or

warranties whether expressed, implied, oral or written, by statute, by common law, by the Corporation, or by anyone else.

10.04 The invalidity, illegality or unenforceability of any provision of this Agreement shall not affect the validity, legality or enforceability of any other provision thereof.

10.05 The Parties may amend this Agreement only in writing, subject to Section 10.1.

10.06 This Agreement will enure to the benefit of and is binding upon the Parties and, as the case may be, their respective heirs, executors, administrators, successors and permitted assigns.

10.07 A Party will give all notices or other written communications to the other Party concerning this Agreement in person, including by courier, or by registered mail addressed to such other Party's respective address which is noted on Page 2 of this Agreement, or to such other address of which a Party gives notice.

10.08 The Parties confirm their express wish that this Agreement and all documents and agreements directly and indirectly relating thereto be drawn up in the English language. *Les parties reconnaissent leur volonté expresse que la présente ainsi que tous les documents et contrats s'y rattachant directement ou indirectement soient rédigés en anglais.*

10.09 This Agreement may be executed in counterparts and delivered by e-mail or by fax, each of which when delivered will be deemed to be an original and both of which together will constitute one and the same document. If less than a complete copy of this Agreement is delivered by the Holder to the Corporation (other than Pages 3 and 4 of this Agreement and all applicable Appendices required to be completed, dated and executed by the Holder), the Corporation and its advisers are entitled to assume, and the Holder shall be deemed to have represented and warranted to the Corporation, that the Holder accepts and agrees to all of the terms and conditions of this Agreement that are not delivered, without any alteration.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

APPENDIX I – ACCREDITED INVESTOR CERTIFICATE

(National Instrument 45-106 and Securities Act (Alberta))

Capitalized terms not specifically defined in this certificate have the meaning ascribed to them in the Agreement to which this certificate is attached.

In connection with the execution of the Agreement to which this appendix is attached, the Holder represents, warrants and certifies to the Corporation that **(please check the applicable categories)** the Holder is:

{Categories Applicable to Individuals Only}		
(a)	<input type="checkbox"/>	an individual whose net income before taxes exceeded \$200,000 in each of the two most recent calendar years or whose net income before taxes combined with that of a spouse exceeded \$300,000 in each of the two most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year, [NOTE: HOLDERS WHO QUALIFY UNDER THIS CATEGORY ARE ALSO REQUIRED TO COMPLETE APPENDIX II.]
(b)	<input type="checkbox"/>	an individual, who, either alone or with a spouse, has net assets of at least \$5,000,000, [NOTE: HOLDERS WHO QUALIFY UNDER THIS CATEGORY ARE ALSO REQUIRED TO COMPLETE APPENDIX II.]
(c)	<input type="checkbox"/>	an individual who, either alone or with a spouse, beneficially owns Financial Assets having an aggregate realizable value that, before taxes but net of any Related Liabilities, exceeds \$1,000,000, [NOTE: HOLDERS WHO QUALIFY UNDER THIS CATEGORY ARE ALSO REQUIRED TO COMPLETE APPENDIX II.]
(d)	<input type="checkbox"/>	an individual who beneficially owns Financial Assets having an aggregate realizable value that, before taxes but net of any Related Liabilities, exceeds \$5,000,000,
(e)	<input type="checkbox"/>	an individual registered under the securities legislation of a jurisdiction of Canada, as a representative of a Person or company referred to in paragraph (j),
(f)	<input type="checkbox"/>	an individual formerly registered under the securities legislation of a jurisdiction of Canada, other than an individual formerly registered solely as a representative of a limited market dealer under one or both of the <i>Securities Act</i> (Ontario) or the <i>Securities Act</i> (Newfoundland and Labrador),
{Categories Applicable to Individuals and Non-Individuals}		
(g)	<input type="checkbox"/>	a Canadian financial institution, as defined in National Instrument 45-106 (" NI 45-106 ") or the <i>Securities Act</i> (Ontario), as applicable, or a bank listed in Schedule III of the <i>Bank Act</i> (Canada),
(h)	<input type="checkbox"/>	the Business Development Bank of Canada incorporated under the <i>Business Development Bank of Canada Act</i> (Canada),
(i)	<input type="checkbox"/>	a Subsidiary of any Person referred to in paragraphs (g) and (h), if the Person owns all of the voting securities of the Subsidiary, except the voting securities required by law to be owned by directors of that Subsidiary,
(j)	<input type="checkbox"/>	a Person registered under the securities legislation of a jurisdiction of Canada as an adviser or dealer, except as otherwise prescribed by the regulations (as defined in the <i>Securities Act</i> (Ontario)) made under the <i>Securities Act</i> (Ontario),

(k)	<input type="checkbox"/>	the Government of Canada or a province, or any crown corporation, agency or wholly owned entity of the Government of Canada or a jurisdiction of Canada,
(l)	<input type="checkbox"/>	a municipality, public board or commission in Canada, and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l'île de Montréal or an intermunicipal management board in Québec,
(m)	<input type="checkbox"/>	any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government,
(n)	<input type="checkbox"/>	a pension fund that is regulated by either the Office of the Superintendent of Financial Institutions (Canada), a pension commission or similar regulatory authority of a jurisdiction of Canada,
(o)	<input checked="" type="checkbox"/>	a Person, other than an individual or Investment Fund, that has net assets of at least \$5,000,000 as shown on its most recently prepared financial statements,
(p)	<input type="checkbox"/>	an Investment Fund that distributes or has distributed its securities only to (i) a Person that is or was an accredited investor at the time of the distribution, (ii) a Person that acquires or acquired securities in the circumstances referred to in sections 2.10 or 2.19 of NI 45-106, or (iii) a Person described in paragraph (i) or (ii) that acquires or acquired securities under section 2.18 of NI 45-106,
(q)	<input type="checkbox"/>	an Investment Fund that distributes or has distributed securities under a prospectus in a jurisdiction of Canada for which the regulator or, in Québec, the securities regulatory authority, has issued a receipt,
(r)	<input type="checkbox"/>	a trust company or trust corporation registered or authorized to carry on business under the <i>Trust and Loan Companies Act</i> (Canada) or under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be,
(s)	<input type="checkbox"/>	a Person acting on behalf of a fully managed account managed by that Person if that Person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction,
(t)	<input type="checkbox"/>	a registered charity under the <i>Income Tax Act</i> (Canada) that, in regard to the trade, has obtained advice from an eligibility adviser or an adviser registered under the securities legislation of the jurisdiction of the registered charity to provide advice on the securities being traded,
(u)	<input type="checkbox"/>	an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs (g) to (j) or (n) in form and function,
(v)	<input type="checkbox"/>	a Person in respect of which all of the owners of interests, direct, indirect, or beneficial, except the voting securities required by law to be owned by directors, are Persons that are accredited investors [NOTE: please also initial the specific categories applicable to each owner of an interest] ,
(w)	<input type="checkbox"/>	an Investment Fund that is advised by a Person registered as an adviser or a Person that is exempt from registration as an adviser,
(x)	<input type="checkbox"/>	a Person that is recognized or designated by the securities regulatory authority or, except in Ontario and Québec, the regulator as an accredited investor, or

(y)	<input type="checkbox"/>	a trust established by an accredited investor for the benefit of the accredited investor's family members of which a majority of the trustees are accredited investors and all of the beneficiaries are the accredited investor's spouse, a former spouse of the accredited investor or a parent, grandparent, brother, sister, child or grandchild of that accredited investor, of that accredited investor's spouse or of that accredited investor's former spouse.
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For the purposes of this certificate, the following definitions apply:

- (a) "**Financial Assets**" means cash, securities, or a contract of insurance, a deposit or an evidence of a deposit that is not a security for the purposes of securities legislation;
- (b) "**Investment Fund**" has the same meaning as in National Instrument 81-106;
- (c) "**Person**" includes (i) an individual (ii) a corporation (iii) a partnership, trust, fund, association, syndicate, organization or other organized group of persons, whether incorporated or not, and (iv) an individual or other person in that person's capacity as a trustee, executor, administrator or personal or other legal representative;
- (d) "**Related Liabilities**" means (i) liabilities incurred or assumed for the purpose of financing the acquisition or ownership of Financial Assets, or (ii) liabilities that are secured by Financial Assets;
- (e) "**Subsidiary**" means an issuer that is controlled directly or indirectly by another issuer and includes a subsidiary of that subsidiary.
- (f) Meaning of "**Controlled By**": For the purposes of this certificate, an issuer is controlled by a person or company if,
 - (i) the first person, directly or indirectly, beneficially owns or exercises control or direction over securities of the second person carrying votes which, if exercised, would entitle the first person to elect a majority of the directors of the second person, unless that first person holds the voting securities only to secure an obligation,
 - (ii) the second person is a partnership, other than a limited partnership, and the first person holds more than 50% of the interests of the partnership, or
 - (iii) the second person is a limited partnership and the general partner of the limited partnership is the first person.

[Signature page follows.]

The Holder acknowledges that the Corporation is relying upon the Holder's disclosure herein. If the Holder's accredited investor status changes prior to the date on which a certificate representing any of the Debentures is issued, the Holder agrees to immediately notify the Corporation of such change.

IN WITNESS WHEREOF, the undersigned has executed this certificate as of the 21st day of October, 2021.

If a Corporation, Partnership or Other Entity:

If an Individual:

Echo Capital Growth Corporation
Name of Entity

Signature

Corporation
Type of Entity

Print or Type Name

Signature of Person Signing

Paul J. Hill, President
Print or Type Name and Title of Person Signing

APPENDIX II – FORM 45-106F9 – FORM FOR INDIVIDUAL ACCREDITED INVESTORS

WARNING!

This investment is risky. Don't invest unless you can afford to lose all the money you pay for this investment.

SECTION 1 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER	
1. About your investment	
Type of securities: Secured Debentures	Issuer: Trees Corporation
Purchased from: The Issuer	
SECTIONS 2 TO 4 TO BE COMPLETED BY THE PURCHASER	
2. Risk acknowledgement	
This investment is risky. Initial that you understand that:	Your initials
Risk of loss – You could lose your entire investment of \$ _____. [<i>Instruction: Insert the total dollar amount of the investment.</i>]	
Liquidity risk – You may not be able to sell your investment quickly – or at all.	
Lack of information – You may receive little or no information about your investment.	
Lack of advice – You will not receive advice from the salesperson about whether this investment is suitable for you unless the salesperson is registered. The salesperson is the person who meets with, or provides information to, you about making this investment. To check whether the salesperson is registered, go to www.aretheyregistered.ca .	
3. Accredited investor status	
You must meet at least one of the following criteria to be able to make this investment. Initial the statement that applies to you. (You may initial more than one statement.) The person identified in section 6 is responsible for ensuring that you meet the definition of accredited investor. That person, or the salesperson identified in section 5, can help you if you have questions about whether you meet these criteria.	Your initials
• Your net income before taxes was more than \$200,000 in each of the 2 most recent calendar years, and you expect it to be more than \$200,000 in the current calendar year. (You can find your net income before taxes on your personal income tax return.)	
• Your net income before taxes combined with your spouse's was more than \$300,000 in each of the 2 most recent calendar years, and you expect your combined net income before taxes to be more than \$300,000 in the current calendar year.	
• Either alone or with your spouse, you own more than \$1,000,000 in cash and securities, after subtracting any debt related to the cash and securities.	
• Either alone or with your spouse, you have net assets worth more than \$5,000,000. (Your net assets are your total assets (including real estate) minus your total debt.)	

4. Your name and signature	
By signing this form, you confirm that you have read this form and you understand the risks of making this investment as identified in this form.	
First and last name (please print):	
Signature:	Date:
SECTION 5 TO BE COMPLETED BY THE SALESPERSON	
5. Salesperson information	
<i>[Instruction: The salesperson is the person who meets with, or provides information to, the purchaser with respect to making this investment. That could include a representative of the issuer or selling security holder, a registrant or a person who is exempt from the registration requirement.]</i>	
First and last name of salesperson (please print):	
Telephone:	Email:
Name of firm (if registered):	
SECTION 6 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER	
6. For more information about this investment	
Trees Corporation c/o Aird & Berlis LLP Suite 1800, 181 Bay Street Toronto, Ontario M5J 2T9 Attention: Jeff Holmgren, Chief Financial Officer Email: jeffh@treescorp.ca Phone: 403-818-7969 For more information about prospectus exemptions, contact your local securities regulator. You can find contact information at www.securities-administrators.ca.	

Form instructions:

1. This form does not mandate the use of a specific font size or style but the font must be legible.
2. The information in sections 1, 5 and 6 must be completed before the purchaser completes and signs the form.
3. The purchaser must sign this form. Each of the purchaser and the issuer or selling security holder must receive a copy of this form signed by the purchaser. The issuer or selling security holder is required to keep a copy of this form for 8 years after the distribution.

APPENDIX III – SECURITIES REGULATORY AUTHORITIES/REGULATORS IN CANADA

<p>Alberta Securities Commission Suite 600, 250 – 5th Street SW Calgary, Alberta T2P 0R4 Telephone: (403) 297-6454 Toll free in Canada: 1-877-355-0585 Facsimile: (403) 297-2082</p>	<p>Government of Nunavut Department of Justice Legal Registries Division P.O. Box 1000, Station 570 1st Floor, Brown Building Iqaluit, Nunavut X0A 0H0 Telephone: (867) 975-6590 Facsimile: (867) 975-6594</p>
<p>British Columbia Securities Commission P.O. Box 10142, Pacific Centre 701 West Georgia Street Vancouver, British Columbia V7Y 1L2 Inquiries: (604) 899-6854 Toll free in Canada: 1-800-373-6393 Facsimile: (604) 899-6581 Email: inquiries@bcsc.bc.ca</p>	<p>Ontario Securities Commission 20 Queen Street West, 22nd Floor Toronto, Ontario M5H 3S8 Telephone: (416) 593- 8314 Toll free in Canada: 1-877-785-1555 Facsimile: (416) 593-8122 Email: exemptmarketfilings@osc.gov.on.ca Public official contact regarding indirect collection of information: Inquiries Officer</p>
<p>The Manitoba Securities Commission 500 – 400 St. Mary Avenue Winnipeg, Manitoba R3C 4K5 Telephone: (204) 945-2548 Toll free in Manitoba 1-800-655-5244 Facsimile: (204) 945-0330</p>	<p>Prince Edward Island Securities Office 95 Rochford Street, 4th Floor Shaw Building P.O. Box 2000 Charlottetown, Prince Edward Island C1A 7N8 Telephone: (902) 368-4569 Facsimile: (902) 368-5283</p>
<p>Financial and Consumer Services Commission (New Brunswick) 85 Charlotte Street, Suite 300 Saint John, New Brunswick E2L 2J2 Telephone: (506) 658-3060 Toll free in Canada: 1-866-933-2222 Facsimile: (506) 658-3059 Email: info@fcnb.ca</p>	<p>Autorité des marchés financiers 800, Square Victoria, 22^e étage C.P. 246, Tour de la Bourse Montréal, Québec H4Z 1G3 Telephone: (514) 395-0337 or 1-877-525-0337 Facsimile: (514) 873-6155 (For filing purposes only) Facsimile: (514) 864-6381 (For privacy requests only) Email: financementdesocietes@lautorite.qc.ca (For corporate finance issuers); fonds_dinvestissement@lautorite.qc.ca (For investment fund issuers)</p>
<p>Government of Newfoundland and Labrador Financial Services Regulation Division P.O. Box 8700 Confederation Building 2nd Floor, West Block Prince Philip Drive St. John's, Newfoundland and Labrador A1B 4J6 Attention: Director of Securities Telephone: (709) 729-4189 Facsimile: (709) 729- 6187</p>	<p>Financial and Consumer Affairs Authority of Saskatchewan Suite 601 - 1919 Saskatchewan Drive Regina, Saskatchewan S4P 4H2 Telephone: (306) 787-5879 Facsimile: (306) 787-5899</p>
<p>Government of the Northwest Territories Office of the Superintendent of Securities P.O. Box 1320 Yellowknife, Northwest Territories X1A 2L9 Attention: Deputy Superintendent, Legal & Enforcement Telephone: (867) 920-8984 Facsimile: (867) 873- 0243</p>	<p>Government of Yukon Department of Community Services Law Centre, 3rd Floor 2130 Second Avenue Whitehorse, Yukon Y1A 5H6 Telephone: (867) 667-5314 Facsimile: (867) 393-6251</p>

Nova Scotia Securities Commission

Suite 400, 5251 Duke Street

Duke Tower

P.O. Box 458

Halifax, Nova Scotia B3J 2P8

Telephone: (902) 424-7768 Facsimile: (902) 424-

4625

APPENDIX IV – INTERCREDITOR AGREEMENT

See attached.

INTERCREDITOR AGREEMENT

THIS AGREEMENT (the “**Agreement**”) is made as of the _____ day of October, 2021.

BETWEEN:

TREES CORPORATION, a company incorporated pursuant to the laws of the Province of Alberta

(the “**Company**”)

AND:

Each holder of Debentures having executed the accession agreement attached hereto as Schedule A

(each a “**Lender**”, and collectively the “**Lenders**”)

WHEREAS:

- A. the Lenders have purchased certain secured convertible debentures of the Company issued in September and October, 2021 (the “**Debentures**”) pursuant to which the Company is indebted to the Lenders in the amount of \$1,000 plus accrued interest in accordance with the terms of the Debentures per Debenture; and
- B. the Company and each Lender have agreed to enter into this Agreement in order to set out the respective priorities in connection with indebtedness owing to each Lender under the Debenture.

NOW, THEREFORE, for value received the parties hereto agree with each other as follows:

ARTICLE 1 INTERPRETATION

1.1 DEFINITIONS

In this Agreement, unless there is something in the subject matter or context inconsistent therewith:

- (a) “**Person**” means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, government or governmental authority or entity, however designated or constituted; and
- (b) “**Pro Rata Share**” means, in respect of each Lender and at any time, the proportion which the amounts owing to that Lender under the Debentures held by that Lender is to the aggregate outstanding amount owing on account of all indebtedness owing by the Company to all Lenders under all issued and outstanding Debentures from time to time; and
- (c) “**Security**” means the security interests in the real and personal property of the Borrower granted in favour of each Lender in connection with the Debentures.

The terms “this Agreement”, “hereto”, “hereby”, “hereunder”, “hereof”, “herein” and similar expressions refer to this agreement and not to any particular article, section, subsection, paragraph, clause, subdivision or other portion hereof, and include any and every supplemental agreement, and “supplementary agreement” and “agreement supplemental hereto” include any and every instrument supplemental or ancillary hereto or in implementation hereof.

Words importing the singular include the plural and vice versa and words importing the masculine gender include the feminine gender and vice versa.

1.2 INTERPRETATION NOT AFFECTED BY HEADINGS, ETC.

The division of this Agreement into articles, sections, subsections and paragraphs and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.3 INVALIDITY OF PROVISIONS

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

ARTICLE 2 PARI PASSU OBLIGATIONS AND ADDITIONAL SECURITY

2.1 PARI PASSU RANKING OF SECURITY

- (a) Each Lender agrees and recognizes that the Security held by each of them shall rank equally, ratably and without preference over each of the other. For greater certainty, each Lender hereby acknowledges and agrees that any proceeds received by any of them on account of the enforcement of their respective Security, less the reasonable costs of enforcement incurred by the party enforcing its Security, shall be divided between all Lenders who validly hold Debentures at the time of realization of such proceeds according to their Pro Rata Share.
- (b) The priorities contained herein shall apply in all events and circumstances regardless of:
 - (i) the date of execution, attachment, registration, perfection or re-perfection of the Security;
 - (ii) fluctuations in the amounts owing to any Lender;
 - (iii) the invalidity or unenforceability of any of the Security;
 - (iv) any priority granted by any principle of law or any statute, or any personal property security, corporation securities registration, or like statute.
- (c) Any proceeds received by any Lender in respect of property of the Borrower charged by the Security shall be dealt with according to the preceding provisions hereof as though such proceeds were paid or payable as proceeds of realization of the collateral for which they compensate and all proceeds received by the Company shall be held in trust by it for the benefit of the Lenders in accordance with the provisions hereof.

2.2 ACTIONS BY THE COMPANY

Notwithstanding any other term herein, no provision of this Agreement shall restrict the Company in any way whatsoever from repurchasing or otherwise dealing with any one or more Debentures differently than any other Debentures including, without limitation, by exercising the Company's repurchase right in accordance with the terms of the Debentures at any time in respect of some but not all of the Debentures then outstanding.

ARTICLE 3 MISCELLANEOUS

3.1 DEFAULT/ENFORCEMENT

Prior to making any demand for payment on the Company or proceeding to enforce its security, a Lender shall use its best efforts to forthwith provide all other Lenders, notice of such demand or enforcement, provided, however, that if any Lender determines in good faith that any delay in demanding payment or enforcing its security would be prejudicial to it, such notice may be given at the time that demand for payment or enforcement is made. No Lender shall be liable for any accidental omission to provide notice to the other as required pursuant to this section. In order to effect such notice to the other Lenders, any one Lender may provide to the Company, in writing, a form of notice of demand together with an explanatory letter addressed to the other Lenders with respect to such notifying Lender's intent to enforce its security, and within fifteen (15) business days of receipt of such documentation, the Company

shall use commercially reasonable efforts to transmit such documentation to the other Lenders if such documentation represents a bona fide intent by the Lender to enforce its security and the Debentures shall be in default at such time.

3.2 CONSENT OF THE BORROWER

The Company hereby consents to the terms of the Agreement and confirms to and agrees with the Lender that so long as the Company remains obligated or indebted to any Lender it shall stand possessed of its property so charged in favour of the Lenders in accordance with their respective interests and priorities set out in this Agreement.

3.3 NOTICES

Except as otherwise expressly provided herein, all notices to be given hereunder to the Lenders shall be valid and effective if such notice is delivered personally or sent by facsimile or electronically transmission addressed to any Lender at the address provided in the subscription agreement such Lender executed in connection with his/her/its acquisition of the Debentures.

Any notice so delivered or sent by facsimile transmission shall be deemed to have been given on the day upon which it is delivered or transmitted, as the case may be. Any accidental error, omission or failure in giving or in delivering any such notice or the non-receipt of any such notice by any Lender shall not, in itself, invalidate or otherwise prejudicially affect any action or proceeding founded thereon. Any Lender may from time to time notify the other Lender of a change in address which thereafter, until changed by further notice, shall be the address of such Lender for all purposes of this Agreement.

3.4 COUNTERPARTS

This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument.

3.5 GOVERNING LAW

This Agreement shall be governed by, subject to and interpreted in accordance with the laws of Alberta and the federal laws of Canada applicable therein, without giving effect to the conflicts of laws principles thereof and without reference to the laws of any other jurisdiction. The courts of Alberta shall have exclusive jurisdiction over any dispute arising in connection with this Agreement.

3.6 FURTHER ASSURANCES

Each of the Lenders will do, execute and deliver or will cause to be done, executed and delivered all such further acts, documents and things as either of them may reasonably require for the purpose of giving effect to this Agreement.

3.7 WAIVER

The waiver of or acquiescence to, by any Lender, any default by the other or the Company under any provision of this Agreement shall be deemed not to be a waiver under the provision in respect of any subsequent default thereunder and shall similarly be deemed not to be a waiver under any other provision hereof or of any subsequent default thereunder by any of the parties hereto.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date set out on the first page hereof.

TREES CORPORATION

by its authorized signatory

Name:

Title:

SCHEDULE A

AND TO: TREES CORPORATION (the "Borrower")

Reference is made to the Intercreditor Agreement to which this Schedule A is attached (the "Agreement") among the Company and the Lenders as amended from time to time. Capitalized terms not otherwise defined herein has the meanings assigned to them in the Agreement.

Echo Capital Growth Corporation (the "Lender") is the holder of \$ 100,000 of Principal Amount of Debentures.

For valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Lender, the Lender hereby agrees to become a party to and to be bound by all of the terms and conditions of the Agreement as a holder of Debentures and upon execution of this Schedule will be entitled to all rights of and subject to all the duties and restrictions of a holder of Debentures under the Agreement.

DATED the 21st day of October, 2021.

Name of Lender: Echo Capital Growth Corporation

If Lender is a NOT an Individual:

Paul J. Hill

by its authorized signatory

Name: Paul J. Hill

Title: President

If Lender is an Individual:

SIGNED AND DELIVERED in the presence of:)

_____)
Witness
(print name below and sign on line above))

_____)
Address of Witness:)

[Sign on Above Line]

APPENDIX V - GENERAL SECURITY AGREEMENT

See attached.

GENERAL SECURITY AGREEMENT

THIS AGREEMENT (the "Agreement") is made as of the 21st day of October, 2021.

BETWEEN:

TREES CORPORATION, a company incorporated pursuant to the laws of the Province of Alberta

(the "Company")

AND:

Echo Capital Growth Corporation

(the "Lender")

WITNESSES THAT IN CONSIDERATION of the sum of \$1.00 in lawful money of Canada now paid by the Lender to the Company and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Company agrees with the Lender as follows:

ARTICLE 1 - INTERPRETATION

1.1 Certain Defined Terms

In this agreement and in any amendments hereto, unless the context otherwise requires:

- (a) **"Business Day"** has the meaning ascribed thereto in the Debenture;
- (b) **"Collateral"** means the undertaking of the Company and all real property (in British Columbia only, by way of a floating charge) and personal property and assets now owned or hereafter acquired by the Company, wheresoever located, including, without limitation, the property and assets of the Company referred to in section 2.1. Any reference to "Collateral" herein shall be deemed to be a reference to the Collateral or any part thereof;
- (c) **"Debenture"** means a secured debenture issued by the Company to the Lender dated on or about the date hereof, as the same may be amended from time to time;
- (d) **"Encumbrance"** means any encumbrance of any kind whatsoever, choate or inchoate, whether arising by contract, statute or otherwise, including without limitation a security interest, mortgage, assignment, lien, hypothec, pledge, hypothecation, charge, trust or deemed trust, conditional sale agreement, lease or other title-retention agreement;
- (e) **"Event of Default"** has the meaning ascribed thereto in section 5.1;
- (f) **"Obligations"** means the aggregate of all indebtedness, obligations and liabilities, direct or indirect, absolute or contingent, matured or not, of the Company to the Lender pursuant to the Debentures, whether incurred alone or with another or others, including extensions and renewals;
- (g) **"Permitted Encumbrances"** has the meaning ascribed thereto in the Loan Agreement;
- (h) **"PPSA"** means, together, the *Personal Property Security Act* (Alberta), *Personal Property Security Act* (British Columbia) and *Personal Property Security Act* (Ontario) as the same may from time to time hereafter be amended or any legislation that may be substituted therefor as the same may from time to time be amended;
- (i) **"Security Interest"** means collectively the mortgage, charge, pledge, assignment and transfer of, and the security interest in, the Collateral granted to the Lender by the Company pursuant to section 2.1; and

- (j) “**this agreement**”, “**hereof**”, “**herein**”, “**hereto**” and like references refer to this agreement and any schedules, exhibits or appendices hereto and not to any particular Article, section or other subdivision of this agreement.

1.2 Terms Defined By the PPSA

Unless there is something in the context or subject-matter inconsistent therewith, words and phrases not otherwise herein defined that are defined in the PPSA shall have the meanings ascribed thereto respectively by the PPSA. In the event of any conflict within the PPSA, the *Personal Property Security Act* (Alberta) shall govern.

1.3 Headings

The division of this agreement into Articles and sections and the insertion of headings in this agreement are for convenience of reference only and shall not affect the construction or interpretation of this agreement.

1.4 Number and Gender

In this agreement, where the context so requires, words importing the singular number shall include the plural and vice versa, words importing any gender shall include all genders (including the neuter), and words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations and corporations.

1.5 Currency

Unless otherwise specified herein, all statements of or references to dollar amounts in this agreement shall mean lawful money of Canada.

1.6 Severability

If any provision herein is determined to be void, voidable or unenforceable, in whole or in part, such determination shall not affect or impair or be deemed to affect or impair the validity of any other provision hereof and all the provisions hereof are hereby declared to be separate, severable and distinct.

1.7 No Contra Proferentum

This agreement has been negotiated by the Company and the Lender with the benefit of legal representation, and any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply to the construction or interpretation of the this agreement.

1.8 Applicable Law and Attornment Clause

This Agreement and all documents delivered pursuant hereto shall be governed by and construed in accordance with the PPSA and the other laws of the Province of Alberta, and the parties hereby attorn to the non-exclusive jurisdiction of the courts of such province.

ARTICLE 2 - CREATION AND ATTACHMENT OF SECURITY INTEREST

2.1 Grant of Security Interest and Description of Certain Collateral

As continuing collateral security for the due and timely payment and performance by the Company of the Obligations, the Company hereby mortgages, charges, pledges, assigns, transfers and sets over to the Lender, and grants to the Lender a general and continuing security interest in, the Collateral, which shall include but not be limited to:

- (a) **Accounts:** all accounts, debts, amounts, claims, choses in action and moneys which now are, or which may at any time hereafter become, due or owing to or owned by the Company, whether or not earned by performance, including without limitation any and all accounts receivable arising or resulting from the sale, lease, use, assignment or other disposition of any property described in this section 2.1; all securities, mortgages, bills, notes and other documents now held or owned, or which may be hereafter taken, held or owned, by or on behalf of the Company, in respect of such accounts,

debts, amounts, claims, choses in action and moneys or any part thereof; and all books, documents and papers recording, evidencing or relating to such accounts, debts, amounts, claims, choses in action and moneys or any part thereof;

- (b) **Chattel Paper:** all present and future agreements made between the Company as Lender and others which evidence both a monetary obligation and a security interest in or a lease of specific goods;
- (c) **Documents:** all books of account and other books, invoices, writings, letters, papers and other documents whether in written, magnetic, electronic or other form, relating to or being records of the Collateral or by which any of the Collateral is secured, evidenced, acknowledged or made payable;
- (d) **Documents of Title:** all writings now or hereafter owned by the Company, each of which writing purports to be issued by or addressed to a bailee and purports to cover such goods and chattels in the bailee's possession as are identified or fungible portions of an identified mass, whether such goods and chattels are inventory or equipment, and which writing is treated in the ordinary course of business as establishing that the person in possession of such writing is entitled to receive, hold and dispose of such writing and the goods and chattels it covers, and further, whether such writing is negotiable in form or otherwise, including bills of lading and warehouse receipts;
- (e) **Equipment:** all equipment now owned or hereafter acquired by the Company, including, without limitation, all machinery, fixtures, plant, tools, furniture, chattels, vehicles of any kind or description including, without limitation, motor vehicles, parts, accessories installed in or affixed or attached to any of the foregoing, all purchase warranties and claims, drawings, specifications, plans and manuals relating thereto, any equipment specified as equipment of the Company and described in any schedule, exhibit or appendix hereto and any other tangible personal property which is not inventory;
- (f) **Instruments:** all present and future bills, notes and cheques (as such terms are defined pursuant to the *Bills of Exchange Act* (Canada)) of the Company, and all other writings that evidence a right to the payment of money and are of a type that in the ordinary course of business are transferred by delivery and all letters of credit and advices of credit provided that such letters of credit and advices of credit state that they must be surrendered upon claiming payment thereunder;
- (g) **Intangibles:** subject to section 2.5, all intangible property now owned or hereafter acquired by the Company and which is not accounts including, without limitation, all contractual rights, insurance claims, goodwill, licences, inventions, franchises, designer rights, know-how processes and formulae, patents, patent applications, trade marks, trade names, copyrights and other intellectual or industrial property of the Company, whether registered or not and whether under licence or otherwise, and all other choses in action of the Company of every kind, whether due or owing at the present time or hereafter to become due or owing;
- (h) **Inventory:** all goods and chattels now or hereafter forming the inventory of the Company including, without limitation, all goods, merchandise, raw materials, work in process, finished goods, goods held for sale, resale or lease or that have been leased or that are to be, or have been, furnished under a contract of service, and goods used in or procured for packing or packaging, timber to be cut, minerals and hydrocarbons to be extracted, all livestock and their unborn young and all growing crops;
- (i) **Money:** all money now or hereafter owned by the Company, whether or not such money is authorized or adopted by the Parliament of Canada as part of its currency or by any foreign government as part of its currency;
- (j) **Investment Property:** all present and future investment property held by the Company, including securities, security entitlements, securities accounts, future contracts, future accounts, shares, options, rights, warrants, joint venture interests, interests in limited partnerships, trust units, bonds, debentures and all other documents which constitute evidence of a share, participation or other interest of the Company in property or in an enterprise or which constitute evidence of an obligation

of the issuer, together with all accretions thereto, all substitutions therefor, all dividends and income derived therefrom and all rights and claims in respect thereof; and

- (k) **Leases:** subject to section 2.4, all leases now owned or hereafter acquired by the Company as tenant (whether oral or written) or any agreement therefor, together with all of the Company's erections, improvements and fixtures situate thereupon.

2.2 Proceeds

The Security Interest shall extend to all proceeds of the Collateral.

2.3 Attachment

The Company hereby acknowledges that value has been given by the Lender for the granting of the Security Interest, that the Company has rights in the Collateral (other than future and hereafter acquired Collateral), and that the parties have agreed not to postpone the time for attachment of the Security Interest.

2.4 Exception re: Last Day of Leases

The last day of the term of any lease, sublease or agreement therefor, oral or written, now held or hereafter acquired by the Company is specifically excepted from the Security Interest and shall not form part of the Collateral, but the Company agrees to stand possessed of such last day in trust for such person as the Lender may direct and the Company shall assign and dispose thereof in accordance with such direction.

2.5 Exception re: Contractual Rights, Licences, etc.

To the extent that the Security Interest would constitute a breach or cause the acceleration of any agreement, lease, contractual right, licence, approval, privilege, franchise or permit to which the Company is a party, the Security Interest shall not attach thereto but the Company shall hold its interest therein in trust for the Lender, and shall grant a security interest in such agreement, contractual right, licence or permit to the Lender forthwith upon obtaining the appropriate consents to the creation of such security interest. The Company agrees to use commercially reasonable efforts to obtain any such consent from time to time requested by the Lender.

2.6 Amalgamation

In the event that the Company shall amalgamate with any other corporation or corporations:

- (a) the term "Company" wherever used herein shall extend to and include each of the amalgamating corporations and the amalgamated corporation, and the indebtedness, obligations and liabilities of each of them shall be included in the Obligations; and
- (b) the Security Interest shall extend to and the Collateral shall include all the property and assets of each of the amalgamating corporations and the amalgamated corporation and to any property or assets of the amalgamated corporation thereafter owned or acquired.

ARTICLE 3 - WARRANTIES AND COVENANTS OF THE COMPANY

3.1 Warranties and Covenants

The Company hereby warrants, covenants and agrees with the Lender as follows:

- (a) this agreement is granted in accordance with resolutions of the directors (and of the shareholders as applicable) or of the partners, as the case may be, of the Company, and that all other matters and things have been done and performed so as to authorize and make the execution and delivery of this agreement, and the performance of the Company's obligations hereunder, legal, valid, and binding;
- (b) the Company lawfully owns and possesses all presently held Collateral and has good title thereto, free from all security interests, charges, encumbrances, liens, and claims, save only the charges or

security interests, if any, shown in any schedule to this agreement and those consented to in writing by the Lender, and the Company has good right and lawful authority to grant a security interest in the Collateral as provided by this agreement;

- (c) the Company shall keep the Collateral in good condition and repair, normal wear and tear excepted;
- (d) the Company shall observe and perform all its obligations under all material leases, licences, undertakings and agreements to which it is a party, obtain and preserve its rights, powers, licences, privileges, franchises and goodwill thereunder, and comply with all applicable laws, by-laws, rules, regulations and ordinances in a proper and efficient manner so as to preserve and protect the Collateral and the business and undertaking of the Company in all material respects;
- (e) the Company shall prevent the Collateral from becoming an accession to any personal property not subject to this agreement or becoming affixed to any real property, without the prior written consent of the Lender;
- (f) the Company shall:
 - (i) keep proper books of account and records covering all its business and affairs on a current basis as well as accurate and complete records concerning the Collateral; and
 - (ii) notify the Lender promptly of any loss or damage to or any seizure of any significant portion of the Collateral.
- (g) The Company shall promptly notify the Lender in writing of the details of:
 - (i) any amendment to its articles, affecting the rights of the Lender pursuant hereto;
 - (ii) any claim, litigation or proceedings before any court, administrative board or other tribunal which either does or could have a material adverse effect on the Collateral or the Company;
 - (iii) any claim, lien, attachment, execution or other process or encumbrance made or asserted against or with respect to the Collateral which either does or could have a material adverse effect on the Security Interest;
 - (iv) any transfer of the Company's interest in the Collateral, whether or not permitted hereunder; or
 - (v) any material loss of or damage to the Collateral, whether or not such loss or damage is covered by insurance.

ARTICLE 4 - RESTRICTIONS ON DISPOSAL OF COLLATERAL

4.1 General Restrictions

Except as herein expressly provided, the Company shall not, without the prior written consent of the Lender:

- (a) create, allow to be created, assume or suffer to exist any Encumbrance upon the Collateral, other than Permitted Encumbrances, ranking or purporting to rank in priority to or *pari passu* with the Security Interest;
- (b) sell, lease, assign or otherwise dispose of or deal with the Collateral; or
- (c) release, surrender or abandon possession of the Collateral.

Save as herein otherwise expressly provided, nothing herein shall be construed as constituting an express or implied subordination or postponement of the Security Interest in favour of any Permitted Encumbrance.

4.2 Permitted Dispositions

This agreement and the Security Interest shall in no way hinder or prevent the Company, without the prior written consent of the Lender, at any time and from time to time until an Event of Default shall have occurred and the Security Interest shall have become enforceable:

- (a) from collecting and, where necessary, enforcing the collection of all amounts due or to become due to the Company under any account; and
- (b) from selling, leasing, licensing, consigning or otherwise disposing of inventory or of any obsolete, worn out, damaged or otherwise unsuitable equipment forming part of the Collateral, in the ordinary course of the Company's business and for the purpose of carrying on the same.

4.3 Income from and Interest on Collateral Consisting of Investment Property

- (a) Until the occurrence of an Event of Default, the Company reserves the right to receive all income from or interest on the Collateral consisting of Investment Property, and if the Lender receives any such income or interest prior to such an Event of Default, the Lender shall pay such income or interest promptly to the Company.
- (b) Upon the occurrence of an Event of Default, the Company will not demand or receive any income from or interest on such Collateral, and if the Company receives any such income or interest without any demand by it, such income or interest shall be held by the Company in trust for the Lender in the same medium in which received, shall not be commingled with any assets of the Company and shall be delivered to the Lender in the form received, properly endorsed to permit collection, not later than the next business day following the day of its receipt. The Lender may apply the net cash receipts from such income or interest to payment of any of the Obligations, provided that the Lender shall account for and pay over to the Company any such income or interest remaining after payment in full of the Obligations.

ARTICLE 5 - DEFAULT AND ENFORCEMENT

5.1 Events of Default

Default hereunder shall be deemed to occur in each of the following instances (each of which is herein called an "Event of Default"):

- (a) the Company defaults in payment of any indebtedness included in the Obligations or any part thereof when the same becomes due, and the Company fails to remedy such default within ten Business Days after written notice thereof has been given by or on behalf of the Lender to the Company specifying such default and requiring that an end be put to the same;
- (b) the Company defaults in observing, performing or complying with any other Obligations, including any covenant, undertaking, condition or obligation contained herein or in any other agreement between the Company and the Lender, and fails to remedy such default within ten Business Days after written notice thereof has been given by or on behalf of the Lender to the Company specifying such default and requiring that an end be put to the same;
- (c) any representation or warranty of the Company contained herein or in any document or certificate furnished in connection herewith proves to have been untrue in any material respect at the time in respect of which it was made;
- (d) any order is made or a resolution passed for the winding-up of the Company or an application for a bankruptcy order is filed or a bankruptcy order is made under the *Bankruptcy and Insolvency Act* (Canada) against the Company or an authorized assignment for the benefit of creditors is made by it or a receiver or agent is appointed by or on behalf of a secured creditor of the Company or pursuant to a court order or an application is made under the *Companies' Creditors Arrangement Act*

(Canada) or a notice of intention to make a proposal is filed or a proposal is made by the Company to its creditors under the *Bankruptcy and Insolvency Act* (Canada);

- (e) an encumbrancer, whether permitted or otherwise, takes possession of any significant portion of the Collateral;
- (f) an order is made or legislation enacted for the expropriation, confiscation, forfeiture, escheating or other taking or compulsory divestiture, whether or not with compensation, of all or a significant portion of the Collateral unless the same is being actively and diligently contested by the Company in good faith, the Company shall have provided to the Lender such security therefor as it may reasonably require and such order or legislation shall have been vacated, lifted, discharged, stayed or repealed within thirty days from the date of being entered, pronounced or enacted, as the case may be;
- (g) any process of a court, execution, attachment, garnishment, distress or analogous process is issued or levied or becomes enforceable or is enforced against any significant portion of the Collateral unless the same is being actively and diligently contested by the Company in good faith, the Company shall have provided to the Lender such security therefor as it may reasonably require and such court process, execution, attachment, garnishment, distress or analogous process shall have been vacated, lifted, discharged or stayed within thirty days after being entered, commenced or levied as the case may be;
- (h) the Company ceases or threatens to cease to carry on its business, commits any act of bankruptcy, becomes insolvent, proposes a compromise or arrangement to its creditors or makes an unauthorized sale in bulk of its assets; or
- (i) the Company is liquidated, dissolved or its corporate charter expires or is revoked.

5.2 Remedies

Upon the occurrence of an Event of Default, the Security Interest shall immediately become enforceable and, in British Columbia only, any floating charge will immediately attach to any real property of the Company, and the Lender may, forthwith or at any time thereafter and without notice to the Company except as required by the PPSA or by this agreement:

- (a) commence legal action to enforce payment or performance of any or all of the Obligations;
- (b) make payments to discharge any claim, lien, mortgage, security interest, charge or other encumbrance on properties on which either the Company or the Lender may hold charges or encumbrances (whether or not ranking in priority to the Security Interest);
- (c) enter upon, use and occupy any and all premises owned, leased or occupied by the Company where the Collateral may be located;
- (d) take immediate possession of all or any part of the Collateral and require the Company to assemble and deliver possession of the Collateral at a location or locations specified by the Lender, with power to exclude the Company, its officers, directors, employees and agents therefrom;
- (e) appoint or reappoint by instrument in writing any person to be an agent or any person to be a receiver, manager or receiver and manager (herein called a “Receiver”) of the Collateral and to remove any Receiver so appointed and to appoint another if the Lender so desires;
- (f) notify the account debtors or obligors under any accounts of the assignment of such accounts to the Lender and direct such account debtors or obligors to make payment of all amounts due or to become due to the Company thereunder directly to the Lender and give valid and binding receipts and discharges therefor and in respect thereof and, upon such notification and at the expense of the Company, enforce collection of any accounts, and adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as the Company might have done;

- (g) enjoy and exercise all of the rights and remedies of a Lender under the PPSA;
- (h) file such proofs of claim or other documents as may be necessary or desirable to have its claim lodged in any bankruptcy, winding-up, liquidation, dissolution or other proceedings (voluntary or involuntary) relating to the Company;
- (i) preserve, protect and maintain the Collateral and make such replacements thereof and additions thereto as the Lender shall deem advisable;
- (j) sell, consign, lease or otherwise dispose of all or any part of the Collateral whether by public or private sale, consignment or lease or otherwise and on any terms so long as every aspect of the disposition is commercially reasonable, including, without limitation, terms that provide time for payment on credit; provided that:
 - (i) neither the Lender nor any Receiver will be required to sell, consign, lease or dispose of the Collateral, but may peaceably and quietly take, hold, use, occupy, possess and enjoy the Collateral without molestation, eviction, hindrance or interruption by the Company or any other person or persons whomsoever for such period of time as is commercially reasonable;
 - (ii) the Lender or any Receiver may dispose of all or any part of the Collateral in the condition in which it was on the date possession of it was taken, or after any commercially reasonable repair, processing or preparation for disposition;
 - (iii) the Lender or any Receiver may convey, transfer and assign to a purchaser or purchasers the title to any of the Collateral so sold; and
 - (iv) the Company will be entitled to be credited with the actual proceeds of any such sale, consignment, lease or other disposition only when such proceeds are received by the Lender or any Receiver in cash.

5.3 Powers and Duties of Receiver

Any Receiver appointed hereunder:

- (a) shall, subject to the provisions of the instrument appointing it, have all of the powers of the Lender hereunder together with:
 - (i) the power to carry on the business of the Company or any part thereof;
 - (ii) the power to borrow money in the Company's name or in the Receiver's name; and
 - (iii) the power to grant security interests in the Collateral in priority to the Security Interest as security for the money so borrowed; and
- (b) shall be deemed to be the agent of the Company for the purpose of establishing liability for the acts or omissions of the Receiver and the Lender shall not be liable for such acts or omissions.

The Company hereby irrevocably authorizes the Lender from time to time after appointment of any Receiver to give instructions to the Receiver relating to the performance of the Receiver's duties and to fix the remuneration of the Receiver in connection therewith.

5.4 Other Remedies Cumulative

The remedies provided in section 5.2 are cumulative and in addition to (and not in substitution for, exclusive of nor dependent on) any other remedies contained herein or in any existing or future security document granted by the Company to the Lender and to all other remedies existing at law or in equity or by statute.

5.5 Appointment of Consultant

Upon the occurrence of an Event of Default that is continuing, the Lender may appoint any person (the “**Consultant**”) to investigate any or all of the Collateral, the Company and the Company’s business and affairs and report to the Lender. The Company shall co-operate fully with the Consultant and give the Consultant full access to its facilities, property, records, creditors, customers, contractors, officers, directors, employees, auditors, legal counsel and agents. The Consultant shall not participate in the management of the Company’s business and affairs and shall have no responsibility, nor shall it incur any liability, in respect of the Collateral, the Company or the Company’s business or affairs. The Consultant shall act solely on behalf of the Lender and shall have no contractual relationship with the Company as a consultant or otherwise, nor shall the Company be entitled to receive any report by the Consultant. The appointment of the Consultant shall not be regarded as an act of enforcement of the Encumbrances created by this Agreement. All costs incurred in connection with the appointment of the Consultant and the performance by the Consultant of its activities as such, including reasonable legal fees on a full indemnity (sometimes called solicitor and own client) basis shall be payable by the Company to the Lender immediately on demand, shall bear interest from the date they are incurred until paid at the rate specified in the Credit Facility Agreement and shall be included in the Obligations.

5.6 Restriction on Company

Upon the Lender taking possession of the Collateral or the appointment of a Receiver, all the powers, functions, rights and privileges of the Company or any officer, director, employee or agent of the Company with respect to the Collateral shall, to the extent permitted by law, be suspended unless specifically continued by the written consent of the Lender; however, all other powers, functions, rights and privileges of the Company or any officer, director, employee or agent of the Company shall be unaffected by such events.

5.7 Indulgences and Releases

Either the Lender or any Receiver may grant extensions of time and other indulgences, take and give up or abstain from perfecting or taking advantage of securities, accept compositions, compound, compromise, settle, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the Company, debtors of the Company, sureties and others and with the Collateral and other security as the Lender or such Receiver may see fit without prejudice to the liability of the Company under the Obligations or the right of the Lender and such Receiver to hold the Collateral and realize upon the Security Interest.

5.8 Expenses of Enforcement

The Company agrees to indemnify and reimburse the Lender for all costs and expenses of the Lender, its agents, advisors and consultants (including without limitation legal fees and disbursements on a substantial indemnity basis) incurred with respect to the exercise by the Lender of any of its rights, remedies and powers under this agreement (including without limitation costs and expenses related to the custody, preservation and realization of the Collateral, any amounts paid under section 5.2(b), the remuneration of the Receiver and all costs and expenses incurred by the Receiver in performing its functions under its appointment), and such costs and expenses shall be added to and shall form part of the Obligations.

5.9 Application of Moneys

Subject to the requirements of the PPSA, all money or other proceeds of realization collected or received by the Lender or any Receiver upon the realization of the Security Interest or on exercise of any other rights or remedies herein contained with respect to the Collateral shall be applied on account of the Obligations in such manner as the Lender deems best or, at the option of the Lender, may be held unapportioned in a collateral account or released to the Company, all without prejudice to the liability of the Company or the rights of the Lender hereunder. The balance of such proceeds, if any, shall be paid in accordance with the PPSA and any other applicable law.

5.10 Liability for Deficiency

If the proceeds of realization received by or on behalf of the Lender from the disposition of the Collateral are not sufficient to satisfy the Obligations in full, the Company shall be liable to pay such deficiency to the Lender forthwith on demand.

5.11 In Addition to Other Rights; No Marshalling

This Agreement is in addition to and is not in any way prejudiced by or merged with any other Encumbrance now or substantially held by the Lender in respect of any Obligations. The Lender shall be under no obligation to marshal in favour of the Company any other Encumbrance or any money or other property that the Lender may be entitled to receive or may have a claim upon.

5.12 Set-Off

Without in any way limiting any other rights or remedies available to the Lender, the Lender shall have the right (but shall not be obligated), at any time and from time to time after the occurrence of an Event of Default and without notice to the Company (such notice being expressly waived by the Company), to set off against the Obligations or any of them deposits (general or special) or moneys then held by the Lender or any other indebtedness owing by the Lender to, or held by the Lender for the credit of, the Company, regardless of the currency in which such indebtedness is denominated and notwithstanding that such indebtedness is not then due.

ARTICLE 6 - GENERAL PROVISIONS**6.1 Waiver**

No delay or omission to exercise any right or remedy accruing to the Lender upon any breach or default by the Company hereunder shall impair any such right or remedy by the Lender nor be construed as a waiver of any such breach or default or of any similar breach or default thereafter occurring, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right or remedy. No waiver of a single breach or default shall operate or be construed as a waiver of any subsequent breach or default. All waivers hereunder must be in writing and signed by the waiving party.

6.2 Limitation Period

To the extent that any limitation period applies to any claim for payment of the Obligations or remedy for enforcement of the Obligations, the Company agrees that:

- (a) any limitation period is expressly excluded and waived entirely if permitted by applicable law;
- (b) if a complete exclusion and waiver of any limitation period is not permitted by applicable law, any limitation period is extended to the maximum length permitted by applicable law;
- (c) any applicable limitation period shall not begin before any express demand for payment of the Obligations is made in writing by the Lender to the Company;
- (d) any applicable limitation period shall begin afresh upon any payment or other acknowledgment of the Obligations by the Company; and
- (e) in Ontario, this Agreement is a "business agreement" as defined in the *Limitations Act, 2002* (Ontario) if that Act applies.

6.3 Amendment

This agreement may only be amended, supplemented or terminated by a written agreement signed by the Company and the Lender.

6.4 Notices

Except as otherwise expressly provided herein, all notices to be given hereunder to the Lender shall be valid and effective if such notice is delivered personally or sent by facsimile or electronically transmission addressed to any Lender at the address provided in the subscription agreement such Lender executed in connection with his/her/its acquisition of the Debentures, and all notices to be given hereunder to the Company shall be valid and effective if such notice is delivered personally or sent by facsimile or electronically transmission addressed as follows:

Trees Corporation
c/o Aird & Berlis LLP
Suite 1800, 181 Bay Street
Toronto, Ontario M5J 2T9
Attention: Jeff Holmgren, CFO
Email: jeffh@treescorp.ca

Any notice so delivered or sent by facsimile transmission shall be deemed to have been given on the day upon which it is delivered or transmitted, as the case may be. Any accidental error, omission or failure in giving or in delivering any such notice or the non-receipt of any such notice by any Lender shall not, in itself, invalidate or otherwise prejudicially affect any action or proceeding founded thereon. Any Lender may from time to time notify the other Lender of a change in address which thereafter, until changed by further notice, shall be the address of such Lender for all purposes of this Agreement.

6.5 Further Assurances

The Company shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such further acts, deeds, mortgages, transfers, assurances or other documents as the Lender shall reasonably require to give effect to or to preserve and perfect the Security Interest in the Collateral intended to be granted to the Lender hereunder, or any security interest the Company may hereafter grant or become bound to grant to the Lender, for the purpose of accomplishing and effecting the intention of this agreement. The Company hereby irrevocably appoints the Lender to be the attorney of the Company, coupled with an interest, with full power of substitution, for and in the name of the Company to execute and to do any deeds, documents, transfers, demands, assignments, assurances, consents and things which the Company is obliged to sign, execute or do hereunder.

6.6 Term

This agreement shall become effective according to its terms immediately upon the execution hereof by the Company and shall continue as security for the Obligations until all of the Obligations are paid and performed in full and this agreement is terminated.

6.7 Non-substitution

This agreement and the Security Interest are in addition to and not in substitution for any other agreement made between the Lender and the Company or any other security granted by the Company to the Lender whether before or after the execution of this agreement.

6.8 No Merger

Neither the taking of any action, suit or proceedings, judicial or extra-judicial, nor the exercise of any power of seizure or disposition shall extinguish the liability of the Company to pay and perform the Obligations nor shall the acceptance of any payment or alternate security constitute or create any novation. No covenant, representation or warranty of the Company herein shall merge in any judgment.

6.9 Entire Agreement

There are no representations, agreements, warranties, conditions, covenants or terms, express or implied, collateral or otherwise, affecting this agreement or the Security Interest or the Company's obligations and liabilities hereunder other than as expressed herein.

6.10 Time of Essence

Time shall in all respects be of the essence hereof.

6.11 Binding Effect

This agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns.

6.12 Disclosure of Information re: Company

The Company agrees that the Lender may provide from time to time such information concerning this agreement, the Collateral and the Obligations to such persons as the Lender in good faith believes are entitled to the same under the PPSA.

6.13 Waiver of Receipt of Financing Statement

The Company hereby acknowledges having received a copy of this Agreement and waives any right it may have to receive a copy of any PPSA financing statement or financing change statement, or any other statement or verification statement issued by any registry that confirms the registration of a financing statement or financing change statement, relating to this Agreement or any other agreement between the Company and the Lender.

6.14 Paramountcy

If a conflict exists between a provision of this Agreement and a provision of the Loan Agreement, the provisions of the Loan Agreement shall prevail. If there is a representation, warranty, covenant, agreement or event of default contained in this Agreement which is not contained in the Loan Agreement, or vice versa, such additional provision shall be deemed not to constitute a conflict.

6.15 Specific Waivers

The Company hereby waives and releases all of the rights, benefits or protection granted to it by section 53 of the *Law of Property Act* (Alberta) as the same may from time to time hereafter be amended or any legislation that may be substituted therefor as the same may from time to time be amended.

6.16 Execution

This Agreement may be executed by pdf, and any signature contained hereon by pdf shall be deemed to be equivalent to an original signature for all purposes.

[Signature Page Follows]

IN WITNESS WHEREOF the Company has executed this agreement as of the date first above written.

TREES CORPORATION

Jeff Holmgren

by its authorized signatory

Name:

Title:

APPENDIX VI – FORM OF CONVERTIBLE DEBENTURE

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 ONE DAY AFTER THE LATER OF (I) [●], 2021; AND (II) THE DATE THE COMPANY BECOMES A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY.

TREES CORPORATION
(Existing under the laws of Alberta)

SECURED CONVERTIBLE DEBENTURES

CERTIFICATE NUMBER: 2021/10-[●]

HOLDER: [●]

PRINCIPAL: [●] Debentures at a Principal Amount per Debenture \$1,000.00, in the lawful money of Canada for an aggregate Principal Amount of Debentures evidenced by this Certificate of \$[●]

ISSUE DATE: [●], 2021

MATURITY DATE: [●], 2023

INTEREST: 58.8% PER ANNUM (4.9% PER CALENDAR MONTH), calculated as non-compounding simple interest and on the basis of a 365 day year accruing from the date of issue until the Conclusion Date

THIS IS TO CERTIFY THAT TREES CORPORATION (the "Company") for value received hereby acknowledges itself indebted and promises to pay to the Holder the Principal Amount and Interest thereon from the Issue Date, on presentment and surrender of this Certificate at the principal office of the Company, or its successor in the City of Vancouver, on the Maturity Date, or on such earlier date as the principal hereof becomes convertible, redeemable or payable, as the case may be, in accordance with the provisions of this Certificate.

The Debenture(s) represented by this Certificate represent the debentures issued or to be issued under one or more subscription agreements (the "**Agreement**") made between the Company and the Holder or persons on behalf of whom the Holder acts, which Agreement and all instruments supplemental thereto are referred to for a description of the terms and conditions upon which the Debenture(s) are issued and held and the rights of the Holder and of the Company, all to the same effect as if the provisions of the Agreement and all instruments supplemental thereto were herein set forth, to all of which the Holder, by acceptance hereof, assents. All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Agreement.

In the event of any conflict or inconsistency between the provisions of the Agreement (and any amendments thereto and instruments supplement thereto) and the provisions of this Certificate, except those that are necessary by context, the provisions of this Certificate (and any amendments thereto and instruments supplement thereto) shall prevail. The terms and provisions of the Agreement (and any amendments thereto and instruments supplement thereto) are incorporated herein by reference.

[Terms to Follow]

The terms of this Certificate are as follows:

Article I. INTERPRETATION

1.1 Definitions

In this Certificate, unless there is something in the subject matter or context inconsistent therewith:

- (a) **"Agreement"** means the debenture subscription agreement pursuant to which this Certificate is granted;
- (b) **"Business Day"** means a day which is not a Saturday, Sunday or civic or statutory holiday in Calgary Alberta;
- (c) **"Certificate"** means this certificate evidencing the Debenture(s);
- (d) **"Common Shares"** means the Class A common shares in the capital of the Company;
- (e) **"Company"** means Trees Corporation;
- (f) **"Company's Auditors"** means an independent firm of chartered accountants duly appointed as auditors of the Company;
- (g) **"Conclusion Date"** means the earlier of: (i) the Maturity Date; (ii) the Prepayment Date; and (iii) the Conversion Date;
- (h) **"Conversion Date"** means the date of occurrence of the conversion of the Debenture pursuant to the Conversion Right;
- (i) **"Conversion Election Notice"** means a notice delivered by the Company at least 30 days prior to the date of occurrence of a Liquidity Event notifying the Holder as to such Holder's right to exercise its Conversion Right within the Conversion Exercise Period;
- (j) **"Conversion Exercise Notice"** means a notice delivered by the Holder to the Company notifying the Company as to the Holder's exercise of the Conversion Right within the Conversion Exercise Period;
- (k) **"Conversion Exercise Period"** means the period from the date of the Conversion Election Notice to 15 days thereafter;
- (l) **"Conversion Price"** means a 50% discount to the deemed price per Conversion Share in connection with the Liquidity Event;
- (m) **"Conversion Right"** means the right of the Holder exercisable to convert the Principal Amount and all Interest accrued and unpaid up to the date of the applicable Liquidity Event, into Conversion Shares at a share equal to the Conversion Price;
- (n) **"Conversion Shares"** means Common Shares issuable upon conversion of Debentures or such other security the Debentures or the Common Shares may be converted into or exchanged for in connection with a Liquidity Event.
- (o) **"Debenture(s)"** means the secured convertibles debenture(s) of the Company represented by this Certificate;
- (p) **"Event of Default"** has the meaning assigned to such term in Section 5.1;
- (q) **"Exchange"** means any duly recognized stock exchange or stock quotation or other trading system;

- (r) **"Financing"** means the offering of convertible secured debentures of the Company, including the Debentures represented by this Certificate;
- (s) **"General Security Agreement"** has the meaning assigned to such term in Section 4.2;
- (t) **"Holder"** means the holder of this Certificate noted on the front page of this Certificate;
- (u) **"Holders"** mean the Holder together with all other holders of the secured convertibles debenture(s) of the Company issued under the Financing;
- (v) **"Intercreditor Agreement"** has the meaning assigned to such term in Section 4.2;
- (w) **"Interest"** has the meaning assigned to such term in Section 2.2;
- (x) **"Issue Date"** means the date of issue of the Debenture(s), as shown on the first page of this Certificate;
- (y) **"Liquidity Event"** means the occurrence of any of the following, which results in the Common Shares or other equity securities of the Company (or of any resulting issuer) being publicly listed on an Exchange:
 - (i) the Company completing a bona-fide initial public offering or other listing of Common Shares or other equity securities under a prospectus filed with securities regulatory authorities; or
 - (ii) the consummation of any transaction including, without limitation, any consolidation, amalgamation, merger, plan of arrangement, reverse take-over, qualifying transaction, change of business or any other business combination or similar transaction;
- (z) **"Maturity Date"** means the second (2nd) anniversary of the Issue Date, or such earlier date as the principal hereof becomes convertible, redeemable or payable, as the case may be, in accordance with the provisions of this Certificate;
- (aa) **"Person"** means any individual, corporation or company, partnership, joint venture, syndicate, sole proprietorship, trust, trustee, executor, administrator or other legal representative or an unincorporated organization, government or governmental authority or entity and pronouns having a similarly extended meaning;
- (bb) **"Prepayment Date"** has the meaning assigned to such term in Section 2.4;
- (cc) **"Prepayment Right"** has the meaning assigned to such term in Section 2.4;
- (dd) **"Prepayment Amount"** has the meaning assigned to such term in Section 2.4
- (ee) **"Principal Amount"** has the meaning assigned to such term in Section 2.1;
- (ff) **"Security"** has the meaning assigned to such term in Section 4.1; and
- (gg) **"Successor Corporation"** has the meaning assigned to such term in Section 6.1.

1.2 Time

Time is of the essence in and of this Certificate.

1.3 Number and Gender

Words importing the singular number include the plural and vice versa, and words importing gender include the neuter, feminine and masculine genders.

1.4 Headings

The division of this Certificate into articles, sections, subsections and clauses, and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof.

1.5 Applicable Law

This Debenture shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein, without giving effect to the conflicts of laws principles thereof and without reference to the laws of any other jurisdiction. The courts of Alberta shall have exclusive jurisdiction over any dispute arising in connection with this Certificate.

1.6 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, such action shall be required to be taken on or before the requisite time on the next succeeding day that is a Business Day.

1.7 Monetary Reference

Any reference in this Certificate to "Dollars", "dollars", "CAD\$" or "\$" shall be deemed to be a reference to the lawful money of Canada.

1.8 Invalidity of Provisions

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

Article II. PRINCIPAL AND INTEREST

2.1 Promise to Pay Principal

The principal amount of each Debenture is \$1,000.00 (the "**Principal Amount**"). The Company agrees to pay to the Holder the Principal Amount for each Debenture evidenced by this Certificate, unless any such Debenture shall have been previously prepaid, redeemed or converted in accordance with the provisions hereof, on the Maturity Date on presentation and surrender of this Certificate at the principal office of the Company at the address set forth under Section 8.1 or at such other place as the Company may advise the Holder in writing.

2.2 Interest

Interest shall accrue on the Principal Amount at the simple rate of fifty-eight point eight] percent (58.8%) per annum (four point nine percent (4.9%) per calendar month), calculated as non-compounding simple interest and on the basis of a 365 day year ("**Interest**"), after, as well as, before each of maturity, default and judgment commencing on the date of issuance of the Debentures.

Unless previously prepaid, redeemed or converted, the Company shall pay to the Holder all accrued and unpaid Interest on the Principal Amount of each Debenture on:

- (a) in the event the Company completes a Liquidity Event prior to the one (1) year anniversary of the Issue Date, the one (1) year anniversary of the Issue Date; and
- (b) the Conclusion Date.

For avoidance of doubt, in the event the Debentures are converted in accordance with the Conversion Right, all accrued and unpaid Interest shall be converted in accordance with the Conversion Right and no cash payment shall be made to the Holder at any time.

2.3 Payment

All amounts paid by the Company to the Holder shall be applied, firstly, to any accrued and unpaid Interest, and secondly, to the outstanding Principal Amount.

2.4 Prepayment

In the event the Holder elects not to exercise its Conversion Right in connection with any Debentures, the Company shall have the right, but not the obligation, to elect to prepay all Principal Amount and all Interest accrued and unpaid up to the date of prepayment determined by the Company (the "**Prepayment Date**") on such Debentures at any time in the Company's sole discretion following the expiry of the Conversion Exercise Period (the "**Prepayment Right**").

In the event the Company elects to exercise its Prepayment Right, the Company shall deliver a notice to the Holder at least five (5) days prior to the Prepayment Date as to the Company's calculation of the total repayment amount of the Debentures being prepaid as of the Prepayment Date (the "**Prepayment Amount**"), and on the Prepayment Date, the Company shall deliver the Prepayment Amount to the Holder in cash and the obligations of the Company under each so prepaid Debenture (including any obligations pursuant the Agreement, the Intercreditor Agreement, the General Security Agreement, and this Certificate with respect to such prepaid Debenture) shall be deemed to be fully satisfied and shall cease. In addition, any security registration securing the obligations of the Company under the Debentures shall be discharged.

For the purposes of this Article II, the Debentures shall be deemed to be surrendered in exchange for the Prepayment Amount without further action of the Holder, and this Certificate shall cease to be of legal force and effect.

Article III. CONVERSION

3.1 Conversion Right

Subject to, and upon compliance with all other applicable provisions of this Article III, concurrently with or immediately prior to the date of occurrence of a Liquidity Event, the Holder shall have the right, but not the obligation, to elect to exercise the Conversion Right in respect of the Debentures held by the Holder to convert the Principal Amount and all accrued and unpaid Interest up to the date of conversion of such Debentures, into Conversion Shares at a conversion price per share equal to the Conversion Price. Upon such conversion, the rights and obligations of each party under the Agreement, the Intercreditor Agreement, the General Security Agreement, the Debentures and this Certificate shall be deemed to be fully satisfied and shall cease. In addition, any security registration securing the obligations of the Company under the Debentures shall be discharged.

3.2 Manner of Conversion

- (1) At least thirty (30) days prior to the date of occurrence of a Liquidity Event, the Company shall deliver a Conversion Election Notice to the Holder notifying the Holder thereof in writing and advising as to the Holder's right to exercise its Conversion Right in connection with such Liquidity Event. The Conversion Election Notice shall state:
 - (a) the Conversion Date;
 - (b) the Conversion Exercise Period; and
 - (c) the Conversion Price.
- (2) Prior to the expiry of the Conversion Exercise Period, the Holder must deliver a Conversion Exercise Notice to the Company notifying the Company in writing as to the Holder's election to exercise such Conversion Right or not.

- (3) **IN THE EVENT HOLDER DOES NOT PROVIDE A CONVERSION EXERCISE NOTICE WITHIN THE CONVERSION EXERCISE PERIOD, HOLDER WILL BE DEEMED TO HAVE EXERCISED ITS CONVERSION RIGHT IN RESPECT OF ALL DEBENTURES HELD BY SUCH HOLDER AND SUCH DEBENTURES WILL BE DEEMED AUTOMATICALLY CONVERTED IN CONNECTION WITH ANY OTHER DEBENTURES TO BE CONVERTED BY HOLDERS ELECTING TO EXERCISE THEIR CONVERSION RIGHT.**
- (4) On the Conversion Date, the Holder, or the Holder's nominee or assignee, shall be entered into the books of the Company as maintained by the Company's transfer agent as the holder of the Conversion Shares or other securities issuable upon conversion, and as soon as practicable thereafter, the Company shall deliver to the Holder, or subject as aforesaid, its nominee or assignee, evidence of the registration of such Conversion Shares or other securities issuable upon conversion with the Company's transfer agent.

Upon occurrence of the exercise of the Conversion Right, all obligations of the Company under the Agreement, the Intercreditor Agreement, the General Security Agreement, the Debenture and this Certificate, including, without limiting the generality of the foregoing, payment to the Holder of the Principal Amount and all accrued and unpaid Interest, shall be deemed to be fully satisfied and shall cease. In addition, any security registration securing the obligations of the Company under the Debentures shall be discharged.

For the purposes of this Article III, this Certificate shall be deemed to be surrendered for conversion on the Conversion Date without further action of the Holder, and this Certificate shall cease to be of legal force and effect.

Notwithstanding anything herein contained, Conversion Shares will only be issued and registered upon conversion of the Debentures in compliance with the securities laws of any applicable jurisdiction and, without limiting the generality of the foregoing, in the event that the Debentures are converted prior to the expiry of any applicable hold period under applicable securities legislation, the certificates representing the Conversion Shares will bear such legend(s) as may, in the opinion of counsel to the Company, be necessary in order to avoid a violation of any applicable securities laws or to comply with the requirements of any Exchange, provided that if, at any time, in the opinion of counsel to the Company, such legend(s) are no longer necessary in order to avoid a violation of any such laws, or the holder of any such legended certificate, at the holder's expense, provides the Company with evidence satisfactory in form and substance to the Company (which may include an opinion of counsel satisfactory to the Company) to the effect that such holder is entitled to sell or otherwise transfer such Conversion Shares in a transaction in which such legends are not required, such legended certificate may thereafter be surrendered to the Company in exchange for a certificate which does not bear such legend.

3.3 Adjustment on Capital Reorganization

If, and whenever at any time after the date hereof, and prior to the Conversion Date, there is a reclassification of the Common Shares at any time outstanding or change of the Common Shares into other shares or into other securities, whether of the Company or of another body corporate, or other capital reorganization, or a consolidation, amalgamation or merger of the Company with or into any other corporation or other entity (other than a consolidation, amalgamation or merger which does not result in any reclassification of the outstanding Common Shares or a change of the Common Shares into other shares), or a transfer of the undertaking or assets of the Company as an entirety or substantially as an entirety to another corporation or other entity in which the holders of Common Shares are entitled to receive shares, other securities or other property (any of such events being called a "**Capital Reorganization**"), any conversion of the Debentures into the Common Shares after the effective date of such Capital Reorganization will be entitled to receive, and will accept for the same aggregate consideration in lieu of the number of Common Shares to which the Holder was previously entitled upon such conversion, the aggregate number of shares, other securities or other property which the 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 Common Shares into which the Debentures were convertible

immediately prior to such Capital Reorganization. The Company will take all steps necessary to ensure that, on a Capital Reorganization, the Holder will, if the Conversion Right is exercised, receive the aggregate number of shares, other securities or other property to which it is entitled as a result of the Capital Reorganization.

For avoidance of doubt, in the event of occurrence of a Capital Reorganization, the number of Common Shares each Debenture is deemed converted into for the purposes of the calculations set forth herein shall be based on the Conversion Price, and if such Conversion Price is not ascribed in connection with a Capital Reorganization, shall be equal to a 50% discount to the fair market value per Common Share as determined by the Company in good faith immediately prior to the Capital Reorganization.

3.4 Notice as to Adjustment

The Company shall, include within the Conversion Election Notice, if the Conversion Date occurs after the occurrence of any event which requires an adjustment or readjustment as provided in Section 3.3, an explanation specifying the nature of the event requiring the adjustment and the amount of the adjustment or readjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based. Such notice and the amount of the adjustment specified therein shall, subject to the provisions of Section 3.5, be conclusive and binding on all parties of interest.

3.5 Rules Regarding Calculation of Conversion Option Adjustments

If, within five (5) days of receipt of the Conversion Election Notice specifying an adjustment, a Holder notifies the Company in writing that it disputes the adjustment, or if at any time a dispute is made by a shareholder or other creditor of the Company with respect to adjustments provided for in Section 3.4, such dispute will be conclusively determined by the Company's Auditors, or if they are unable or unwilling to act, by such other firm of independent chartered accountants as may be selected by the directors of the Company, and any such determination will be binding upon the Company, the Holder and the shareholders of the Company. Such auditors or accountants will be given access to all necessary records of the Company. If any such determination is made, the Company will deliver a certificate of the Company to the Holder describing such determination.

3.6 No Requirement to Issue Fractional Shares

No fractional Conversion Shares shall be issued upon the conversion of the Debentures. If any fractional interest in a Common Share or other security would be issuable upon the conversion of the Debentures, the Company shall instead issue that number of Conversion Shares rounded down to the nearest whole number of Conversion Shares.

3.7 Company to Issue

Upon exercise of the Conversion Right, the Company shall do all corporate acts necessary to issue the Conversion Shares issuable in connection with the Conversion Right. All Conversion Shares, when issued, shall be duly and validly issued as fully paid and non-assessable.

Article IV. SECURITY

4.1 Priority and Security

The indebtedness, liabilities and obligations of the Company under this Certificate are direct obligations of the Company secured against all current and after acquired assets of the Company (the "**Security**") evidenced by a security registration under each of the *Personal Property Security Act* (British Columbia), the *Personal Property Security Act* (Alberta) and the *Personal Property Security Act* (Ontario) in favour of the Holders, and will rank senior to all other indebtedness of the Company except as prescribed by law. In connection therewith, the Company shall enter into a general security agreement with each Holder (a "**General Security Agreement**").

4.2 Ranking

Notwithstanding the timing of registration of the Security and the General Security Agreement, the Holder has, pursuant to an intercreditor agreement among the Company, the Holder and other holders of convertible debentures of this series (the "**Intercreditor Agreement**"), agreed to notify all other holders of convertible debentures of this series in connection with any enforcement action to be taken by the Holder and irrevocably agreed that the security held by the Holder shall rank equally, ratably and without preference with the security held by all other holders of convertible debentures of this series.

4.3 Release from Covenants

Upon the payment of the Principal Amount and all accrued and unpaid Interest thereon under the Debentures or the exercise of the Conversion Right, as applicable, the Holder shall deliver to the Company all such instruments as may be reasonably requested by the Company to evidence the release of the Company from its covenants herein and the extinguishment of all security interests created under the General Security Agreement and the Intercreditor Agreement.

Article V. DEFAULT AND ENFORCEMENT

5.1 Events of Default

Each of the following events is herein sometimes called an "**Event of Default**":

- (a) if the Company defaults in payment of the Principal Amount and accrued and unpaid Interest on any date which the Company is required to render that payment herein and such default continues for a period of fifteen (15) days after notice has been given to the Company by the Holder specifying such default and requiring the Company to rectify same;
- (b) if an order shall be made or an effective resolution is passed for the winding-up, liquidation or dissolution of the Company except in the course of carrying out or pursuant to a transaction which is permitted by Article III or Article VI or in the event of any dissolution of the Company by operation of law;
- (c) if the Company shall make a general assignment for the benefit of its creditors or a proposal under any bankruptcy, insolvency or analogous laws, or shall be declared bankrupt, or if a custodian or a sequestrator or a receiver and manager or any other Person with similar powers shall be appointed of the Company or of the property of the Company or any part thereof which is a substantial part thereof;
- (d) if an encumbrancer shall take possession of all of the property of the Company or any substantial part thereof, or if a distress or execution or any similar process shall be levied or enforced there against and remain unsatisfied for such period as would permit such property or such part thereof to be sold thereunder; or
- (e) if the Company fails to observe any covenant or other obligation to the Holder under this Certificate and such default continues for a period of fifteen (15) days after notice has been given to the Company by the Holder specifying such default and requiring the Company to rectify same.

5.2 Acceleration on Default

In case any Event of Default has occurred and is continuing, the Holder may, in its discretion by notice in writing to the Company, declare the Principal Amount, all accrued and unpaid Interest hereunder and any other moneys appropriately payable hereunder to be due and payable by the Company to the Holder at minimum fifteen (15) days following receipt by the Company of such notice. No premium shall be payable pursuant to the Holder issuing notice in writing to the Company declaring the Company in default.

Article VI. SUCCESSOR CORPORATIONS

6.1 Certain Requirements in Respect of Merger, etc.

The Company shall not enter into any transaction (whether by way of reorganization, reconstruction, consolidation, amalgamation, merger, transfer, sale, lease or otherwise) whereby all or substantially all of its undertaking, property and assets would become the property of any other Person or, in the case of amalgamation, of the continuing corporation resulting therefrom unless the following conditions have been met:

- (a) such other Person is a body corporate (herein called a "**Successor Corporation**") incorporated under the laws of Canada or any province or territory thereof;
- (b) the Successor Corporation shall execute, prior to or contemporaneously with the consummation of such transaction, such instruments as are satisfactory to the Company and, in the opinion of counsel to the Company, are necessary or advisable to evidence the assumption by the Successor Corporation of liability for the due and punctual payment of the Principal Amount and the Interest thereon and all other moneys payable hereunder and the covenant of the Successor Corporation to pay the same and its agreement to observe and perform all the covenants and obligations of the Company under this Certificate;
- (c) such transaction shall, to the satisfaction of the Company and in the opinion of counsel to the Company, be upon such terms as will substantially preserve and not to impair any of the rights and powers of the Holder under this Certificate and upon such terms as are not in any way prejudicial to the interests of the Holder; and
- (d) no condition or event shall exist in respect of the Successor Corporation at the time of such transaction and after giving full effect thereto which would constitute an Event of Default.

Article VII. SATISFACTION AND DISCHARGE

7.1 Release from Covenants

Upon the payment of the Principal Amount and all accrued and unpaid Interest thereon under the Debentures or the occurrence of the Automatic Conversion, as applicable, the Holder shall deliver to the Company all such instruments as may be reasonably requested by the Company to evidence the release of the Company from its covenants herein.

Article VIII. MISCELLANEOUS

8.1 Notice

All notices, requests and other communications hereunder as between the parties shall be valid and effective only if delivered or sent by electronic mail to the address stated below. Notices, requests and other communications shall be deemed to have been given and delivered (x) on the date of delivery, if delivered or (y) on the date of transmission, if transmitted by electronic mail,

- (a) if to the Company:

Trees Corporation
c/o Aird & Berlis LLP
181 Bay Street, Suite 1800
Toronto, ON M5J 2T9

Attention: Jeff Holmgren, CFO
Email: jeffh@treescorp.ca

- (b) if to the Holder, at the address and contact information provided by the Holder in the subscription agreement entered into between the Holder and the Company in connection with such Holder's subscription for Debentures,

provided that each party's notice information may be changed by notice to the other which shall only be effective upon receipt.

8.2 Replacement of Certificates

- (a) In case this Certificate shall become mutilated or be lost, destroyed or stolen, the Company shall issue, and thereupon deliver, a new Certificate of like tenor as the one mutilated, lost, destroyed or stolen in exchange for and upon surrender and cancellation of such mutilated Certificate or in lieu of and in substitution for such lost, destroyed or stolen Certificate.
- (b) The Holder shall bear the 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 Company such evidence of ownership and of the loss, destruction or theft of the Certificate so lost, destroyed or stolen as shall be satisfactory to the Company in its discretion and such applicant shall also furnish indemnity in amount and form satisfactory to the Company in its discretion, and shall pay the reasonable charges of the Company in connection therewith.

8.3 Assignment

The Debentures are non-transferable and the Holder may not assign this Certificate without the written consent of the Company. Except as provided herein, the Company may not assign its obligations under this Certificate without the written consent of the Holder. Any purported assignment without such consent is void.

8.4 Electronic Signature

This Certificate may be signed by facsimile or other electronic means, which shall be deemed to be an original and shall be deemed to have the same legal effect and validity as a certificate bearing an original signature.

8.5 Amendment, Waiver

No amendment or waiver of this Certificate will be binding unless executed in writing by the Company if it is to be bound thereby, or by the Holder if the Holder is to be bound thereby. No waiver of any provision of this Certificate will constitute a waiver of any other provision nor will any waiver of any provision of this Certificate constitute a continuing waiver unless otherwise expressly provided.

[Signature Page to Immediately Follow]

IN WITNESS WHEREOF TREES CORPORATION has caused this Certificate to be signed by its authorized signatory as of the _____ day of _____, 2021.

TREES CORPORATION

by its authorized signatory

Name:

Title:

APPENDIX VII – TERM SHEET

Summary of Proposed Terms for Secured Convertible Debenture Financing

The following is a summary of the principal terms of the offering of secured convertible debentures (the "**Financing**") of Trees Corporation (the "**Corporation**"). All references to dollars or \$, refer to the legal currency of Canada.

Financing Terms	
Offering:	Private placement of secured convertible debentures (the " Debentures ") of the Corporation.
Size of Offering:	Up to 1,500 Debentures for aggregate gross proceeds of up to \$1,500,000, or such other amount as may be determined by the Corporation, Debentures of the Corporation (the " Offering Proceeds ").
Issue Price:	\$1,000 principal amount per Debenture (the " Principal Amount ")
Maturity Date:	Each Debenture will mature on that day which is two (2) years from the date of issuance of such Debenture (the " Maturity Date ").
Security:	The obligations of the Corporation pursuant to the Debentures will rank pari passu with all other Debentures to be issued pursuant to the Financing and will be secured against all present and after acquired property of the Corporation and evidenced by personal property security registrations in the Provinces of British Columbia, Alberta and Ontario (the " Security "). The Security will rank senior to all non-secured obligations of the Corporation.
Interest:	The Debentures will bear interest at the simple non-compounding rate of 58.8% per annum (4.9% per calendar month) (" Interest ") from the date of issue of the Debentures (the " Issue Date ") until the earlier of (the " Conclusion Date "): (i) the date on which the Debentures are converted in accordance with their terms; (ii) the Prepayment Date (as defined below); and (iii) the Maturity Date.
Repayment of Interest:	Unless converted or prepaid in accordance with its terms, all accrued and unpaid Interest then outstanding from time to time is payable in cash on: (i) in the event the Corporation completes a Liquidity Event (as defined below) prior to the one (1) year anniversary of the Issue Date, the one (1) year anniversary of the Issue Date; and (ii) the Conclusion Date.
Liquidity Event:	A " Liquidity Event " means the occurrence of any of the following, which results in the Class A common shares in the capital of the Corporation (" Common Shares ") or other equity securities of the Corporation (or of any resulting issuer) being publicly listed on a recognized stock exchange: <ul style="list-style-type: none"> (a) the Corporation completing a bona-fide initial public offering or other listing of Common Shares or other equity securities under a prospectus filed with securities regulatory authorities; or (b) the consummation of any transaction including, without limitation, any consolidation, amalgamation, merger, plan of arrangement, reverse take-over, qualifying transaction, change of business or any other business combination or similar transaction.
Conversion:	Concurrent with or immediately prior to the date of occurrence of a Liquidity Event, each holder of Debentures (a " Holder ") shall have the right, but not the obligation, to elect to convert the Principal Amount and

	<p>all accrued and unpaid Interest up to the date of conversion of all Debentures held by such Holder (the "Conversion Right") into Common Shares or such other security the Common Shares may be converted into or exchange for in connection with a Liquidity Event (each, a "Conversion Share") at a conversion price per share equal to a 50% discount to the deemed price per Conversion Share in connection with a Liquidity Event (the "Conversion Price").</p> <p>At least thirty (30) days prior to the date of occurrence of a Liquidity Event, the Corporation shall notify the Holder thereof in writing and advising as to the Holder's right to exercise its Conversion Right in connection with such Liquidity Event (the "Conversion Election Notice"). Within 15 days of the date of the Conversion Election Notice (the "Conversion Exercise Period"), the Holder must notify the Corporation in writing as to its election to exercise such Conversion Right or not (the "Conversion Exercise Notice").</p> <p>In the event Holder does not provide a Conversion Exercise Notice within the Conversion Exercise Period, the Holder will be deemed to have exercised its Conversion Right in respect of the aggregate Principal Amount and all accrued and unpaid Interest on all Debentures held by such Holder and such Debentures will be deemed automatically converted in connection with all other Debentures to be converted by Holders electing to exercise their Conversion Right. Following such conversion, the obligations of the Corporation pursuant to the Debentures shall be automatically deemed fully satisfied.</p> <p>For avoidance of doubt, Debentures shall not be convertible at any time other than in connection with the Conversion Right. Any Debentures outstanding following a Liquidity Event shall not be convertible at any time thereafter.</p>
<p>Prepayment:</p>	<p>In the event a Holder elects not to exercise its Conversion Right in connection with its Debenture(s), the Corporation shall have the right, but not the obligation, to elect to prepay the aggregate Principal Amount and all accrued and unpaid Interest on all Debentures held by such Holder up to the date of prepayment determined by the Corporation (the "Prepayment Date") on such Debenture(s) at any time, in the Corporation's sole discretion, following the expiry of the Conversion Exercise Period (the "Prepayment Right").</p> <p>In the event the Corporation elects to exercise its Prepayment Right, the Corporation shall deliver a notice to the Holder at least five (5) days prior to the Prepayment Date as to the Corporation's calculation of the total repayment amount of the Debenture(s) being prepaid as of the Prepayment Date (the "Prepayment Amount"). On the Prepayment Date, the Corporation shall deliver the Prepayment Amount to the Holder in cash and the obligations of the Corporation under each so prepaid Debenture shall be deemed to be fully satisfied.</p>
<p>Offering Jurisdictions:</p>	<p>The Debentures will be offered and sold by private placement in Canada to "accredited investors" within the meaning of National Instrument 45-106 – <i>Prospectus Exemptions</i>.</p>
<p>Qualification:</p>	<p>The Debentures shall be subject to applicable hold periods and resale restrictions imposed under applicable securities legislation.</p> <p>In addition, upon completion of a Liquidity Event, the Debentures and any Conversion Shares into which the Debentures may be converted shall be subject to all applicable escrow or hold periods under applicable laws, regulations and policies, including, without limitation, those of any</p>

	stock exchange which the shares of the Corporation (or a resulting issuer) may be then listed.
Use of Proceeds:	The proceeds from the Offering shall be used for growth initiatives and general corporate purposes.
Finder Fee:	The Corporation may pay fees or issue securities in connection with the Offering on such terms as may be determined by the Corporation.
Closing Date:	October 22, 2021, or on such other date or dates as may be determined by the Corporation (the " Closing Date ").
Exempt Offering:	The offering of the Debentures is to subject to the availability of exemptions from the prospectus and registration requirements of applicable securities legislation.

The transactions contemplated by this term sheet are subject to the acceptance by the Corporation, as well as requisite approval(s) from the Corporation's board of directors. This term sheet is not a complete description of the Financing and is intended solely as a summary of the terms that are currently proposed by the Corporation. This term sheet does not constitute either an offer to sell or an offer to purchase securities.

This is Exhibit "R" referred to in the
Affidavit of Jeffrey Holmgren sworn by Jeffrey Holmgren of
the City of Calgary, in the Province of Alberta, before me at
the City of Toronto, in the Province of Ontario,
this 21st day of December, 2023 in accordance with
O. Reg. 431/20, Administering Oath or Declaration Remotely.

Rudrakshi Chakrabarti

A Commissioner for taking affidavits

RUDRAKSHI CHAKRABARTI

MLT AIKINS

WESTERN CANADA'S LAW FIRM

MLT Aikins LLP
 Suite 2600, 1066 W. Hastings Street
 Vancouver, British Columbia V6E 3X1
 T: (604) 682-7737
 F: (604) 682-7131

December 15, 2023

VIA EMAIL – jeffh@treescorp.ca and mcole@airdberlis.com

William E. J. Skelly
 Direct Line: (604) 608-4597
 E-mail: wskelly@mltaikins.com

Trees Corporation

c/o Aird & Berlis LLP
 Suite 1800, 181 Bay Street
 Toronto, Ontario M5J 2T9

Mark H. S. Gill
 Direct Line: (604) 608-4564
 E-mail: mgill@mltaikins.com

Dear Sirs/Mesdames:

Re: Secured Convertible Debentures issued by Trees Corporation to PMH Investco Ltd.

We are counsel for PMH Investco Ltd. (the “**Holder**”) with respect to the above-noted matter.

Enclosed for service upon Trees Corporation (“**Trees**”) is a Notice of Intention to Enforce a Security pursuant to section 244(1) of the *Bankruptcy and Insolvency Act* (Canada).

We are writing in relation to the Subscription Agreement for Secured Convertible Debentures executed by Trees and dated October 20, 2021 (the “**Subscription Agreement**”) and the Secured Convertible Debenture Certificate issued by Trees to and in favour of the Holder on November 5, 2021 (the “**Debenture Certificate**”) and together with Subscription Agreement, the “**Debenture**”).

Pursuant to the terms of the Debenture, the Debenture matured on November 5, 2023, with payment of the principal amount thereunder and accruing interest to be paid to the Holder. Trees is in default of the terms of the Debenture as a result of, without limitation, Trees’s failure to pay the amounts owing under the Debenture when due or at all. As of the date of this letter, the amounts owing by Trees to the Holder pursuant to the Debenture total **\$153,125.48**, particulars of which are as follows (collectively, the “**Demand Amount**”):

Original loan amount:	\$60,000.00
Accrued interest:	\$83,125.48
Legal fees:	\$10,000.00
TOTAL:	\$153,125.48

In respect of the obligations owed by Trees to the Holder pursuant to the Debenture, Trees granted in favour of the Holder a General Security Agreement dated October 21, 2021, charging all of Trees present and after-acquired personal property (the “**GSA**”).

MLT AIKINS

WESTERN CANADA'S LAW FIRM

This letter constitutes formal written demand, on behalf of the Holder, for immediate payment of the Demand Amount.

Be advised that if payment of the Demand Amount (plus additional interest accrued and legal fees incurred to the date of payment), is not delivered to our office in the form of a certified cheque or bank draft made payable to "MLT Aikins LLP, In Trust", within ten (10) days of your receipt of this letter, the Holder shall exercise such remedies against Trees as are available to it pursuant to the terms of the Debenture and the GSA, and as at law generally, including by enforcing its security as more particularly described in the enclosed Notice of Intention to Enforce a Security.

The Holder reserves the right to enforce its security sooner than ten days from now if it deems its security in any way to be endangered or in jeopardy, or if Trees consents to the earlier enforcement of the Holder's security as referred to herein.

Sincerely,

MLT AIKINS LLP

Per: 

Mark Gill

MSG:msg

Notice of Intention to Enforce Security
 (Subsection 244(1) of the *Bankruptcy and Insolvency Act*)

TO: Trees Corporation, an Insolvent Corporation

TAKE NOTICE THAT:

1. PMH Investco Ltd. (“**PMH**”), a secured creditor, intends to enforce its security on the property of Trees Corporation (the “**Debtor**”) described below:
 - A. All of the Debtor’s present and after acquired personal property.
2. The security that is to be enforced is in the form of a General Security Agreement granted by the Debtor in favour of PMH, dated October 21, 2021.
3. The amount of indebtedness secured by the security in favour of PMH as of December 15, 2023 is **\$143,125.48**, plus interest accruing at the rate specified in the Secured Convertible Debenture Certificate issued November 5, 2021, plus any applicable professional fees incurred by PMH which are currently estimated at **\$10,000.00**, for a total of **\$153,125.48**.
4. PMH will not have the right to enforce the security until after the expiry of the 10-day period following the sending of this notice unless the Debtor/Insolvent Corporation consents to an earlier enforcement.

Dated this 15th day of December, 2023

PMH Investco Ltd., by its solicitors and agent, MLT Aikins LLP

Per: 

Mark Gill –
 Barrister & Solicitor

MLT AIKINS

WESTERN CANADA'S LAW FIRM

The undersigned hereby consents to PMH enforcing its security prior to the expiry of the above-noted 10 day period.

TREES CORPORATION

Per: _____

MLT AIKINS

WESTERN CANADA'S LAW FIRM

MLT Aikins LLP
 Suite 2600, 1066 W. Hastings Street
 Vancouver, British Columbia V6E 3X1
 T: (604) 682-7737
 F: (604) 682-7131

December 15, 2023

VIA EMAIL – jeffh@treescorp.ca and mcole@airdberlis.com

William E. J. Skelly
 Direct Line: (604) 608-4597
 E-mail: wskelly@mltaikins.com

Trees Corporation
 c/o Aird & Berlis LLP
 Suite 1800, 181 Bay Street
 Toronto, Ontario M5J 2T9

Mark H. S. Gill
 Direct Line: (604) 608-4564
 E-mail: mgill@mltaikins.com

Dear Sirs/Mesdames:

Re: Secured Convertible Debentures issued by Trees Corporation to 606093 Saskatchewan Ltd.

We are counsel for 606093 Saskatchewan Ltd. (the “**Holder**”) with respect to the above-noted matter.

Enclosed for service upon Trees Corporation (“**Trees**”) is a Notice of Intention to Enforce a Security pursuant to section 244(1) of the *Bankruptcy and Insolvency Act* (Canada).

We are writing in relation to the Subscription Agreement for Secured Convertible Debentures executed by Trees and dated October 20, 2021 (the “**Subscription Agreement**”) and the Secured Convertible Debenture Certificate issued by Trees to and in favour of the Holder on November 5, 2021 (the “**Debenture Certificate**”) and together with Subscription Agreement, the “**Debenture**”).

Pursuant to the terms of the Debenture, the Debenture matured on November 5, 2023, with payment of the principal amount thereunder and accruing interest to be paid to the Holder. Trees is in default of the terms of the Debenture as a result of, without limitation, Trees’s failure to pay the amounts owing under the Debenture when due or at all. As of the date of this letter, the amounts owing by Trees to the Holder pursuant to the Debenture total **\$69,635.62**, particulars of which are as follows (collectively, the “**Demand Amount**”):

Original loan amount:	\$25,000.00
Accrued interest:	\$34,635.62
Legal fees:	\$10,000.00
TOTAL:	\$69,635.62

In respect of the obligations owed by Trees to the Holder pursuant to the Debenture, Trees granted in favour of the Holder a General Security Agreement dated October 21, 2021, charging all of Trees present and after-acquired personal property (the “**GSA**”).

MLT AIKINS

WESTERN CANADA'S LAW FIRM

This letter constitutes formal written demand, on behalf of the Holder, for immediate payment of the Demand Amount.

Be advised that if payment of the Demand Amount (plus additional interest accrued and legal fees incurred to the date of payment), is not delivered to our office in the form of a certified cheque or bank draft made payable to "MLT Aikins LLP, In Trust", within ten (10) days of your receipt of this letter, the Holder shall exercise such remedies against Trees as are available to it pursuant to the terms of the Debenture and the GSA, and as at law generally, including by enforcing its security as more particularly described in the enclosed Notice of Intention to Enforce a Security.

The Holder reserves the right to enforce its security sooner than ten days from now if it deems its security in any way to be endangered or in jeopardy, or if Trees consents to the earlier enforcement of the Holder's security as referred to herein.

Sincerely,

MLT AIKINS LLP

Per: 

Mark Gill

WEJS:msg

Notice of Intention to Enforce Security
(Subsection 244(1) of the *Bankruptcy and Insolvency Act*)

TO: Trees Corporation, an Insolvent Corporation

TAKE NOTICE THAT:

1. 606093 Saskatchewan Ltd. (“**606093**”), a secured creditor, intends to enforce its security on the property of Trees Corporation (the “**Debtor**”) described below:
 - A. All of the Debtor’s present and after acquired personal property.
2. The security that is to be enforced is in the form of a General Security Agreement granted by the Debtor in favour of 606093, dated October 21, 2021.
3. The amount of indebtedness secured by the security in favour of 606093 as of December 15, 2023 is **\$59,635.62**, plus interest accruing at the rate specified in the Secured Convertible Debenture Certificate issued November 5, 2021, plus any applicable professional fees incurred by 606093 which are currently estimated at **\$10,000.00**, for a total of **\$69,635.62**.
4. 606093 will not have the right to enforce the security until after the expiry of the 10-day period following the sending of this notice unless the Debtor/Insolvent Corporation consents to an earlier enforcement.

Dated this 15th day of December, 2023

606093 Saskatchewan Ltd., by its solicitors
and agent, MLT Aikins LLP

Per: 

Mark Gill –
Barrister & Solicitor



WESTERN CANADA'S LAW FIRM

The undersigned hereby consents to 606093 enforcing its security prior to the expiry of the above-noted 10 day period.

TREES CORPORATION

Per: _____



WESTERN CANADA'S LAW FIRM

MLT Aikins LLP
Suite 2600, 1066 W. Hastings Street
Vancouver, British Columbia V6E 3X1
T: (604) 682-7737
F: (604) 682-7131

December 15, 2023

VIA EMAIL – jeffh@treescorp.ca and mcole@airdberlis.com

William E. J. Skelly
Direct Line: (604) 608-4597
E-mail: wskelly@mltaikins.com

Trees Corporation
c/o Aird & Berlis LLP
Suite 1800, 181 Bay Street
Toronto, Ontario M5J 2T9

Mark H. S. Gill
Direct Line: (604) 608-4564
E-mail: mgill@mltaikins.com

Dear Sirs/Mesdames:

Re: Secured Convertible Debentures issued by Trees Corporation to Minerva Investments Ltd.

We are counsel for Minerva Investments Ltd. (the “**Holder**”) with respect to the above-noted matter.

Enclosed for service upon Trees Corporation (“**Trees**”) is a Notice of Intention to Enforce a Security pursuant to section 244(1) of the *Bankruptcy and Insolvency Act* (Canada).

We are writing in relation to the Subscription Agreement for Secured Convertible Debentures executed by Trees and dated October 20, 2021 (the “**Subscription Agreement**”) and the Secured Convertible Debenture Certificate issued by Trees to and in favour of the Holder on November 5, 2021 (the “**Debenture Certificate**”) and together with Subscription Agreement, the “**Debenture**”).

Pursuant to the terms of the Debenture, the Debenture matured on November 5, 2023, with payment of the principal amount thereunder and accruing interest to be paid to the Holder. Trees is in default of the terms of the Debenture as a result of, without limitation, Trees’s failure to pay the amounts owing under the Debenture when due or at all. As of the date of this letter, the amounts owing by Trees to the Holder pursuant to the Debenture total **\$69,635.62**, particulars of which are as follows (collectively, the “**Demand Amount**”):

Original loan amount:	\$25,000.00
Accrued interest:	\$34,635.62
Legal fees:	\$10,000.00
TOTAL:	\$69,635.62

In respect of the obligations owed by Trees to the Holder pursuant to the Debenture, Trees granted in favour of the Holder a General Security Agreement dated October 20, 2021, charging all of Trees present and after-acquired personal property (the “**GSA**”).

MLT AIKINS

WESTERN CANADA'S LAW FIRM

This letter constitutes formal written demand, on behalf of the Holder, for immediate payment of the Demand Amount.

Be advised that if payment of the Demand Amount (plus additional interest accrued and legal fees incurred to the date of payment), is not delivered to our office in the form of a certified cheque or bank draft made payable to "MLT Aikins LLP, In Trust", within ten (10) days of your receipt of this letter, the Holder shall exercise such remedies against Trees as are available to it pursuant to the terms of the Debenture and the GSA, and as at law generally, including by enforcing its security as more particularly described in the enclosed Notice of Intention to Enforce a Security.

The Holder reserves the right to enforce its security sooner than ten days from now if it deems its security in any way to be endangered or in jeopardy, or if Trees consents to the earlier enforcement of the Holder's security as referred to herein.

Sincerely,

MLT AIKINS LLP

Per: 

Mark Gill

WEJS:msg

Notice of Intention to Enforce Security
(Subsection 244(1) of the *Bankruptcy and Insolvency Act*)

TO: Trees Corporation, an Insolvent Corporation

TAKE NOTICE THAT:

1. Minerva Investments Ltd. (“**Minerva**”), a secured creditor, intends to enforce its security on the property of Trees Corporation (the “**Debtor**”) described below:
 - A. All of the Debtor’s present and after acquired personal property.
2. The security that is to be enforced is in the form of a General Security Agreement granted by the Debtor in favour of Minerva, dated October 20, 2021.
3. The amount of indebtedness secured by the security in favour of Minerva as of December 15, 2023 is **\$59,635.62**, plus interest accruing at the rate specified in the Secured Convertible Debenture Certificate issued November 5, 2021, plus any applicable professional fees incurred by Minerva which are currently estimated at **\$10,000.00**, for a total of **\$69,635.62**.
4. Minerva will not have the right to enforce the security until after the expiry of the 10-day period following the sending of this notice unless the Debtor/Insolvent Corporation consents to an earlier enforcement.

Dated this 15th day of December, 2023

Minerva Investments Ltd., by its solicitors
and agent, MLT Aikins LLP

Per: 

Mark Gill –
Barrister & Solicitor

MLT AIKINS

WESTERN CANADA'S LAW FIRM

The undersigned hereby consents to Minerva enforcing its security prior to the expiry of the above-noted 10 day period.

TREES CORPORATION

Per: _____

MLT AIKINS

WESTERN CANADA'S LAW FIRM

MLT Aikins LLP
 Suite 2600, 1066 W. Hastings Street
 Vancouver, British Columbia V6E 3X1
 T: (604) 682-7737
 F: (604) 682-7131

December 15, 2023

VIA EMAIL – jeffh@treescorp.ca and mcole@airdberlis.com

William E. J. Skelly
 Direct Line: (604) 608-4597
 E-mail: wskelly@mltaikins.com

Trees Corporation
 c/o Aird & Berlis LLP
 Suite 1800, 181 Bay Street
 Toronto, Ontario M5J 2T9

Mark H. S. Gill
 Direct Line: (604) 608-4564
 E-mail: [mgill@mltaikins.com](mailto:mhill@mltaikins.com)

Dear Sirs/Mesdames:

Re: Secured Convertible Debentures issued by Trees Corporation to Echo Capital Growth Corporation

We are counsel for Echo Capital Growth Corporation (the “**Holder**”) with respect to the above-noted matter.

Enclosed for service upon Trees Corporation (“**Trees**”) is a Notice of Intention to Enforce a Security pursuant to section 244(1) of the *Bankruptcy and Insolvency Act* (Canada).

We are writing in relation to the Subscription Agreement for Secured Convertible Debentures executed by Trees and dated October 20, 2021 (the “**Subscription Agreement**”) and the Secured Convertible Debenture Certificate issued by Trees to and in favour of the Holder on November 5, 2021 (the “**Debenture Certificate**”) and together with Subscription Agreement, the “**Debenture**”).

Pursuant to the terms of the Debenture, the Debenture matured on November 5, 2023, with payment of the principal amount thereunder and accruing interest to be paid to the Holder. Trees is in default of the terms of the Debenture as a result of, without limitation, Trees’s failure to pay the amounts owing under the Debenture when due or at all. As of the date of this letter, the amounts owing by Trees to the Holder pursuant to the Debenture total **\$248,542.47**, particulars of which are as follows (collectively, the “**Demand Amount**”):

Original loan amount:	\$100,000.00
Accrued interest:	\$138,542.47
Legal fees:	\$10,000.00
TOTAL:	\$248,542.47

In respect of the obligations owed by Trees to the Holder pursuant to the Debenture, Trees granted in favour of the Holder a General Security Agreement dated October 21, 2021, charging all of Trees present and after-acquired personal property (the “**GSA**”).

MLT AIKINS

WESTERN CANADA'S LAW FIRM

This letter constitutes formal written demand, on behalf of the Holder, for immediate payment of the Demand Amount.

Be advised that if payment of the Demand Amount (plus additional interest accrued and legal fees incurred to the date of payment), is not delivered to our office in the form of a certified cheque or bank draft made payable to "MLT Aikins LLP, In Trust", within ten (10) days of your receipt of this letter, the Holder shall exercise such remedies against Trees as are available to it pursuant to the terms of the Debenture and the GSA, and as at law generally, including by enforcing its security as more particularly described in the enclosed Notice of Intention to Enforce a Security.

The Holder reserves the right to enforce its security sooner than ten days from now if it deems its security in any way to be endangered or in jeopardy, or if Trees consents to the earlier enforcement of the Holder's security as referred to herein.

Sincerely,

MLT AIKINS LLP

Per: 

Mark Gill

MSG:msg

Notice of Intention to Enforce Security
(Subsection 244(1) of the *Bankruptcy and Insolvency Act*)

TO: Trees Corporation, an Insolvent Corporation

TAKE NOTICE THAT:

1. Echo Capital Growth Corporation (“**Echo Capital**”), a secured creditor, intends to enforce its security on the property of Trees Corporation (the “**Debtor**”) described below:
 - A. All of the Debtor’s present and after acquired personal property.
2. The security that is to be enforced is in the form of a General Security Agreement granted by the Debtor in favour of Echo Capital, dated October 21, 2021.
3. The amount of indebtedness secured by the security in favour of Echo Capital as of December 15, 2023 is **\$238,542.47**, plus interest accruing at the rate specified in the Secured Convertible Debenture Certificate issued November 5, 2021, plus any applicable professional fees incurred by Echo Capital which are currently estimated at **\$10,000.00**, for a total of **\$\$248,542.47**.
4. Echo Capital will not have the right to enforce the security until after the expiry of the 10-day period following the sending of this notice unless the Debtor/Insolvent Corporation consents to an earlier enforcement.

Dated this 15th day of December, 2023

Echo Capital Growth Corporation, by its
solicitors and agent, MLT Aikins LLP

Per: 

Mark Gill –
Barrister & Solicitor

MLT AIKINS

WESTERN CANADA'S LAW FIRM

The undersigned hereby consents to Echo Capital enforcing its security prior to the expiry of the above-noted 10 day period.

TREES CORPORATION

Per: _____

This is Exhibit "S" referred to in the Affidavit of Jeffrey Holmgren sworn by Jeffrey Holmgren of the City of Calgary, in the Province of Alberta, before me at the City of Toronto, in the Province of Ontario, this 21st day of December, 2023 in accordance with *O. Reg. 431/20, Administering Oath or Declaration Remotely.*

Rudrakshi Chakrabarti

A Commissioner for taking affidavits

RUDRAKSHI CHAKRABARTI

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE MARCH 26, 2023.

TREES CORPORATION

SECURED CONVERTIBLE PROMISSORY NOTE

Date: November 25, 2022

**ARTICLE 1
PRINCIPAL AND INTEREST**

1.1 Promise to Pay

FOR VALUE RECEIVED, the undersigned, **TREES CORPORATION**, a corporation continued under the federal laws of Canada (the “**Company**”), hereby acknowledges itself indebted and promises to pay to 2478659 Ontario Ltd., and its successors and assigns (the “**Holder**”), as it may direct, on the Maturity Date (as hereinafter defined) or on such earlier date as the principal amount hereof may become due in accordance with the provisions hereof, on presentation and surrender of this Note in accordance with the provisions hereof at the offices of the Company, the principal amount of three hundred and fifteen thousand dollars (\$315,000) in lawful money of Canada, (the “**Principal Amount**”) and to pay interest (“**Interest**”) on the Principal Amount outstanding from time to time (after as well as before maturity, default and judgment) at a rate of interest equal to twelve percent (12%) per annum (the “**Interest Rate**”). Interest shall accrue on the Principal Amount at the Interest Rate on a non-compounded basis, from the date hereof until conversion of this Note or payment in full. Interest shall be paid annually, in Common Shares, until the achievement by the Company of the Conversion Conditions Precedent (as hereafter defined), after which interest shall be paid in cash or Common Shares at the Holder’s option by duly completing and returning to the Company, at least 5 calendar days prior to the Interest Payment Date, the Interest Payment Election Form attached hereto as Schedule “B”. In the event the Holder does not complete and return the Interest Payment Election Form to the Company within the prescribed time, the Holder shall be issued cash or Common Shares in full satisfaction of the interest owing to the Holder on the Interest Payment Date, at the Company’s option. The total amount payable under this Note will consist of the sum of the unpaid principal amount plus all accrued and unpaid Interest thereon. The number of Common Shares issuable in payment of Interest shall be determined using the volume weighted average trading price of the Common Shares on the Neo Exchange Inc. (the “**NEO**”) (or such other exchange on which the Common Shares may principally trade at such time) for the ten (10) consecutive Trading Days preceding the Interest payment record date (which record date shall be five Business Days prior to the Interest Payment Date). Interest shall be computed on the basis of a 360-day year composed of twelve 30-day months.

1.2 Prepayment

The Company shall have the ability to repay all or a part of the amounts outstanding hereunder at any time prior to the Maturity Date at a price equal to 112% of all then outstanding Principal Amount and Interest.

ARTICLE 2
DEFINITIONS, INTERPRETATIONS AND GENERAL PROVISIONS

2.1 Interpretation

In this Note, unless there is something in the subject matter or context inconsistent therewith:

- (a) The terms “**Goods**”, “**Chattel Paper**”, “**Documents of Title**”, “**Instruments**”, “**Intangibles**”, “**proceeds**”, “**Inventory**”, “**Investment Property**”, “**Money**”, “**Account**”, “**Equipment**” and “**Securities**”, whenever used in this Note shall have the meanings ascribed thereto in the PPSA;
- (b) “**Affiliate**” has the meaning specified in the *Canada Business Corporations Act*;
- (c) “**Applicable Securities Laws**” means, collectively, all applicable securities laws (including rules, regulations, policies and instruments enacted thereunder) in the Provinces of Ontario, Alberta and British Columbia and all applicable rules and policies of the NEO or any other stock exchange on which the Common Shares may be listed from time to time.
- (d) “**Arm’s length**” has the meaning specified in the *Income Tax Act* (Canada);
- (e) “**Business**” means the business carried on by the Company, including but not limited to the operation of independent retail cannabis stores in the Province of Ontario;
- (f) “**Business Day**” means any day, other than Saturday, Sunday or any civic or statutory holiday in the City of Toronto, Ontario;
- (g) “**Change of Control**” means any event whereby any Person or any Persons acting jointly or in concert (as that term is used in the *Securities Act* (Ontario)) with such Person, together with any Affiliate of any such Person, become(s) the beneficial owner(s) of shares of the Company, or securities exercisable or convertible into shares of the Company, carrying more than 50 percent of the votes for the election of directors and the votes carried by such shares are sufficient, if exercised, to elect a majority of the board of directors of the Company;
- (h) “**Closing**” means the issuance of the Note free from any escrow conditions on the Closing Date;
- (i) “**Closing Date**” means the date hereof;
- (j) “**Common Shares**” means the common shares in the capital of the Company, as currently constituted, and any shares into which such common shares may be changed, converted, exchanged or reclassified from time to time;

- (k) “**Contract**” means any contract (i) involving aggregate payments to or by the Company in excess of Twenty-Five Thousand Dollars (\$25,000) during any year; or (ii) which if terminated would cause a Material Adverse Change;
- (l) “**Conversion Conditions Precedent**” has the meaning given thereto in Section 4.1;
- (m) “**Conversion Price**” means \$0.015 per Common Share, subject to adjustment as provided in Section 4.4;
- (n) “**Current Market Price**” for the purposes of any computation hereunder, the “Current Market Price” at any date shall be the weighted average sale price per share for the Common Shares for the 20 consecutive Trading Days ending immediately before such date on the NEO or such other stock exchange on which the Common Shares may then be listed, or, if the Common Shares or any other security in respect of which a determination of Current Market Price is being made are not listed on any stock exchange, the Current Market Price shall be determined by the Board of Directors, acting reasonably and in good faith, which determination shall be conclusive. The weighted average price shall be determined by dividing the aggregate sale price of all such shares sold on the said exchange during the said 20 consecutive trading days by the total number of such shares so sold;
- (o) “**Equity Shares**” means the Common Shares and any shares of any other class or series of the Company 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 Company beyond a fixed sum or a fixed sum plus accrued dividends;
- (p) “**Date of Conversion**” has the meaning given thereto in Section 4.2(b);
- (q) “**Default**” has the meaning attributed thereto in Section 7.1;
- (r) “**Director**” means a director of the Company from time to time and “**Board of Directors**” means the Board of Directors of the Company from time to time;
- (s) “**Governmental Body**” means any government, parliament, legislature, or any regulatory authority, agency, commission or board of any government, parliament or legislature, or any court or (without limitation to the foregoing) any other law, regulation or rule-making entity (including any central bank, fiscal or monetary authority or authority regulating banks), having or purporting to have jurisdiction in the relevant circumstances, or any Person acting or purporting to act under the authority of any of the foregoing (including any arbitrator);
- (t) “**Holder**” has the meaning ascribed thereto in Section 1.1 above;

- (u) **“Inchoate Lien”** means with respect to any property or asset of the Company, the following Liens:
- (i) any Lien for taxes, duties and assessments, and any Lien securing workers’ compensation, unemployment insurance or other social security obligations not yet due or are being contested in good faith by appropriate proceedings and for which a reserve satisfactory to the Holder in its absolute discretion has been provided;
 - (ii) any carriers, warehousemen, mechanics or materialmen’s Liens in respect of amounts accruing in favour of any Person, so long as such amounts are not yet due or are being contested in good faith by appropriate proceedings and for which a reserve satisfactory to the Holder in its absolute discretion has been provided;
 - (iii) Liens or rights of distress reserved in or exercisable under any lease for rent or for compliance with the terms of such lease (provided that the recognition of such Liens or rights as a permitted encumbrance shall not prejudice the priority of the Liens created hereby, if any, over such Liens or rights as determined in accordance with applicable law); and
 - (iv) undetermined or inchoate Liens, privileges or charges incidental to current and ongoing operations of the Company which have not been filed pursuant to applicable law against any of the Company’s property or assets or which relate to obligations not yet due or delinquent;
- (v) **“Interest”** has the meaning ascribed thereto in Section 1.1;
- (w) **“Interest Payment Date”** means October 20th in each year that the Note is outstanding commencing on the date hereof.
- (x) **“Interest Payment Election Form”** means the form of election attached hereto as Schedule “B”.
- (y) **“Interest Rate”** has the meaning ascribed thereto in Section 1.1;
- (z) **“Law”** means, in respect of any Person, property, transaction or event, all applicable laws, statutes, rules, by-laws (including zoning by-laws) and regulations, and all applicable official directives, orders, judgments and decrees, consents, exemptions, approvals, licences, guidelines and policies of any Governmental Body (whether or not having the force of law) relating to such Person, property, transaction or event, whether applicable in Canada or any other jurisdiction.
- (aa) **“Lien”** means any mortgage, hypothec, title retention, pledge, lien, claim, trust, assignment as security, right of set-off, charge, security interest or other encumbrance whatsoever, whether fixed or floating and howsoever created or arising;

- (bb) **“Loan”** means, at any time, the accommodations of credit made pursuant to this Note;
- (cc) **“Material Adverse Change”** means, as of any date of determination, any change, circumstance, state of facts or occurrence (or series of occurrences) including any litigation which, in the reasonable credit discretion of the Holder, has or is reasonably likely to have a material adverse change on:
 - (i) the business, assets, liabilities, operations, results of operations, financial condition, or prospects of the Company,
 - (ii) the ability of the Company to carry on its Business,
 - (iii) the ability of the Company to perform any of its obligations hereunder or under any Contract,
 - (iv) any Lien constituted or created by the Company in favour of the Holder;
- (dd) **“Maturity Date”** means October 20, 2025, unless the Note is converted earlier pursuant to and in accordance with the provisions hereof;
- (ee) **“NEO”** has the meaning ascribed thereto in Section 1.1 above;
- (ff) **“Note”** means this secured convertible promissory note of the Company as same may be revised, restated, replaced or supplemented from time to time;
- (gg) **“Noteholders”** means the holders of the Notes and **“Noteholder”** means any one of them;
- (hh) **“Notes”** means all of the secured Notes issued under the Offering on equal or substantially similar terms to this Note;
- (ii) **“Obligations”** has the meaning ascribed thereto in Section 3.2;
- (jj) **“Offering”** means an offering of secured convertible note units issued by the Company in one or more closings with an aggregate principal amount of \$1,000,000, where the Notes shall be: (i) in substantially the same form as this Note other than in respect of the date of issuance and corresponding commencement of interest and the maximum amounts; and (ii) shall, in relation to priority of security, rank equally and rateably without discrimination, preference or priority with all other Notes;
- (kk) **“Permitted Encumbrances”** means:
 - (i) any Inchoate Lien;
 - (ii) any right reserved to or vested in any Governmental Body, by the terms of any Permit acquired by the Company, or by any statutory provision to

terminate any such Permit or require annual or other periodic payments as a condition of the continuance thereof;

- (iii) security given by the Company to a public utility or any Governmental Body when required by such utility or Governmental Body in connection with, and incidental to, the operations of the Company in the ordinary course of its business;
- (iv) Liens incurred or deposits made in connection with contracts, bids, tenders or expropriation proceedings, surety or appeal bonds, cost of litigation when required by applicable law and other similar Liens and deposits;
- (v) Liens and privileges arising out of judgments or awards in respect of which an appeal or proceeding for review has been commenced provided a stay of execution pending such appeal or proceedings for review has been obtained and satisfactory reserves have been established;
- (vi) Liens on specific Equipment or motor vehicles of the Company which secures, and is limited to, the unpaid purchase price of such Equipment or motor vehicles, provided that any such Lien is limited to the Equipment or motor vehicles so acquired and such Equipment or motor vehicles is used by the Company in the operation of its business and is not for resell, lease or rental to any Person;
- (vii) Liens in favour of the Holder;
- (viii) Liens given in respect of the Permitted Indebtedness listed on Schedule "C" hereto; and
- (ix) any Liens consented to in writing by Holder,

provided however, that the existence or consent by the Holder of any Permitted Encumbrances shall not be construed in any way as a subordination by the Holder of its Liens unless expressly subordinated in writing by the Holder pursuant to a separate and independent priority, intercreditor or subordination agreement;

- (ll) **"Permitted Indebtedness"** means, at any time, such indebtedness listed on Schedule "C" hereto;
- (mm) **"Permits"** means all material licenses, permits, approvals, consents, certificates, franchises and other authorizations required by the Company to operate the Business;
- (nn) **"Person"** means an individual, natural person, partnership, corporation, joint stock company, trust, unincorporated association, joint venture, government, Governmental Body or any other entity, whether acting in an individual, fiduciary or other capacity, state or political subdivision thereof or any agency of such state or subdivision;

- (oo) “**PPSA**” means the *Personal Property Security Act* (Ontario), as amended, replaced or supplemented from time to time;
- (pp) “**Principal**” has the meaning ascribed thereto in Section 1.1;
- (qq) “**Secured Property**” has the meaning ascribed thereto in Section 3.1;
- (rr) “**Securities**” means any equity security, or any option, warrant or other right to subscribe for, or purchase, or otherwise acquire, any equity security;
- (ss) “**Securities Act**” means the *Securities Act* (Ontario), as amended, replaced or supplemented from time to time;
- (tt) “**Senior Indebtedness**” means the principal and interest on:
- (i) indebtedness for borrowed money owed by the Company or its subsidiaries to the Subsidiary Senior Lender in connection with the Tweed Note;
 - (ii) indebtedness for borrowed money that the Company may now or hereinafter incur from a Canadian chartered bank or trust company (or such other financial institution as may be acceptable to the Company) for the purposes of term or operating facilities, to the extent the Company has granted security therefor and to the extent that the obligation to repay such borrowed money is not itself subordinated to any third party the effect of which postponement would be that the Obligations created herein would be postponed to any such third party to whom the Obligations would not otherwise be postponed; and
 - (iii) renewals, extensions, restructurings, re-financings and refundings of any such indebtedness,
- unless in any of the cases specified in (i), (ii) or (iii) above, it is provided by the terms of the instrument creating or evidencing such indebtedness that such indebtedness is not superior in right of payment to this Note;
- (uu) “**Subsidiaries’ Secured Property**” means the property of OCH Ontario Consulting Corp., as debtor, and Ontario Cannabis Holdings Corp., as guarantor, that is the subject of the security interest granted in favour of the Subsidiary Senior Lender in connection with the Tweed Note and pursuant to the general security agreement dated March 11, 2020 between OCH Ontario Consulting Corp., Ontario Cannabis Holdings Corp. and the Subsidiary Senior Lender;
- (vv) “**Subsidiary Senior Lender**” means Tweed Franchise Inc., a wholly-owned subsidiary of Canopy Growth Corporation;
- (ww) “**Trading Day**” means, with respect to the NEO or other market for securities, any day on which such exchange or market is open for trading or quotation;

- (xx) “**Taxes**” means all taxes of any kind or nature whatsoever including, without limitation, income taxes, sales or value-added taxes, levies, stamp taxes, royalties, duties, and all fees, deductions, compulsory loans and withholdings imposed, levied, collected, withheld or assessed as of the date hereof or at any time in the future, by any Governmental Body having power to tax, together with penalties, fines, additions to tax and interest thereon;
- (yy) “**Third Party**” means a Person who is at Arm’s Length from the Company, the Holders and all shareholders of the Company;
- (zz) “**This Note**”, “**hereto**”, “**herein**”, “**hereby**”, “**hereunder**”, “**hereof**” and similar expressions refer to this Note and not to any particular Article, Section, subsection, clause, subdivision or other portion hereof and include any and every instrument supplemental or ancillary hereto; and
- (aaa) “**Tweed Note**” means the secured grid promissory note of OCH Ontario Consulting Corp., a wholly-owned, indirect subsidiary of the Company, in favour of the Subsidiary Senior Lender dated March 11, 2020.

2.2 **Plurality and Gender**

Words importing the singular number only shall include the plural and vice versa and words importing one gender shall include all genders and words importing Persons shall include firms and corporations and vice versa.

2.3 **Headings, etc.**

The division of this Note into Articles, Sections, Subsections and paragraphs and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Note.

2.4 **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 at or before the requisite time on the next succeeding day that is a Business Day.

2.5 **Reference to Law**

Reference herein to any Law means such Law as amended, modified, codified or re-enacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder.

2.6 **Currency**

Any reference in this Note to “**Dollars**”, “**dollars**” or the sign “**\$**” shall be deemed to be a reference to lawful money of Canada.

ARTICLE 3 INDEBTEDNESS SECURED

3.1 Creation of Security Interest

As general continuing collateral security for the due payment and performance of any and all present and future Obligations of the Company to the Holder, the Company hereby grants a Lien as and by way of a fixed and floating Lien to and in favour of the Holder, in any and all of the undertaking, property and assets of the Company, real and personal, moveable and immovable, of whatsoever nature and kind whatsoever, now owned or hereafter acquired, including, without limitation, all present and future income, Money, Inventory, Equipment, Goods, Chattel Paper, Documents of Title, Intangibles, Investment Property, revenues, rents, supplies, materials, credits, bank accounts, Accounts, book debts, negotiable and non-negotiable Instruments, shares, stocks, bonds, debentures, Securities, choses in action, proceeds of insurance, contracts, agreements, goodwill, trademarks, patents and patent rights, processes, inventions, franchises, powers, privileges, licenses and all other property and things of value, real or personal, tangible or intangible, legal or equitable, which the Company may be possessed of, or entitled, to or which may at any time hereafter be acquired by the Company, save and except for the last day of any term reserved by any lease now held or hereafter acquired by the Company (collectively, referred to as the “**Secured Property**”) and the Company shall stand possessed of any such reservation in trust for the exclusive benefit of the Holder and to assign and dispose thereof as the Holder may direct.

3.2 Liens Securing Indebtedness

The Liens granted by the Company to the Holder pursuant to this Note shall constitute general continuing collateral security for the due payment and performance of any and all present and future debts, liabilities and obligations of the Company to the Holder arising out of this Note, whether actual or contingent, direct or indirect, as principal or surety, matured or not, now existing or arising hereafter, including, without limitation, the Principal Amount, Interest (at the Interest Rate) and any and all costs, fees and expenses incurred by the Holder (the “**Obligations**”).

3.3 Designation, Rank and Priority

This Note is one of several secured Notes issued or to be issued by the Company under the Offering. The ranking of the Notes set out in this Section 3.3 shall apply in all events and circumstances regardless of the date of any advance or advances made to the Company by the holders of the Notes. The provisions of this Note shall be binding on the Company, the Holder and all Persons claiming through or under them respectively and any Person shall be deemed to have notice of these provisions. For greater certainty, the security interest of the Holder in respect of this Note shall rank *pari passu* with the security interest of the other Holders in respect of their respective Notes.

ARTICLE 4 CONVERSION

4.1 Conversion Privilege

Subject to and upon compliance with the provisions of this Article 4, (a) for a period ending on the first anniversary of the Closing Date, and (b) the completion by the Company of a financing subsequent to the Offering for gross proceeds of at least \$1,000,000, all or a portion of the

Principal Amount of a Holder's Notes can only be converted into Common Shares at the Conversion Price. Upon meeting both of conditions (a) and (b) above (the "**Conversion Conditions Precedent**"), the Holder shall have the option to convert all or a portion of the Principal Amount of a Holder's Notes into Common Shares at the Conversion Price. If converted prior to the achievement by the Company of the Conversion Conditions Precedent, all accrued and unpaid interest in respect of the Notes from the date hereof to the date of conversion of the Principal Amount shall be satisfied by the Company in Common Shares within ten (10) Business Days of the date of conversion of the Principal Amount, and if converted upon or after the achievement by the Company of the Conversion Conditions Precedent, all accrued and unpaid interest in respect of the Notes from the date hereof to the date of conversion of the Principal Amount shall be satisfied by the Company in cash or Common Shares in accordance with the Holders' election to be delivered pursuant to Section 4.2 regarding receipt of the Principal Amount within ten (10) Business Days of the date of conversion of the Principal Amount. Notwithstanding the foregoing, the conversion of the Principal Amount into Common Shares shall be subject to any applicable NEO or regulatory approval.

4.2 Manner of Exercise of Right to Convert

- (a) If the Holder wishes to convert this Note into Common Shares, it shall surrender such Note to the Company together with the Conversion Form set forth in Schedule "A" hereto, duly executed by the Holder, irrevocably exercising its right to convert such Note in accordance with the provisions of this Article 4. Thereupon the Holder or its nominee or assignee shall be entitled to be entered in the books of the Company as at the Date of Conversion as the holder of the number of Common Shares into which such Note is convertible in accordance with the provisions hereof and, as soon as practicable thereafter, the Company shall deliver to such Holder or, subject as aforesaid, its nominee or assignee, a certificate for such Common Shares and, if applicable, a cheque for any amount payable under Section 4.5 in respect of fractional shares.
- (b) For the purposes hereof, the date of conversion of the Note (the "**Date of Conversion**") shall be deemed to be the date on which it is surrendered in accordance with the provisions hereof and, in the case of a Note so surrendered by mail or other means of delivery, the date on which it is received by the Company during regular business hours on a Business Day.
- (c) Upon surrender of this Note for conversion in accordance with this Section 4.2, the Holder will be entitled to receive that number of Common Shares equal to the quotient obtained when the aggregate of the Principal Amount to be converted is divided by the Conversion Price. The Common Shares issued upon conversion shall be entitled to all rights and privileges accorded to holders of record of Common Shares on and after the Date of Conversion, from which date they will for all purposes be and be deemed to be issued and outstanding as fully paid and non-assessable Common Shares.

4.3 Mandatory Conversion

If, during the term of the Notes, the volume weighted-average share price of the Common Shares on the NEO (or such other exchange on which the Common Shares may principally trade at such time) for 20 consecutive Trading Days equals or exceeds \$0.06, the Company may, at its option, subject to providing not less than 30 days' prior notice to Holders, convert the Notes into Common Shares at the Conversion Price (subject to customary adjustments for recapitalizations, stock dividends and splits, combinations and the like), in whole or, from time to time, in part. On any such conversion of the Notes, the Holders will receive accrued and unpaid Interest on the amount converted for the period from the date of the latest payment of Interest to the Date of Conversion, in cash. The Company may only exercise its mandatory conversion right on or after the first anniversary of the Closing Date.

4.4 Adjustment Provisions

The Conversion Price will be subject to adjustment in the events and in the manner following:

- (a) if and whenever at any time prior to the Maturity Date, the Company:
 - (i) issues Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all the holders of the Common Shares as a stock dividend;
 - (ii) makes a distribution on its outstanding Common Shares payable in Common Shares or securities exchangeable for or convertible into Common Shares;
 - (iii) subdivides its outstanding Common Shares into a greater number of shares; or
 - (iv) consolidates its outstanding Common Shares into a smaller number of shares;

(any of such events in subsection 4.4(a)(i), subsection 4.4(a)(ii), subsection 4.4(a)(iii) or 4.4(a)(iv) above being called a “**Share Reorganization**”), the Conversion Price will be adjusted immediately after the effective date or record date for the happening of a Share Reorganization, as the case may be, by multiplying the Conversion Price in effect immediately prior to such effective date or record date by a fraction, the numerator of which is the number of Common Shares outstanding on such effective date or record date before giving effect to such Share Reorganization and the denominator of which is the number of Shares outstanding immediately after giving effect to such Share Reorganization (including, in the case where securities exchangeable for or convertible into Common Shares are distributed, the number of Common Shares that would have been outstanding had all such securities been exchanged for or converted into Common Shares on such effective date or record date). Such

adjustment will be made successively whenever any event referred to in this Section 4.4 occurs;

- (b) If and whenever at any time after the date hereof the Company fixes a record date for the issuance of rights, options or warrants to the holders of all or substantially all of its outstanding Common Shares under which such holders are entitled to subscribe for or purchase Common Shares or securities exchangeable for or convertible into Common Shares, where:
- (i) the right to subscribe for or purchase Common Shares, or the right to exchange securities for or convert securities into Common Shares, expires not more than 45 days after the date of such issue (the period from the record date to the date of expiry herein in this Section 4.4 being the “**Rights Period**”); and
 - (ii) the cost per Common Share during the Rights Period (inclusive of any cost of acquisition of securities exchangeable for or convertible into Common Shares in addition to any direct cost of Common Shares) (herein in this Section 4.4 called the “**Per Share Cost**”) is less than 95% of the Current Market Price of the Common Shares on the record date,

(any of such events being called a “**Rights Offering**”), then the Conversion Price will be adjusted effective immediately after the end of the Rights Period to a price determined by multiplying the Conversion Price in effect immediately prior to the end of the Rights Period by a fraction:

- (A) the numerator of which is the aggregate of:
 - (1) the number of Common Shares outstanding as of the record date for the Rights Offering; and
 - (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 4.4(b) was the issue of rights, options or warrants to the holders of Common Shares under which such holders are entitled to subscribe for or purchase additional Common Shares, the number of Common Shares so subscribed for or purchased during the Rights Period, or
 - (II) where the event giving rise to the application of this subsection 4.4(b) was the issue of rights, options or warrants to the holders of Common Shares under which such holders are entitled to subscribe for or purchase securities exchangeable for or convertible into Common Shares, the number of Common

Shares for which those securities so subscribed for or purchased during the Rights Period could have been exchanged or into which they could have been converted during the Rights Period,

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

- (B) the denominator of which is:
- (1) in the case described in subparagraph 4.4(b)(A)(2)(I), the number of Common Shares outstanding, or
 - (2) in the case described in subparagraph 4.4(b)(A)(2)(II), the number of Common Shares that would be outstanding if all the Common Shares described in subparagraph 4.4(b)(A)(2)(II) had been issued,

as at the end of the Rights Period.

Any Common Shares owned by or held for the account of the Company or any subsidiary or affiliate (as defined in the *Securities Act* (Ontario)) of the Company 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 4.4, there is more than one purchase, conversion or exchange price per Common Share, the aggregate price of the total number of additional Common Shares offered for subscription or purchase, or the aggregate conversion or exchange price of the convertible securities so offered, will be calculated for purposes of the adjustment on the basis of:

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

To the extent that any adjustment in the Conversion Price occurs pursuant to this subsection 4.4(b) as a result of the fixing by the Company of a record date for the distribution of rights, options or warrants referred to in this subsection 4.4(b), the Conversion Price will be readjusted immediately after the expiration of any relevant exchange, conversion or exercise right to the Conversion Price which would then be in effect based upon the number of Common Shares actually issued

and remaining issuable after such expiration, and will be further readjusted in such manner upon expiration of any further such right.

If the Holder has converted the Note 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 Common Shares to which it is otherwise entitled upon such exercise, be entitled to that number of additional Common Shares equal to the result obtained when the Conversion Price in effect immediately prior to the end of such Rights Offering pursuant to this subsection is multiplied by the number of Common Shares received upon the conversion of the Notes during such period, and the resulting product is divided by the Conversion Price as adjusted for such Rights Offering pursuant to this subsection; provided that the provisions of Section 4.5 will be applicable to any fractional interest in a Common Share to which such Holder might otherwise be entitled. Such additional Common 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 Common Shares will be delivered to such Holder within five (5) Business Days following the end of the Rights Period.

- (c) If and whenever at any time after the date hereof the Company fixes a record date for the issue or the distribution to the holders of all or substantially all its Common Shares of:
- (iii) shares of the Company of any class other than Common Shares;
 - (iv) rights, options or warrants to acquire shares or securities exchangeable for or convertible into shares or property or other assets of the Company;
 - (v) evidence of indebtedness; or
 - (vi) any property or other assets,

and if such issuance or distribution does not constitute (A) a Share Reorganization or (B) a Rights Offering (such non-excluded events being called a “**Special Distribution**”), the Conversion Price will be adjusted effective immediately after such record date to a price determined by multiplying the Conversion Price in effect on such record date by a fraction:

- (A) the numerator of which is:
- (1) the product of the number of Common Shares outstanding on such record date and the Current Market Price of the Common Shares on such record date; less
 - (2) the aggregate fair market value (as determined by action by the directors of the Company, acting reasonably and in good faith, and subject to the prior written consent of the

NEO, if required) to the holders of the Common Shares of such securities or property or other assets so issued or distributed in the Special Distribution; and

- (B) the denominator of which is the number of Common Shares outstanding on such record date multiplied by the Current Market Price of the Common Shares on such record date.

Any Common Shares owned by or held for the account of the Company or any subsidiary or affiliate (as defined in the *Securities Act* (Ontario)) of the Company 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 capital reorganization of the Company or a reclassification or other change in the Common Shares (other than a Share Reorganization), or a consolidation, amalgamation or merger of the Company with or into any other corporation or other entity (other than a consolidation, amalgamation or merger which does not result in any reclassification or redesignation of the outstanding Common Shares or a change of the Common Shares into other shares), or a transfer of the undertaking or assets of the Company 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 conversion of the Notes after the effective date of such Capital Reorganization, will be entitled to receive in lieu of the number of Common 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 Common Shares to which such Holder was theretofore entitled upon conversion of the Notes. If determined appropriate by action of the directors of the Company, acting reasonably and in good faith, appropriate adjustments will be made as a result of any such Capital Reorganization in the application of the provisions set forth in this Section 4.4 with respect to the rights and interests thereafter of the Holder to the end that the provisions set forth in this Section 4.4 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 the Notes approved by action by the directors of the Company 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 Conversion Price shall occur as a result of:
- (vii) an event referred to in subsection 4.4(a);
 - (viii) the fixing by the Company of a record date for an event referred to in subsection 4.4(b); or

- (ix) the fixing by the Company of a record date for an event referred to in subsection 4.4(c) if such event constitutes the issue or distribution to the holders of all or substantially all of its outstanding Common 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, where required, the number of Common Shares purchasable upon the subsequent conversion of the Notes shall be simultaneously adjusted by multiplying the number of Common Shares purchasable upon the conversion of the Notes immediately prior to such adjustment by a fraction which shall be the reciprocal of the fraction employed in the adjustment of the Conversion Price. To the extent any adjustment in subscription rights occurs pursuant to this subsection 4.4(e) as a result of a distribution of exchangeable or convertible securities other than Equity Shares referred to in subsection 4.4(a) or as a result of the fixing by the Company of a record date for the distribution of rights, options or warrants referred to in subsection 4.4(b), the number of Common Shares acquirable upon conversion of the Notes shall be readjusted immediately after the expiration of any relevant exchange, conversion or exercise right to the number of Common Shares which would be purchasable based upon the number of Common 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 4.4(e) as a result of the fixing by the Company 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 4.4(c), the number of Common Shares acquirable upon conversion of the Notes 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 4.4(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 4.4(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.

4.5 No Requirement to Issue Fractional Shares

The Company shall not issue fractional Common Shares upon the conversion of this Note. If any fractional interest in a Common Share would, except for the provisions of this Section 4.5, be deliverable upon the conversion of any Principal Amount, the Company shall, in lieu of delivering any certificate of such fractional interest, satisfy such fractional interest by paying to the Holder of such surrendered Note an amount in lawful money of Canada equal to an identical fraction of the Conversion Price of the Common Shares on the Date of Conversion.

4.6 Taxes and Charges on Conversion

The Company will from time to time promptly pay or make provision for the payment of all Taxes which may be imposed by applicable laws (except income tax or security transfer tax, if any) which shall be payable with respect to the issuance or delivery of Common Shares to the Holder upon the exercise of its right of conversion pursuant to the terms of this Note.

4.7 Certificate as to Adjustment

The Company shall from time to time, immediately after the occurrence of any event which requires an adjustment or readjustment as provided in Section 4.4, deliver a notice to the Investors specifying the nature of the event requiring the same and the amount of the adjustment or readjustment necessitated thereby including the resulting Conversion Price and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based. Such notice and the amount of the adjustment specified therein shall, subject to the provisions of Sections 4.3 and 4.5 and absent manifest error, be conclusive and binding on all interested parties.

4.8 Notice of Special Matters

The Company covenants that, so long as this Note remains outstanding, it will give notice to the Holders of its intention to fix a record date for any event referred to in Section 4.4 (other than the subdivision, redivision, reduction, combination or consolidation of Common Shares) which may give rise to an adjustment in the Conversion Price, and such notice shall specify the particulars of such event and the record date or the effective date, as applicable, for such event, provided that the Company shall only be required to specify in such notice such particulars of such event as shall have been fixed and determined on the date on which such notice is given. Except where the Holders otherwise consent in writing, such notice shall be given not less than fourteen (14) days prior to the applicable record date.

4.9 Company to Reserve Shares

The Company covenants that it will at all times reserve and keep available out of its authorized Common Shares (if the number thereof is or becomes limited) solely for the purpose of issuance upon conversion of this Note such number of Common Shares as shall then be issuable upon the conversion of this Note. All Common Shares which shall so be issuable shall be, upon issuance, duly and validly issued, fully paid and non-assessable.

4.9 Mandatory Offer

Within five (5) Business Days after the occurrence of any of the following events:

- (i) the sale or other disposition of all or substantially all of the business of the Company; or
- (ii) a Change of Control of the Company,

the Company shall make an offer in writing to the Holder to purchase the outstanding Principal Amount of this Note plus all accrued and unpaid Interest as of such date. The offer shall remain open for a period of at least 30 days from the date of receipt of such notice by the Holder. The

Holder may, in its sole discretion, tender the Note to the offer by so indicating to the Company by notice in writing during the offer period. Purchase of the Note, if tendered, shall occur within five Business Days of receipt by the Company of such notice, together with the tendered Note.

ARTICLE 5 CONDITIONS PRECEDENT

5.1 Conditions Precedent

The Holder shall not be obligated to advance the Loan unless and until the following conditions precedent have been fulfilled to the Holder's satisfaction in its absolute discretion, which conditions are for the sole and exclusive benefit of the Holder, and notwithstanding anything to the contrary, which may be waived in writing by the Holder in its sole discretion:

- (a) **Note.** The Company shall have delivered to the Holder, in form and substance satisfactory to Holder, this Note and any and all other ancillary documents reasonably required by the Holder in connection with the advance of the Loan, including, without limitation, any and all consents, acknowledgements, estoppels, waivers, subordinations, priority agreements, intercreditor agreements, officer's certificates and legal opinions of the Company's counsel reasonably required by the Holder.
- (b) **Perfection of Security.** All registrations or filings required to perfect the Liens granted to the Holder shall have been made in all applicable jurisdictions and public offices necessary or desirable to provide the Holder with the priority position it requires.
- (c) **Representations, Warranties and Covenants.** The representations and warranties of the Holder shall be true, accurate, complete and correct as of the Closing Date and the Holder shall have complied with all covenants and agreements set forth herein, to the extent that the covenants can be complied with as of Closing Date.
- (d) **No Default.** No Default shall have occurred and be continuing or shall occur as a result of the transactions contemplated by this Note.

ARTICLE 6 COVENANTS OF THE COMPANY

6.1 Covenants. The Company covenants and agrees that so long as the Notes remain outstanding:

- (a) The Company shall pay the Principal Amount, Interest and all other amounts payable by the Company under the terms of this Note promptly when due on the dates and in the manner specified in this Note.
- (b) The Company will use commercially reasonable efforts to maintain its corporate existence and qualify and remain qualified to carry on business in each

jurisdiction where the character of the properties owned by it or the nature of the business transacted by it makes such qualification necessary.

- (c) The Company will give notice in writing to the Holder of the occurrence of any Default that is continuing forthwith upon becoming aware thereof.
- (d) The Company will use commercially reasonable efforts to maintain: (i) the listing of the Common Shares on the NEO, and (ii) the Company's status as a reporting issuer not in default under Applicable Securities Laws; provided that nothing in this subsection 6.01(d) shall prevent the Company from completing any transaction which would result in the Common Shares ceasing to be listed on the NEO or the Company ceasing to be a reporting issuer under Applicable Securities Laws so long as the holders of securities of the Company receive securities of an entity which is listed on a recognized Canadian or U.S. stock exchange or cash or the holders of securities of the Company have approved the transaction in accordance with the requirements of applicable corporate law and Applicable Securities Laws.
- (e) The Company covenants that it will at all times reserve and keep available out of its authorized Common Shares (if the number thereof is or otherwise becomes limited) for the purpose of issue and delivery, and shall issue to the Holder, such number of Common Shares as shall then be issuable under the terms of this Note upon conversion as provided in Article 4, and such Common Shares which shall be so issuable shall be duly and validly issued as fully paid and non-assessable Common Shares in the capital of the Company.

ARTICLE 7 DEFAULT AND ENFORCEMENT

7.1 Events of Default

The happening of any of the following events or conditions shall constitute an event of default ("**Default**") hereunder:

- (a) **Failure to Pay Principal Amount.** If the Company makes default in payment of the Principal Amount on the Maturity Date or when the same otherwise becomes due under any provision hereof;
- (b) **Failure to Pay Interest.** If the Company fails to make a payment of Interest when due;
- (c) **Failure to Pay Other Amounts.** If the Company fails to make payment when due of any amount payable hereunder other than the Principal Amount or Interest and such failure has not been cured within 30 days;
- (d) **Default in Other Covenants.** If, other than in respect of any covenant to pay, there is any default or failure in the observance or performance of any other act hereby required to be done or any other material covenant or condition hereby

required to be observed or performed and such default or failure has not been cured within 30 days;

- (e) **False Representations, etc.** If any representation, warranty, certificate, statement or report made or given herein or otherwise in connection hereunder is false or erroneous or misleading in any material respect at the time it was made or given;
- (f) **Insolvency.** If the Company is unable to pay debts as such debts become due, or is, or is adjudged or declared to be, or admits to being, bankrupt or insolvent;
- (g) **Voluntary Proceedings.** If the Company makes a general assignment for the benefit of creditors, or any proceedings or filing is instituted or made by the Company seeking relief on its behalf as debtor, or to adjudicate it to a bankrupt or insolvent, or seeking liquidation, winding-up, reorganization, arrangement, adjustment recomposition of it or its debts under any Law relating to bankruptcy, insolvency, reorganization or relief of debtors, or seeking appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties or assets; or the Company takes any corporate action to authorize any of the actions set forth in this subsection 7.1(g);
- (h) **Involuntary Proceedings.** If any notice of intention is filed or any proceeding or filing is instituted or made against the Company in any jurisdiction seeking to have an order for relief entered against it as debtor or to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding-up, reorganization, arrangement, adjustment or composition of it or its debts under any Law relating to bankruptcy, insolvency, reorganization or relief of debtors, or seeking appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties or assets or seeking possession, foreclosure or retention, or sale or other disposition of, or other proceedings to enforce security over, all or a substantial part of the assets of the Company unless the same is being contested actively and diligently in good faith by appropriate and timely proceedings and is dismissed, vacated or stayed within thirty (30) days of institution thereof;
- (i) **Receiver, etc.** If a receiver, liquidator, trustee, sequestrator or other officer with like powers is appointed with respect to, or an encumbrancer takes possession of, or forecloses or retains, or sells or otherwise disposes of, or otherwise proceeds to enforce security over all or a substantial part of the properties or assets of the Company or gives notice of its intention to do so;
- (j) **Execution, Distress.** If any writ, attachment, execution, sequestration, extent, distress or any other similar process becomes enforceable against the Company or if a distress or any analogous process is levied against all or a substantial part of the properties or assets of the Company;
- (k) **Suspension of Business.** If the Company suspends or ceases or threatens to suspend or cease its Business; and

- (l) **Sale.** If the Company sells or otherwise disposes of, or threatens to sell or otherwise dispose of, all or a substantial part of its undertaking and property and assets, whether in one transaction or a series of related transactions and the Company does not make the mandatory offer under Section 4.10.

7.2 Consequences of an Event of Default

Upon the occurrence and during the continuance of an Event of Default, all monies secured by the Lien over the Secured Property and the Obligations herein shall at the option of the Holder become forthwith due and payable.

ARTICLE 8 REMEDIES

8.1 Appointment of Receiver

- (a) **Right to Appoint:** Upon a Default which is continuing, the Holder may appoint by instrument in writing, any person to be a receiver (hereinafter called a “**Receiver**”, which term when used herein shall include a receiver and manager) of the Secured Property as the agent of the Company and may remove any Receiver so appointed and appoint another in his stead.
- (b) **Receiver Agent of the Company:** Any such Receiver shall, so far as concerns responsibility for their acts, be deemed the agent of the Company and not the Holder (to the extent permitted by applicable Laws) and the Holder shall not be in any way responsible for any misconduct, negligence or nonfeasance on the part of any such Receiver, their servants, agents or employees other than their gross negligence or wilful misconduct.
- (c) **Power of Receiver:** Subject to the provisions of the instrument appointing them, any such Receiver shall have power to take possession of the Secured Property or any part thereof, to preserve the Secured Property or its value, to carry on or concur in the carrying on of all or part of the business of the Company and to sell or otherwise dispose of or concur in selling or otherwise disposing of all or any part of the Secured Property. To facilitate the foregoing powers, any such Receiver may, to the exclusion of all others, including the Company, enter upon, use and occupy all premises owned or occupied by the Company wherein all or any part of the Secured Property may be situated, maintain the Secured Property upon such premises, borrow money on a secured or unsecured basis and use all or any part of the Secured Property directly in carrying on the Company’s Business or otherwise, as such Receiver shall, in his discretion, determine.
- (d) **Monies Received by Receiver:** Except as may be otherwise directed by the Holder, all monies received from time to time by such Receiver in carrying out their appointment shall be received exclusively in trust for and paid over to the Holder and applied against the Obligations in such order as the Holder sees fit in its sole and absolute discretion.

- (e) **Receiver Vested with Rights of the Holder:** Every such Receiver may, in the discretion of the Holder, be vested with all or any of the rights and powers of the Holder.

8.2 **Exercise Powers of Receiver**

Upon Default, the Holder may, either directly or through its agents or nominees, exercise all the powers and rights given to a Receiver hereby.

8.3 **Court Appointed Receiver**

Upon Default, the Holder may proceed in any court of competent jurisdiction for the appointment of a Receiver of all or any part of the Secured Property.

8.4 **Other Proceedings**

Upon Default, the Holder may take any other remedy or proceeding authorized or permitted hereby or by Law or equity.

8.5 **Sale of Secured Property**

Without limiting the generality of the foregoing, upon a Default which is continuing, it shall be lawful for the Holder to make any sale, lease or other disposition of the Secured Property either for cash or upon credit or partly for one and partly for the other upon such conditions as to terms of payment as it in its absolute discretion may deem proper (in accordance with applicable Laws) and to sue the Company for any deficiency remaining. The Holder shall be accountable only for money actually received by it. The Holder may deliver to the purchaser of the Secured Property good and sufficient conveyances of same, free and clear of any claim by the Company. The purchaser, lessee or transferee receiving any disposition of the Secured Property or any part thereof need not inquire whether Default under this Note has actually occurred but may as to this and all other matters rely upon a statutory declaration of the Holder, which declaration shall be conclusive and any such purchaser or lessee need not look to the application of the purchase money, rent or other consideration given upon such sale, lease or other disposition, which shall not be affected by any irregularity of any nature or kind relating to the crystallizing or enforcing of the security or the taking of possession of the Secured Property or the sale, lease or other disposition thereof.

8.6 **Rights as Secured Party**

In addition to those rights granted herein and in any other agreement now or hereafter in effect between the Company and the Holder, the Holder shall have, both before and after Default which is continuing, all the rights and remedies of a secured party under the PPSA and any other applicable Law as may from time to time be in effect. The Holder shall not be liable or accountable for any failure to exercise its remedies, take possession of, collect, realize, sell or otherwise dispose of the Secured Property or any part thereof or to institute any proceedings for such purposes. Furthermore, the Holder shall have no obligation to take any steps to preserve rights against prior parties to any Instrument or Chattel Paper whether Secured Property or Proceeds, whether or not in the possession of the Holder, and shall not be liable or accountable for failure to do so.

8.7 Take Possession

The Company acknowledges that the Holder or any Receiver appointed by it may take possession of the Secured Property or any part thereof wherever it may be located and by any method permitted by applicable Laws and the Company agrees that upon request from the Holder or any such Receiver to assemble and deliver possession of the Secured Property or any part thereof at such place or places as may be directed.

ARTICLE 9 RELEASE, SUBORDINATION AND THIRD PARTY BENEFICIARIES

9.1 **Release by Holder.** The Holder may, at its sole discretion, at any time release from the security interest hereby created any part or parts of the Secured Property either with or without consideration therefor, without responsibility therefor, and without thereby releasing any other part of the Secured Property or any person from this Note.

9.2 Subordination to Senior Indebtedness.

- (a) Notwithstanding any other provision to the contrary in this Note, all rights of the Holder and the other Noteholders to receive payment of any indebtedness owing to them by the Company is and shall be expressly subordinate and junior in right of payment and exercise of remedies to the prior payment in full in cash of all present and future Senior Indebtedness to the extent and in the manner provided therein, and the Holder hereby subordinates all present and future indebtedness owing under this Note as a claim against the Company prior to the payment in full in cash of the Senior Indebtedness; *provided, however*, that the foregoing subordination restrictions (and any other restrictions contained in this Article 9) do not restrict the ability of the Holder, should the Holder so demand at any time after the Maturity Date, to be repaid the Principal Amount plus any outstanding Interest on or after the Maturity Date if this Note is not earlier converted or cancelled pursuant to its terms (provided that the Senior Indebtedness is not in default), and nothing in this Note or otherwise shall prevent repayment on Maturity Date if elected by the Holder regardless of whether the Senior Indebtedness is still outstanding (provided that the Senior Indebtedness is not in default at the relevant time).
- (b) The Holder hereby acknowledges and agrees that each security interest, pledge, assignment, mortgage, or other interest of the Subsidiary Senior Lender in the Subsidiaries' Secured Property shall have priority to the extent of all Senior Indebtedness secured thereby over any right, security interest, lien, or claim that the Holder or any other Noteholder may now have or hereafter have therein or thereto. The priorities established hereby shall be irrespective of the time or order of attachment or perfection of security interests, liens, or claims or the time or order of filing of financing statements or mortgages or otherwise. The Holder hereby waives, to the extent permitted by applicable law, all rights to notice of sale or other intended disposition of any Subsidiaries' Secured Property by the Subsidiary Senior Lender.

- (c) Subject to Section 9.2(a), except as expressly permitted by the terms of any Senior Indebtedness, or unless the Subsidiary Senior Lender otherwise consents in writing, the Company will not make, and the Holder will not accept or receive, any payment in cash of any indebtedness owing under this Note until all the Senior Indebtedness has been paid in full in cash, other than in connection with the repayment of Principal Amount and Interest on or after the Maturity Date if demanded by the Holder pursuant to this Note. If the Holder receives any payment in cash on account of the indebtedness owing under this Note (other than after the Maturity Date if elected by the Holder), in violation of this Section 9.2, then it shall hold such cash payment in trust for the benefit of the Subsidiary Senior Lender and, promptly upon discovery or notice of such violation, pay such amount over to the Subsidiary Senior Lender on behalf of such holders for application in payment of the Senior Indebtedness.
- (d) The Holder agrees that to the extent it holds any indebtedness under this Note at the relevant time, it will not take any action as the holder of any such indebtedness that will impede, interfere with or restrict or restrain the exercise by the Subsidiary Senior Lender of rights and remedies under the Senior Indebtedness. In furtherance thereof, the Holder, in its capacity as a holder of the indebtedness under this Note hereby agrees not to oppose any motion filed or supported by the Subsidiary Senior Lender for relief from stay or for adequate protection in respect of any Senior Indebtedness and not to oppose any motions supported by the Subsidiary Senior Lender for the Company's use of cash collateral or post-petition borrowing from the Subsidiary Senior Lender, provided that, the repayment of Principal plus Interest after the Maturity Date if so demanded by the Holder pursuant to the terms hereof shall not in any manner be deemed to have impeded, interfered with or restricted or restrained the Subsidiary Senior Lender's rights or remedies under the Senior Indebtedness (provided that the Senior Indebtedness is not in default at the relevant time).
- (e) The Holder, for itself and its successors and assigns, agrees for the benefit of the Subsidiary Senior Lender that so long as any Senior Indebtedness remains outstanding or committed to be advanced, the Holder will not, directly or indirectly, take any action prior to the Maturity Date to accelerate or demand payment in cash by the Company of any of the indebtedness owing under this Note, to exercise any of the remedies in respect of such indebtedness or any collateral security therefor, to initiate any litigation against the Company, or to foreclose or otherwise realize on any security given by the Company to secure such indebtedness.
- (f) The Subsidiary Senior Lender shall be entitled to the benefits under this Section 9.2 without notice thereof being given to the Holder or to any other Noteholder.
- (g) The provisions of this Section 9.2 as to subordination are solely for the purpose of defining the relative rights of the Subsidiary Senior Lender on the one hand, and the Holder and the other Noteholders on the other hand, and none of such provisions shall impair, as between the Company and the Holder, the obligations of the Company, which are unconditional and absolute, to pay to the Holder all of

the indebtedness owing under this Note in accordance with the terms hereof, nor, except as provided by this Section 9.2 or the terms of any Senior Indebtedness, shall any such provisions prevent the Holder from exercising all remedies otherwise permitted by applicable law or under the terms of this Note upon an Event of Default, subject to the rights, if any, of the Subsidiary Senior Lender under the other provisions of this Section 9.2.

- (h) Each of the Company and the Holder agree that, unless the Subsidiary Senior Lender otherwise consents thereto in writing (such consent not to be unreasonably withheld), prior to the payment in full in cash of the Senior Indebtedness, (i) it will not modify or amend this Note or any collateral or other security therefor that directly alter or amend the subordination arrangements under this Article 9 hereof or otherwise (it being understood that the terms of this Note may be amended by the mutual consent of the Company and the Holder, without the consent of the Subsidiary Senior Lender if such amendments do not otherwise modify the terms of the subordination arrangements set forth herein), and (ii) except for the security interests granted under Article 3, the Company shall not grant and the Holder will not obtain liens on or security interests in the Secured Property as security for the indebtedness owing under this Note, and that to the extent any such liens or security interests are created or exist on or in the Secured Property (by operation of law or otherwise) all such liens and security interests are and shall be fully subordinated and junior to the liens on and security interests in the Secured Property in favour of the Subsidiary Senior Lender.
- (i) Nothing in this Section 9.2 will restrict, prevent or exclude the conversion of this Note into shares in the capital of the Company in accordance with Article 4, whether automatically or at the option of the Holder.

9.3 **Third Party Beneficiaries.**

- (a) Except as set out in Section 9.1(b), the parties do not confer any legal, equitable or other rights or remedies of any nature under or by reason of this Note upon any person other than the parties to this Note and their respective successors and permitted assigns.
- (b) The parties hereby designate the Subsidiary Senior Lender as third-party beneficiaries of Article 9 of this Note having the right to enforce all sections in such Article 9, including against the Company and the Holder, jointly and severally, and this Section 9.1(b) may not be amended at any time while any obligations are owing to the Subsidiary Senior Lender without the prior written consent of the Subsidiary Senior Lender.

9.4 Permitted Encumbrances and Permitted Indebtedness. The Holders hereby acknowledge the existence of the Permitted Encumbrances and the Permitted Indebtedness listed in Schedule "C" hereto.

ARTICLE 10 GENERAL MATTERS

10.1 Amalgamation

The Company acknowledges that if it amalgamates with any other corporation or corporations (a) the term “**Company**”, where used herein shall extend to and include each of the amalgamating corporations and the amalgamated corporation, and (b) the term “**Obligations**”, where used herein shall extend to and include the Obligations of each of the amalgamating corporations and the amalgamated corporation.

10.2 Costs and Expenses

The Company shall pay all reasonable costs, fees and expenses of the Holder, whether directly or for services rendered (including, without limitation, reasonably solicitors’ and other professional costs, fees and expenses) in connection with the preparation, negotiation and documentation of this Note and any and all documents ancillary thereto and the enforcement of the Holder’s rights hereunder and under any other document delivered pursuant to this Agreement provided funds including the Principal Amount are advanced as described herein. Such costs, fees and expenses shall form part of the Obligations and shall be secured hereby.

10.3 Further Assurances

The Company hereby covenants that it will, at all times do, execute, acknowledge and deliver every such further act, deed, transfer, assignment, mortgage, hypothec, charge, discharge and assurance with respect to the Secured Property as the other may reasonable require and as permitted by applicable Laws for the better assuring, mortgaging, charging, hypothecating, transferring, assigning, discharging and confirming the Secured Property unto the Holder and for the better accomplishing and effectuating the intent of this Note.

10.4 General Interest Provisions

Notwithstanding any other provision of this Note, in no event shall the aggregate “interest” (as that term is defined in Section 347 of the *Criminal Code* (Canada)) paid or payable pursuant to this Note exceed the effective annual rate of interest on the “credit advanced” (as defined therein) lawfully permitted under Section 347 of the *Criminal Code* (Canada). The effective annual rate of interest shall be determined in accordance with generally accepted actuarial practices and principles over the term of the Note, and in the event of a dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by the Holder will be conclusive for the purposes of such determination. If at any time the implementation of any provision hereof results in a payment or an obligation to make a payment in contravention of this Section 10.4, the amount of the excess shall be applied as a partial prepayment of principal and the obligation to make such excess payment shall be deemed a severable obligation. The Company represents and warrants to the Holder that it has not incurred, and will not incur, any charges or expenses pursuant to this Note which may be considered to be “interest” in an aggregate amount which is in contravention of Section 347 of the *Criminal Code* (Canada). A certificate of an authorized signing officer of the Holder as to each amount or each rate of interest payable hereunder from time to time shall, in the absence of manifest error, be conclusive evidence of such amount and

of such rate.

10.5 Performance by Holder

If the Company fails to perform any of its obligations hereunder, the Holder may, after notice to the Company, but shall not be obligated to, perform any or all such obligations, and all costs, charges, expenses, fees, outlays and premiums incurred by the Holder in connection therewith shall be payable by the Company forthwith upon demand by the Holder and shall bear interest from the date incurred by the Holder at the Interest Rate, compounded quarterly and payable on demand and shall form part of the Obligations and shall be secured hereby. Any such performance by the Holder shall not constitute a waiver by the Holder of any right, power, or privilege under this Note.

10.6 No Modification

No modification, variation or amendment of any provision of this Note shall be made without the prior written consent of the Holder, and no waiver of any provision hereof shall be effective unless in writing.

10.7 Appropriation of Funds

The Company agrees that the Holder may from time to time appropriate all monies realized by the Holder from the enforcement of the Liens on or towards the payment of any part of the Obligations of the Company as the Holder in its sole discretion may determine, and the Company shall have no right to require or enforce any appropriation inconsistent therewith, and the Holder shall have the right to change the application of any such proceeds and re-apply the same to any part or parts of such Obligations as the Holder may see fit notwithstanding any previous application.

10.8 Relationship of Parties

The provisions contained in this Note shall not create or be deemed to create any relationship as between the Company and the Holder other than that of borrower and creditor. For greater certainty, nothing herein shall constitute the Holder and the Company as partners or joint venturers or impose any liability upon them as such.

10.9 Not a Shareholder

Nothing in this Note or in the holding of the Notes evidenced hereby shall be construed as conferring upon the Holder any right or interest whatsoever as a shareholder of the Company.

10.10 Notice to the Company and the Holder

Any notice to be given to the Company or the Holder shall be in writing and shall be deemed to be validly given if such notice is delivered personally, sent by prepaid registered mail or emailed, addressed as follows:

- (a) if to the Company, at:

Trees Corporation

181 Bay Street, Suite 1800
Toronto, Ontario M5E 1R4
Attention: Jeff Holmgren, President & Chief Financial Officer
Email: jeffh@treescorp.ca

- (b) if to the Holder, at the Holder's address as it appears on the records of the Company.

Notice of change of address shall also be governed by this Section. Any notice so given by personal delivery shall be deemed to have been given when received by the Company or the Holder, and by prepaid registered mail shall be deemed to have been received by the Company or the Holder on the third (3rd) Business Day after the day of such mailing and any notice so given by email transmission shall be deemed to have been received by the Company or the Holder when the appropriate confirmation of receipt of transmission is received during normal business hours, failing which notice shall be deemed to be received the next Business Day.

10.11 Replacement of Note

If the Note shall become mutilated or be lost, stolen or destroyed and in the absence of notice that the Note has been acquired by a *bona fide* purchaser, the Company in its discretion may issue a new Note upon surrender and cancellation of the mutilated Note, or, in the event that a Note is lost, stolen or destroyed, in lieu of and in substitution for the same, and the substituted debenture shall be in the form hereof and the Holder shall be entitled to benefits hereof. In case of loss, theft or destruction, the Holder shall furnish to the Company such evidence of such loss, theft or destruction as shall be satisfactory to the Company in its discretion acting reasonably together with an indemnity in form and substance mutually acceptable to the Company and the Holder, each acting reasonably. The applicant shall pay reasonable expenses incidental to the issuance of any such new Note.

10.12 Successors and Assigns

This Note shall enure to the benefit of the Holder and its successors and assigns and shall be binding upon the Company and its successors.

10.13 Assignment

This Note is non-negotiable and each of the Company and the Holder covenants and agrees that it cannot, and shall not, transfer, sell, assign or pledge this Note without the prior written consent of the other party. The Holder acknowledges and agrees that any transfer, sale, assignment or pledging of this Note by it shall comply with the provisions of the Securities Act, or such other regulatory authority having jurisdiction.

10.14 Invalidity of Provisions

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

10.15 Governing Law

This Note shall be governed by and construed, interpreted and performed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

10.16 Time of Essence

Time shall be of the essence of this Note and a forbearance by the Holder of the strict application of this provision shall not operate as a continuing or subsequent forbearance.

10.17 No Waiver

No failure or delay by the Holder in exercising any right, power or privilege under this Note shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

10.18 Attachment

The Liens created by this Note are intended to attach when this Note is executed by the Company and delivered to the Holder or in the case of any property acquired subsequent hereto, contemporaneously with any such acquisition.

[The remainder of this page has been intentionally left blank.]

IN WITNESS WHEREOF, the Company has caused this Note to be executed under its corporate seal by its duly authorized officer as of the date first written above.

TREES CORPORATION

Per:

Name: Jeffrey Holmgren
Title: President and Chief Financial Officer

SCHEDULE "A"**CONVERSION FORM****TO: TREES CORPORATION**

All terms used herein but not defined shall have the meanings ascribed thereto in the within Note.

Pursuant to Article 4 of the Note, the undersigned registered Holder hereby irrevocably elects to convert the principal amount of \$_____ into _____ Common Shares at the Conversion Price in accordance with the terms of the Note and directs that the Common Shares issuable and deliverable upon the conversion be issued and delivered to the person indicated below.

(If Common Shares are to be issued in the name of a person other than the Holder, all requisite transfer taxes must be tendered by the undersigned).

Print name in which Common Shares issued on conversion are to be issued, delivered and registered:

Name: _____

(Address)

(City, Province and Postal Code)

DATED this ____ day of _____, 20__.

[HOLDER]

Per: _____

Name: _____

Title: _____

SCHEDULE "B"**INTEREST PAYMENT ELECTION FORM****TO: TREES CORPORATION**

The undersigned registered holder (the "**Holder**") of the attached 12.0% secured convertible promissory note due October 20, 2025 (the "**Note**") hereby elects to receive: (Please check the **ONE** box applicable):

 Cash
OR
 Common Shares

representing payment of the interest payable for the upcoming Interest Payment Date.

Capitalized terms used in this Conversion Notice, have the meanings given to them in the Note.

If the Holder has elected to be issued Common Shares, the Holder irrevocably directs that such Common Shares be issued in the name of the Holder and that certificates representing such Common Shares be delivered and registered as follows:

Name: _____

(Address)

(City, Province and Postal Code)

DATED this ____ day of _____, 20__.

[HOLDER]

Per: _____

Name: _____

Title: _____

SCHEDULE “C”**PERMITTED INDEBTEDNESS**

- (i) indebtedness incurred which is secured by the purchase money liens and other agreements described in subparagraph (vi) of the definition of Permitted Encumbrances;
- (ii) the Obligations hereunder;
- (iii) existing shareholder loans;
- (iv) unconverted debt in connection with the Company’s outstanding secured convertible debentures issued on September 10, 2021, October 28, 2021, and November 5, 2021 by way of private placement;
- (v) the Notes effective as of the date hereof in favour to other Holders of Notes issued pursuant to the Offering;
- (vi) any Senior Indebtedness; and
- (vii) such other indebtedness as may be approved by the Holder from time to time.

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE MARCH 26, 2023.

TREES CORPORATION

SECURED CONVERTIBLE PROMISSORY NOTE

Date: November 25, 2022

**ARTICLE 1
PRINCIPAL AND INTEREST**

1.1 Promise to Pay

FOR VALUE RECEIVED, the undersigned, **TREES CORPORATION**, a corporation continued under the federal laws of Canada (the “**Company**”), hereby acknowledges itself indebted and promises to pay to **Caroline Kolompar**, and its successors and assigns (the “**Holder**”), as it may direct, on the Maturity Date (as hereinafter defined) or on such earlier date as the principal amount hereof may become due in accordance with the provisions hereof, on presentation and surrender of this Note in accordance with the provisions hereof at the offices of the Company, the principal amount of **one hundred thousand dollars** (\$100,000) in lawful money of Canada, (the “**Principal Amount**”) and to pay interest (“**Interest**”) on the Principal Amount outstanding from time to time (after as well as before maturity, default and judgment) at a rate of interest equal to twelve percent (12%) per annum (the “**Interest Rate**”). Interest shall accrue on the Principal Amount at the Interest Rate on a non-compounded basis, from the date hereof until conversion of this Note or payment in full. Interest shall be paid annually, in Common Shares, until the achievement by the Company of the Conversion Conditions Precedent (as hereafter defined), after which interest shall be paid in cash or Common Shares at the Holder’s option by duly completing and returning to the Company, at least 5 calendar days prior to the Interest Payment Date, the Interest Payment Election Form attached hereto as Schedule “B”. In the event the Holder does not complete and return the Interest Payment Election Form to the Company within the prescribed time, the Holder shall be issued cash or Common Shares in full satisfaction of the interest owing to the Holder on the Interest Payment Date, at the Company’s option. The total amount payable under this Note will consist of the sum of the unpaid principal amount plus all accrued and unpaid Interest thereon. The number of Common Shares issuable in payment of Interest shall be determined using the volume weighted average trading price of the Common Shares on the Neo Exchange Inc. (the “**NEO**”) (or such other exchange on which the Common Shares may principally trade at such time) for the ten (10) consecutive Trading Days preceding the Interest payment record date (which record date shall be five Business Days prior to the Interest Payment Date). Interest shall be computed on the basis of a 360-day year composed of twelve 30-day months.

1.2 Prepayment

The Company shall have the ability to repay all or a part of the amounts outstanding hereunder at any time prior to the Maturity Date at a price equal to 112% of all then outstanding Principal Amount and Interest.

ARTICLE 2
DEFINITIONS, INTERPRETATIONS AND GENERAL PROVISIONS

2.1 Interpretation

In this Note, unless there is something in the subject matter or context inconsistent therewith:

- (a) The terms “**Goods**”, “**Chattel Paper**”, “**Documents of Title**”, “**Instruments**”, “**Intangibles**”, “**proceeds**”, “**Inventory**”, “**Investment Property**”, “**Money**”, “**Account**”, “**Equipment**” and “**Securities**”, whenever used in this Note shall have the meanings ascribed thereto in the PPSA;
- (b) “**Affiliate**” has the meaning specified in the *Canada Business Corporations Act*;
- (c) “**Applicable Securities Laws**” means, collectively, all applicable securities laws (including rules, regulations, policies and instruments enacted thereunder) in the Provinces of Ontario, Alberta and British Columbia and all applicable rules and policies of the NEO or any other stock exchange on which the Common Shares may be listed from time to time.
- (d) “**Arm’s length**” has the meaning specified in the *Income Tax Act* (Canada);
- (e) “**Business**” means the business carried on by the Company, including but not limited to the operation of independent retail cannabis stores in the Province of Ontario;
- (f) “**Business Day**” means any day, other than Saturday, Sunday or any civic or statutory holiday in the City of Toronto, Ontario;
- (g) “**Change of Control**” means any event whereby any Person or any Persons acting jointly or in concert (as that term is used in the *Securities Act* (Ontario)) with such Person, together with any Affiliate of any such Person, become(s) the beneficial owner(s) of shares of the Company, or securities exercisable or convertible into shares of the Company, carrying more than 50 percent of the votes for the election of directors and the votes carried by such shares are sufficient, if exercised, to elect a majority of the board of directors of the Company;
- (h) “**Closing**” means the issuance of the Note free from any escrow conditions on the Closing Date;
- (i) “**Closing Date**” means the date hereof;
- (j) “**Common Shares**” means the common shares in the capital of the Company, as currently constituted, and any shares into which such common shares may be changed, converted, exchanged or reclassified from time to time;

- (k) **“Contract”** means any contract (i) involving aggregate payments to or by the Company in excess of Twenty-Five Thousand Dollars (\$25,000) during any year; or (ii) which if terminated would cause a Material Adverse Change;
- (l) **“Conversion Conditions Precedent”** has the meaning given thereto in Section 4.1;
- (m) **“Conversion Price”** means \$0.015 per Common Share, subject to adjustment as provided in Section 4.4;
- (n) **“Current Market Price”** for the purposes of any computation hereunder, the “Current Market Price” at any date shall be the weighted average sale price per share for the Common Shares for the 20 consecutive Trading Days ending immediately before such date on the NEO or such other stock exchange on which the Common Shares may then be listed, or, if the Common Shares or any other security in respect of which a determination of Current Market Price is being made are not listed on any stock exchange, the Current Market Price shall be determined by the Board of Directors, acting reasonably and in good faith, which determination shall be conclusive. The weighted average price shall be determined by dividing the aggregate sale price of all such shares sold on the said exchange during the said 20 consecutive trading days by the total number of such shares so sold;
- (o) **“Equity Shares”** means the Common Shares and any shares of any other class or series of the Company 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 Company beyond a fixed sum or a fixed sum plus accrued dividends;
- (p) **“Date of Conversion”** has the meaning given thereto in Section 4.2(b);
- (q) **“Default”** has the meaning attributed thereto in Section 7.1;
- (r) **“Director”** means a director of the Company from time to time and **“Board of Directors”** means the Board of Directors of the Company from time to time;
- (s) **“Governmental Body”** means any government, parliament, legislature, or any regulatory authority, agency, commission or board of any government, parliament or legislature, or any court or (without limitation to the foregoing) any other law, regulation or rule-making entity (including any central bank, fiscal or monetary authority or authority regulating banks), having or purporting to have jurisdiction in the relevant circumstances, or any Person acting or purporting to act under the authority of any of the foregoing (including any arbitrator);
- (t) **“Holder”** has the meaning ascribed thereto in Section 1.1 above;

- (u) **“Inchoate Lien”** means with respect to any property or asset of the Company, the following Liens:
- (i) any Lien for taxes, duties and assessments, and any Lien securing workers’ compensation, unemployment insurance or other social security obligations not yet due or are being contested in good faith by appropriate proceedings and for which a reserve satisfactory to the Holder in its absolute discretion has been provided;
 - (ii) any carriers, warehousemen, mechanics or materialmen’s Liens in respect of amounts accruing in favour of any Person, so long as such amounts are not yet due or are being contested in good faith by appropriate proceedings and for which a reserve satisfactory to the Holder in its absolute discretion has been provided;
 - (iii) Liens or rights of distress reserved in or exercisable under any lease for rent or for compliance with the terms of such lease (provided that the recognition of such Liens or rights as a permitted encumbrance shall not prejudice the priority of the Liens created hereby, if any, over such Liens or rights as determined in accordance with applicable law); and
 - (iv) undetermined or inchoate Liens, privileges or charges incidental to current and ongoing operations of the Company which have not been filed pursuant to applicable law against any of the Company’s property or assets or which relate to obligations not yet due or delinquent;
- (v) **“Interest”** has the meaning ascribed thereto in Section 1.1;
- (w) **“Interest Payment Date”** means October 20th in each year that the Note is outstanding commencing on the date hereof.
- (x) **“Interest Payment Election Form”** means the form of election attached hereto as Schedule “B”.
- (y) **“Interest Rate”** has the meaning ascribed thereto in Section 1.1;
- (z) **“Law”** means, in respect of any Person, property, transaction or event, all applicable laws, statutes, rules, by-laws (including zoning by-laws) and regulations, and all applicable official directives, orders, judgments and decrees, consents, exemptions, approvals, licences, guidelines and policies of any Governmental Body (whether or not having the force of law) relating to such Person, property, transaction or event, whether applicable in Canada or any other jurisdiction.
- (aa) **“Lien”** means any mortgage, hypothec, title retention, pledge, lien, claim, trust, assignment as security, right of set-off, charge, security interest or other encumbrance whatsoever, whether fixed or floating and howsoever created or arising;

- (bb) **“Loan”** means, at any time, the accommodations of credit made pursuant to this Note;
- (cc) **“Material Adverse Change”** means, as of any date of determination, any change, circumstance, state of facts or occurrence (or series of occurrences) including any litigation which, in the reasonable credit discretion of the Holder, has or is reasonably likely to have a material adverse change on:
 - (i) the business, assets, liabilities, operations, results of operations, financial condition, or prospects of the Company,
 - (ii) the ability of the Company to carry on its Business,
 - (iii) the ability of the Company to perform any of its obligations hereunder or under any Contract,
 - (iv) any Lien constituted or created by the Company in favour of the Holder;
- (dd) **“Maturity Date”** means October 20, 2025, unless the Note is converted earlier pursuant to and in accordance with the provisions hereof;
- (ee) **“NEO”** has the meaning ascribed thereto in Section 1.1 above;
- (ff) **“Note”** means this secured convertible promissory note of the Company as same may be revised, restated, replaced or supplemented from time to time;
- (gg) **“Noteholders”** means the holders of the Notes and **“Noteholder”** means any one of them;
- (hh) **“Notes”** means all of the secured Notes issued under the Offering on equal or substantially similar terms to this Note;
- (ii) **“Obligations”** has the meaning ascribed thereto in Section 3.2;
- (jj) **“Offering”** means an offering of secured convertible note units issued by the Company in one or more closings with an aggregate principal amount of \$1,000,000, where the Notes shall be: (i) in substantially the same form as this Note other than in respect of the date of issuance and corresponding commencement of interest and the maximum amounts; and (ii) shall, in relation to priority of security, rank equally and rateably without discrimination, preference or priority with all other Notes;
- (kk) **“Permitted Encumbrances”** means:
 - (i) any Inchoate Lien;
 - (ii) any right reserved to or vested in any Governmental Body, by the terms of any Permit acquired by the Company, or by any statutory provision to

terminate any such Permit or require annual or other periodic payments as a condition of the continuance thereof;

- (iii) security given by the Company to a public utility or any Governmental Body when required by such utility or Governmental Body in connection with, and incidental to, the operations of the Company in the ordinary course of its business;
- (iv) Liens incurred or deposits made in connection with contracts, bids, tenders or expropriation proceedings, surety or appeal bonds, cost of litigation when required by applicable law and other similar Liens and deposits;
- (v) Liens and privileges arising out of judgments or awards in respect of which an appeal or proceeding for review has been commenced provided a stay of execution pending such appeal or proceedings for review has been obtained and satisfactory reserves have been established;
- (vi) Liens on specific Equipment or motor vehicles of the Company which secures, and is limited to, the unpaid purchase price of such Equipment or motor vehicles, provided that any such Lien is limited to the Equipment or motor vehicles so acquired and such Equipment or motor vehicles is used by the Company in the operation of its business and is not for resale, lease or rental to any Person;
- (vii) Liens in favour of the Holder;
- (viii) Liens given in respect of the Permitted Indebtedness listed on Schedule "C" hereto; and
- (ix) any Liens consented to in writing by Holder,

provided however, that the existence or consent by the Holder of any Permitted Encumbrances shall not be construed in any way as a subordination by the Holder of its Liens unless expressly subordinated in writing by the Holder pursuant to a separate and independent priority, intercreditor or subordination agreement;

- (ll) **"Permitted Indebtedness"** means, at any time, such indebtedness listed on Schedule "C" hereto;
- (mm) **"Permits"** means all material licenses, permits, approvals, consents, certificates, franchises and other authorizations required by the Company to operate the Business;
- (nn) **"Person"** means an individual, natural person, partnership, corporation, joint stock company, trust, unincorporated association, joint venture, government, Governmental Body or any other entity, whether acting in an individual, fiduciary or other capacity, state or political subdivision thereof or any agency of such state or subdivision;

- (oo) “**PPSA**” means the *Personal Property Security Act* (Ontario), as amended, replaced or supplemented from time to time;
- (pp) “**Principal**” has the meaning ascribed thereto in Section 1.1;
- (qq) “**Secured Property**” has the meaning ascribed thereto in Section 3.1;
- (rr) “**Securities**” means any equity security, or any option, warrant or other right to subscribe for, or purchase, or otherwise acquire, any equity security;
- (ss) “**Securities Act**” means the *Securities Act* (Ontario), as amended, replaced or supplemented from time to time;
- (tt) “**Senior Indebtedness**” means the principal and interest on:
 - (i) indebtedness for borrowed money owed by the Company or its subsidiaries to the Subsidiary Senior Lender in connection with the Tweed Note;
 - (ii) indebtedness for borrowed money that the Company may now or hereinafter incur from a Canadian chartered bank or trust company (or such other financial institution as may be acceptable to the Company) for the purposes of term or operating facilities, to the extent the Company has granted security therefor and to the extent that the obligation to repay such borrowed money is not itself subordinated to any third party the effect of which postponement would be that the Obligations created herein would be postponed to any such third party to whom the Obligations would not otherwise be postponed; and
 - (iii) renewals, extensions, restructurings, re-financings and refundings of any such indebtedness,

unless in any of the cases specified in (i), (ii) or (iii) above, it is provided by the terms of the instrument creating or evidencing such indebtedness that such indebtedness is not superior in right of payment to this Note;
- (uu) “**Subsidiaries’ Secured Property**” means the property of OCH Ontario Consulting Corp., as debtor, and Ontario Cannabis Holdings Corp., as guarantor, that is the subject of the security interest granted in favour of the Subsidiary Senior Lender in connection with the Tweed Note and pursuant to the general security agreement dated March 11, 2020 between OCH Ontario Consulting Corp., Ontario Cannabis Holdings Corp. and the Subsidiary Senior Lender;
- (vv) “**Subsidiary Senior Lender**” means Tweed Franchise Inc., a wholly-owned subsidiary of Canopy Growth Corporation;
- (ww) “**Trading Day**” means, with respect to the NEO or other market for securities, any day on which such exchange or market is open for trading or quotation;

- (xx) “**Taxes**” means all taxes of any kind or nature whatsoever including, without limitation, income taxes, sales or value-added taxes, levies, stamp taxes, royalties, duties, and all fees, deductions, compulsory loans and withholdings imposed, levied, collected, withheld or assessed as of the date hereof or at any time in the future, by any Governmental Body having power to tax, together with penalties, fines, additions to tax and interest thereon;
- (yy) “**Third Party**” means a Person who is at Arm’s Length from the Company, the Holders and all shareholders of the Company;
- (zz) “**This Note**”, “**hereto**”, “**herein**”, “**hereby**”, “**hereunder**”, “**hereof**” and similar expressions refer to this Note and not to any particular Article, Section, subsection, clause, subdivision or other portion hereof and include any and every instrument supplemental or ancillary hereto; and
- (aaa) “**Tweed Note**” means the secured grid promissory note of OCH Ontario Consulting Corp., a wholly-owned, indirect subsidiary of the Company, in favour of the Subsidiary Senior Lender dated March 11, 2020.

2.2 **Plurality and Gender**

Words importing the singular number only shall include the plural and vice versa and words importing one gender shall include all genders and words importing Persons shall include firms and corporations and vice versa.

2.3 **Headings, etc.**

The division of this Note into Articles, Sections, Subsections and paragraphs and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Note.

2.4 **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 at or before the requisite time on the next succeeding day that is a Business Day.

2.5 **Reference to Law**

Reference herein to any Law means such Law as amended, modified, codified or re-enacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder.

2.6 **Currency**

Any reference in this Note to “**Dollars**”, “**dollars**” or the sign “**\$**” shall be deemed to be a reference to lawful money of Canada.

ARTICLE 3 INDEBTEDNESS SECURED

3.1 Creation of Security Interest

As general continuing collateral security for the due payment and performance of any and all present and future Obligations of the Company to the Holder, the Company hereby grants a Lien as and by way of a fixed and floating Lien to and in favour of the Holder, in any and all of the undertaking, property and assets of the Company, real and personal, moveable and immovable, of whatsoever nature and kind whatsoever, now owned or hereafter acquired, including, without limitation, all present and future income, Money, Inventory, Equipment, Goods, Chattel Paper, Documents of Title, Intangibles, Investment Property, revenues, rents, supplies, materials, credits, bank accounts, Accounts, book debts, negotiable and non-negotiable Instruments, shares, stocks, bonds, debentures, Securities, choses in action, proceeds of insurance, contracts, agreements, goodwill, trademarks, patents and patent rights, processes, inventions, franchises, powers, privileges, licenses and all other property and things of value, real or personal, tangible or intangible, legal or equitable, which the Company may be possessed of, or entitled, to or which may at any time hereafter be acquired by the Company, save and except for the last day of any term reserved by any lease now held or hereafter acquired by the Company (collectively, referred to as the “**Secured Property**”) and the Company shall stand possessed of any such reservation in trust for the exclusive benefit of the Holder and to assign and dispose thereof as the Holder may direct.

3.2 Liens Securing Indebtedness

The Liens granted by the Company to the Holder pursuant to this Note shall constitute general continuing collateral security for the due payment and performance of any and all present and future debts, liabilities and obligations of the Company to the Holder arising out of this Note, whether actual or contingent, direct or indirect, as principal or surety, matured or not, now existing or arising hereafter, including, without limitation, the Principal Amount, Interest (at the Interest Rate) and any and all costs, fees and expenses incurred by the Holder (the “**Obligations**”).

3.3 Designation, Rank and Priority

This Note is one of several secured Notes issued or to be issued by the Company under the Offering. The ranking of the Notes set out in this Section 3.3 shall apply in all events and circumstances regardless of the date of any advance or advances made to the Company by the holders of the Notes. The provisions of this Note shall be binding on the Company, the Holder and all Persons claiming through or under them respectively and any Person shall be deemed to have notice of these provisions. For greater certainty, the security interest of the Holder in respect of this Note shall rank *pari passu* with the security interest of the other Holders in respect of their respective Notes.

ARTICLE 4 CONVERSION

4.1 Conversion Privilege

Subject to and upon compliance with the provisions of this Article 4, (a) for a period ending on the first anniversary of the Closing Date, and (b) the completion by the Company of a financing subsequent to the Offering for gross proceeds of at least \$1,000,000, all or a portion of the

Principal Amount of a Holder's Notes can only be converted into Common Shares at the Conversion Price. Upon meeting both of conditions (a) and (b) above (the "**Conversion Conditions Precedent**"), the Holder shall have the option to convert all or a portion of the Principal Amount of a Holder's Notes into Common Shares at the Conversion Price. If converted prior to the achievement by the Company of the Conversion Conditions Precedent, all accrued and unpaid interest in respect of the Notes from the date hereof to the date of conversion of the Principal Amount shall be satisfied by the Company in Common Shares within ten (10) Business Days of the date of conversion of the Principal Amount, and if converted upon or after the achievement by the Company of the Conversion Conditions Precedent, all accrued and unpaid interest in respect of the Notes from the date hereof to the date of conversion of the Principal Amount shall be satisfied by the Company in cash or Common Shares in accordance with the Holders' election to be delivered pursuant to Section 4.2 regarding receipt of the Principal Amount within ten (10) Business Days of the date of conversion of the Principal Amount. Notwithstanding the foregoing, the conversion of the Principal Amount into Common Shares shall be subject to any applicable NEO or regulatory approval.

4.2 Manner of Exercise of Right to Convert

- (a) If the Holder wishes to convert this Note into Common Shares, it shall surrender such Note to the Company together with the Conversion Form set forth in Schedule "A" hereto, duly executed by the Holder, irrevocably exercising its right to convert such Note in accordance with the provisions of this Article 4. Thereupon the Holder or its nominee or assignee shall be entitled to be entered in the books of the Company as at the Date of Conversion as the holder of the number of Common Shares into which such Note is convertible in accordance with the provisions hereof and, as soon as practicable thereafter, the Company shall deliver to such Holder or, subject as aforesaid, its nominee or assignee, a certificate for such Common Shares and, if applicable, a cheque for any amount payable under Section 4.5 in respect of fractional shares.
- (b) For the purposes hereof, the date of conversion of the Note (the "**Date of Conversion**") shall be deemed to be the date on which it is surrendered in accordance with the provisions hereof and, in the case of a Note so surrendered by mail or other means of delivery, the date on which it is received by the Company during regular business hours on a Business Day.
- (c) Upon surrender of this Note for conversion in accordance with this Section 4.2, the Holder will be entitled to receive that number of Common Shares equal to the quotient obtained when the aggregate of the Principal Amount to be converted is divided by the Conversion Price. The Common Shares issued upon conversion shall be entitled to all rights and privileges accorded to holders of record of Common Shares on and after the Date of Conversion, from which date they will for all purposes be and be deemed to be issued and outstanding as fully paid and non-assessable Common Shares.

4.3 Mandatory Conversion

If, during the term of the Notes, the volume weighted-average share price of the Common Shares on the NEO (or such other exchange on which the Common Shares may principally trade at such time) for 20 consecutive Trading Days equals or exceeds \$0.06, the Company may, at its option, subject to providing not less than 30 days' prior notice to Holders, convert the Notes into Common Shares at the Conversion Price (subject to customary adjustments for recapitalizations, stock dividends and splits, combinations and the like), in whole or, from time to time, in part. On any such conversion of the Notes, the Holders will receive accrued and unpaid Interest on the amount converted for the period from the date of the latest payment of Interest to the Date of Conversion, in cash. The Company may only exercise its mandatory conversion right on or after the first anniversary of the Closing Date.

4.4 Adjustment Provisions

The Conversion Price will be subject to adjustment in the events and in the manner following:

- (a) if and whenever at any time prior to the Maturity Date, the Company:
 - (i) issues Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all the holders of the Common Shares as a stock dividend;
 - (ii) makes a distribution on its outstanding Common Shares payable in Common Shares or securities exchangeable for or convertible into Common Shares;
 - (iii) subdivides its outstanding Common Shares into a greater number of shares; or
 - (iv) consolidates its outstanding Common Shares into a smaller number of shares;

(any of such events in subsection 4.4(a)(i), subsection 4.4(a)(ii), subsection 4.4(a)(iii) or 4.4(a)(iv) above being called a “**Share Reorganization**”), the Conversion Price will be adjusted immediately after the effective date or record date for the happening of a Share Reorganization, as the case may be, by multiplying the Conversion Price in effect immediately prior to such effective date or record date by a fraction, the numerator of which is the number of Common Shares outstanding on such effective date or record date before giving effect to such Share Reorganization and the denominator of which is the number of Shares outstanding immediately after giving effect to such Share Reorganization (including, in the case where securities exchangeable for or convertible into Common Shares are distributed, the number of Common Shares that would have been outstanding had all such securities been exchanged for or converted into Common Shares on such effective date or record date). Such

adjustment will be made successively whenever any event referred to in this Section 4.4 occurs;

- (b) If and whenever at any time after the date hereof the Company fixes a record date for the issuance of rights, options or warrants to the holders of all or substantially all of its outstanding Common Shares under which such holders are entitled to subscribe for or purchase Common Shares or securities exchangeable for or convertible into Common Shares, where:
- (i) the right to subscribe for or purchase Common Shares, or the right to exchange securities for or convert securities into Common Shares, expires not more than 45 days after the date of such issue (the period from the record date to the date of expiry herein in this Section 4.4 being the “**Rights Period**”); and
 - (ii) the cost per Common Share during the Rights Period (inclusive of any cost of acquisition of securities exchangeable for or convertible into Common Shares in addition to any direct cost of Common Shares) (herein in this Section 4.4 called the “**Per Share Cost**”) is less than 95% of the Current Market Price of the Common Shares on the record date,

(any of such events being called a “**Rights Offering**”), then the Conversion Price will be adjusted effective immediately after the end of the Rights Period to a price determined by multiplying the Conversion Price in effect immediately prior to the end of the Rights Period by a fraction:

- (A) the numerator of which is the aggregate of:
 - (1) the number of Common Shares outstanding as of the record date for the Rights Offering; and
 - (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 4.4(b) was the issue of rights, options or warrants to the holders of Common Shares under which such holders are entitled to subscribe for or purchase additional Common Shares, the number of Common Shares so subscribed for or purchased during the Rights Period, or
 - (II) where the event giving rise to the application of this subsection 4.4(b) was the issue of rights, options or warrants to the holders of Common Shares under which such holders are entitled to subscribe for or purchase securities exchangeable for or convertible into Common Shares, the number of Common

Shares for which those securities so subscribed for or purchased during the Rights Period could have been exchanged or into which they could have been converted during the Rights Period,

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

- (B) the denominator of which is:
- (1) in the case described in subparagraph 4.4(b)(A)(2)(I), the number of Common Shares outstanding, or
 - (2) in the case described in subparagraph 4.4(b)(A)(2)(II), the number of Common Shares that would be outstanding if all the Common Shares described in subparagraph 4.4(b)(A)(2)(II) had been issued,

as at the end of the Rights Period.

Any Common Shares owned by or held for the account of the Company or any subsidiary or affiliate (as defined in the *Securities Act* (Ontario)) of the Company 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 4.4, there is more than one purchase, conversion or exchange price per Common Share, the aggregate price of the total number of additional Common Shares offered for subscription or purchase, or the aggregate conversion or exchange price of the convertible securities so offered, will be calculated for purposes of the adjustment on the basis of:

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

To the extent that any adjustment in the Conversion Price occurs pursuant to this subsection 4.4(b) as a result of the fixing by the Company of a record date for the distribution of rights, options or warrants referred to in this subsection 4.4(b), the Conversion Price will be readjusted immediately after the expiration of any relevant exchange, conversion or exercise right to the Conversion Price which would then be in effect based upon the number of Common Shares actually issued

and remaining issuable after such expiration, and will be further readjusted in such manner upon expiration of any further such right.

If the Holder has converted the Note 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 Common Shares to which it is otherwise entitled upon such exercise, be entitled to that number of additional Common Shares equal to the result obtained when the Conversion Price in effect immediately prior to the end of such Rights Offering pursuant to this subsection is multiplied by the number of Common Shares received upon the conversion of the Notes during such period, and the resulting product is divided by the Conversion Price as adjusted for such Rights Offering pursuant to this subsection; provided that the provisions of Section 4.5 will be applicable to any fractional interest in a Common Share to which such Holder might otherwise be entitled. Such additional Common 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 Common Shares will be delivered to such Holder within five (5) Business Days following the end of the Rights Period.

- (c) If and whenever at any time after the date hereof the Company fixes a record date for the issue or the distribution to the holders of all or substantially all its Common Shares of:
- (iii) shares of the Company of any class other than Common Shares;
 - (iv) rights, options or warrants to acquire shares or securities exchangeable for or convertible into shares or property or other assets of the Company;
 - (v) evidence of indebtedness; or
 - (vi) any property or other assets,

and if such issuance or distribution does not constitute (A) a Share Reorganization or (B) a Rights Offering (such non-excluded events being called a “**Special Distribution**”), the Conversion Price will be adjusted effective immediately after such record date to a price determined by multiplying the Conversion Price in effect on such record date by a fraction:

- (A) the numerator of which is:
- (1) the product of the number of Common Shares outstanding on such record date and the Current Market Price of the Common Shares on such record date; less
 - (2) the aggregate fair market value (as determined by action by the directors of the Company, acting reasonably and in good faith, and subject to the prior written consent of the

NEO, if required) to the holders of the Common Shares of such securities or property or other assets so issued or distributed in the Special Distribution; and

- (B) the denominator of which is the number of Common Shares outstanding on such record date multiplied by the Current Market Price of the Common Shares on such record date.

Any Common Shares owned by or held for the account of the Company or any subsidiary or affiliate (as defined in the *Securities Act* (Ontario)) of the Company 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 capital reorganization of the Company or a reclassification or other change in the Common Shares (other than a Share Reorganization), or a consolidation, amalgamation or merger of the Company with or into any other corporation or other entity (other than a consolidation, amalgamation or merger which does not result in any reclassification or redesignation of the outstanding Common Shares or a change of the Common Shares into other shares), or a transfer of the undertaking or assets of the Company 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 conversion of the Notes after the effective date of such Capital Reorganization, will be entitled to receive in lieu of the number of Common 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 Common Shares to which such Holder was theretofore entitled upon conversion of the Notes. If determined appropriate by action of the directors of the Company, acting reasonably and in good faith, appropriate adjustments will be made as a result of any such Capital Reorganization in the application of the provisions set forth in this Section 4.4 with respect to the rights and interests thereafter of the Holder to the end that the provisions set forth in this Section 4.4 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 the Notes approved by action by the directors of the Company 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 Conversion Price shall occur as a result of:
- (vii) an event referred to in subsection 4.4(a);
 - (viii) the fixing by the Company of a record date for an event referred to in subsection 4.4(b); or

- (ix) the fixing by the Company of a record date for an event referred to in subsection 4.4(c) if such event constitutes the issue or distribution to the holders of all or substantially all of its outstanding Common 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, where required, the number of Common Shares purchasable upon the subsequent conversion of the Notes shall be simultaneously adjusted by multiplying the number of Common Shares purchasable upon the conversion of the Notes immediately prior to such adjustment by a fraction which shall be the reciprocal of the fraction employed in the adjustment of the Conversion Price. To the extent any adjustment in subscription rights occurs pursuant to this subsection 4.4(e) as a result of a distribution of exchangeable or convertible securities other than Equity Shares referred to in subsection 4.4(a) or as a result of the fixing by the Company of a record date for the distribution of rights, options or warrants referred to in subsection 4.4(b), the number of Common Shares acquirable upon conversion of the Notes shall be readjusted immediately after the expiration of any relevant exchange, conversion or exercise right to the number of Common Shares which would be purchasable based upon the number of Common 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 4.4(e) as a result of the fixing by the Company 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 4.4(c), the number of Common Shares acquirable upon conversion of the Notes 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 4.4(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 4.4(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.

4.5 No Requirement to Issue Fractional Shares

The Company shall not issue fractional Common Shares upon the conversion of this Note. If any fractional interest in a Common Share would, except for the provisions of this Section 4.5, be deliverable upon the conversion of any Principal Amount, the Company shall, in lieu of delivering any certificate of such fractional interest, satisfy such fractional interest by paying to the Holder of such surrendered Note an amount in lawful money of Canada equal to an identical fraction of the Conversion Price of the Common Shares on the Date of Conversion.

4.6 **Taxes and Charges on Conversion**

The Company will from time to time promptly pay or make provision for the payment of all Taxes which may be imposed by applicable laws (except income tax or security transfer tax, if any) which shall be payable with respect to the issuance or delivery of Common Shares to the Holder upon the exercise of its right of conversion pursuant to the terms of this Note.

4.7 **Certificate as to Adjustment**

The Company shall from time to time, immediately after the occurrence of any event which requires an adjustment or readjustment as provided in Section 4.4, deliver a notice to the Investors specifying the nature of the event requiring the same and the amount of the adjustment or readjustment necessitated thereby including the resulting Conversion Price and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based. Such notice and the amount of the adjustment specified therein shall, subject to the provisions of Sections 4.3 and 4.5 and absent manifest error, be conclusive and binding on all interested parties.

4.8 **Notice of Special Matters**

The Company covenants that, so long as this Note remains outstanding, it will give notice to the Holders of its intention to fix a record date for any event referred to in Section 4.4 (other than the subdivision, redivision, reduction, combination or consolidation of Common Shares) which may give rise to an adjustment in the Conversion Price, and such notice shall specify the particulars of such event and the record date or the effective date, as applicable, for such event, provided that the Company shall only be required to specify in such notice such particulars of such event as shall have been fixed and determined on the date on which such notice is given. Except where the Holders otherwise consent in writing, such notice shall be given not less than fourteen (14) days prior to the applicable record date.

4.9 **Company to Reserve Shares**

The Company covenants that it will at all times reserve and keep available out of its authorized Common Shares (if the number thereof is or becomes limited) solely for the purpose of issuance upon conversion of this Note such number of Common Shares as shall then be issuable upon the conversion of this Note. All Common Shares which shall so be issuable shall be, upon issuance, duly and validly issued, fully paid and non-assessable.

4.9 **Mandatory Offer**

Within five (5) Business Days after the occurrence of any of the following events:

- (i) the sale or other disposition of all or substantially all of the business of the Company; or
- (ii) a Change of Control of the Company,

the Company shall make an offer in writing to the Holder to purchase the outstanding Principal Amount of this Note plus all accrued and unpaid Interest as of such date. The offer shall remain open for a period of at least 30 days from the date of receipt of such notice by the Holder. The

Holder may, in its sole discretion, tender the Note to the offer by so indicating to the Company by notice in writing during the offer period. Purchase of the Note, if tendered, shall occur within five Business Days of receipt by the Company of such notice, together with the tendered Note.

ARTICLE 5 CONDITIONS PRECEDENT

5.1 Conditions Precedent

The Holder shall not be obligated to advance the Loan unless and until the following conditions precedent have been fulfilled to the Holder's satisfaction in its absolute discretion, which conditions are for the sole and exclusive benefit of the Holder, and notwithstanding anything to the contrary, which may be waived in writing by the Holder in its sole discretion:

- (a) **Note.** The Company shall have delivered to the Holder, in form and substance satisfactory to Holder, this Note and any and all other ancillary documents reasonably required by the Holder in connection with the advance of the Loan, including, without limitation, any and all consents, acknowledgements, estoppels, waivers, subordinations, priority agreements, intercreditor agreements, officer's certificates and legal opinions of the Company's counsel reasonably required by the Holder.
- (b) **Perfection of Security.** All registrations or filings required to perfect the Liens granted to the Holder shall have been made in all applicable jurisdictions and public offices necessary or desirable to provide the Holder with the priority position it requires.
- (c) **Representations, Warranties and Covenants.** The representations and warranties of the Holder shall be true, accurate, complete and correct as of the Closing Date and the Holder shall have complied with all covenants and agreements set forth herein, to the extent that the covenants can be complied with as of Closing Date.
- (d) **No Default.** No Default shall have occurred and be continuing or shall occur as a result of the transactions contemplated by this Note.

ARTICLE 6 COVENANTS OF THE COMPANY

6.1 **Covenants.** The Company covenants and agrees that so long as the Notes remain outstanding:

- (a) The Company shall pay the Principal Amount, Interest and all other amounts payable by the Company under the terms of this Note promptly when due on the dates and in the manner specified in this Note.
- (b) The Company will use commercially reasonable efforts to maintain its corporate existence and qualify and remain qualified to carry on business in each

jurisdiction where the character of the properties owned by it or the nature of the business transacted by it makes such qualification necessary.

- (c) The Company will give notice in writing to the Holder of the occurrence of any Default that is continuing forthwith upon becoming aware thereof.
- (d) The Company will use commercially reasonable efforts to maintain: (i) the listing of the Common Shares on the NEO, and (ii) the Company's status as a reporting issuer not in default under Applicable Securities Laws; provided that nothing in this subsection 6.01(d) shall prevent the Company from completing any transaction which would result in the Common Shares ceasing to be listed on the NEO or the Company ceasing to be a reporting issuer under Applicable Securities Laws so long as the holders of securities of the Company receive securities of an entity which is listed on a recognized Canadian or U.S. stock exchange or cash or the holders of securities of the Company have approved the transaction in accordance with the requirements of applicable corporate law and Applicable Securities Laws.
- (e) The Company covenants that it will at all times reserve and keep available out of its authorized Common Shares (if the number thereof is or otherwise becomes limited) for the purpose of issue and delivery, and shall issue to the Holder, such number of Common Shares as shall then be issuable under the terms of this Note upon conversion as provided in Article 4, and such Common Shares which shall be so issuable shall be duly and validly issued as fully paid and non-assessable Common Shares in the capital of the Company.

ARTICLE 7 DEFAULT AND ENFORCEMENT

7.1 Events of Default

The happening of any of the following events or conditions shall constitute an event of default ("**Default**") hereunder:

- (a) **Failure to Pay Principal Amount.** If the Company makes default in payment of the Principal Amount on the Maturity Date or when the same otherwise becomes due under any provision hereof;
- (b) **Failure to Pay Interest.** If the Company fails to make a payment of Interest when due;
- (c) **Failure to Pay Other Amounts.** If the Company fails to make payment when due of any amount payable hereunder other than the Principal Amount or Interest and such failure has not been cured within 30 days;
- (d) **Default in Other Covenants.** If, other than in respect of any covenant to pay, there is any default or failure in the observance or performance of any other act hereby required to be done or any other material covenant or condition hereby

required to be observed or performed and such default or failure has not been cured within 30 days;

- (e) **False Representations, etc.** If any representation, warranty, certificate, statement or report made or given herein or otherwise in connection hereunder is false or erroneous or misleading in any material respect at the time it was made or given;
- (f) **Insolvency.** If the Company is unable to pay debts as such debts become due, or is, or is adjudged or declared to be, or admits to being, bankrupt or insolvent;
- (g) **Voluntary Proceedings.** If the Company makes a general assignment for the benefit of creditors, or any proceedings or filing is instituted or made by the Company seeking relief on its behalf as debtor, or to adjudicate it to a bankrupt or insolvent, or seeking liquidation, winding-up, reorganization, arrangement, adjustment recomposition of it or its debts under any Law relating to bankruptcy, insolvency, reorganization or relief of debtors, or seeking appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties or assets; or the Company takes any corporate action to authorize any of the actions set forth in this subsection 7.1(g);
- (h) **Involuntary Proceedings.** If any notice of intention is filed or any proceeding or filing is instituted or made against the Company in any jurisdiction seeking to have an order for relief entered against it as debtor or to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding-up, reorganization, arrangement, adjustment or composition of it or its debts under any Law relating to bankruptcy, insolvency, reorganization or relief of debtors, or seeking appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties or assets or seeking possession, foreclosure or retention, or sale or other disposition of, or other proceedings to enforce security over, all or a substantial part of the assets of the Company unless the same is being contested actively and diligently in good faith by appropriate and timely proceedings and is dismissed, vacated or stayed within thirty (30) days of institution thereof;
- (i) **Receiver, etc.** If a receiver, liquidator, trustee, sequestrator or other officer with like powers is appointed with respect to, or an encumbrancer takes possession of, or forecloses or retains, or sells or otherwise disposes of, or otherwise proceeds to enforce security over all or a substantial part of the properties or assets of the Company or gives notice of its intention to do so;
- (j) **Execution, Distress.** If any writ, attachment, execution, sequestration, extent, distress or any other similar process becomes enforceable against the Company or if a distress or any analogous process is levied against all or a substantial part of the properties or assets of the Company;
- (k) **Suspension of Business.** If the Company suspends or ceases or threatens to suspend or cease its Business; and

- (1) **Sale.** If the Company sells or otherwise disposes of, or threatens to sell or otherwise dispose of, all or a substantial part of its undertaking and property and assets, whether in one transaction or a series of related transactions and the Company does not make the mandatory offer under Section 4.10.

7.2 Consequences of an Event of Default

Upon the occurrence and during the continuance of an Event of Default, all monies secured by the Lien over the Secured Property and the Obligations herein shall at the option of the Holder become forthwith due and payable.

ARTICLE 8 REMEDIES

8.1 Appointment of Receiver

- (a) **Right to Appoint:** Upon a Default which is continuing, the Holder may appoint by instrument in writing, any person to be a receiver (hereinafter called a “Receiver”, which term when used herein shall include a receiver and manager) of the Secured Property as the agent of the Company and may remove any Receiver so appointed and appoint another in his stead.
- (b) **Receiver Agent of the Company:** Any such Receiver shall, so far as concerns responsibility for their acts, be deemed the agent of the Company and not the Holder (to the extent permitted by applicable Laws) and the Holder shall not be in any way responsible for any misconduct, negligence or nonfeasance on the part of any such Receiver, their servants, agents or employees other than their gross negligence or wilful misconduct.
- (c) **Power of Receiver:** Subject to the provisions of the instrument appointing them, any such Receiver shall have power to take possession of the Secured Property or any part thereof, to preserve the Secured Property or its value, to carry on or concur in the carrying on of all or part of the business of the Company and to sell or otherwise dispose of or concur in selling or otherwise disposing of all or any part of the Secured Property. To facilitate the foregoing powers, any such Receiver may, to the exclusion of all others, including the Company, enter upon, use and occupy all premises owned or occupied by the Company wherein all or any part of the Secured Property may be situated, maintain the Secured Property upon such premises, borrow money on a secured or unsecured basis and use all or any part of the Secured Property directly in carrying on the Company’s Business or otherwise, as such Receiver shall, in his discretion, determine.
- (d) **Monies Received by Receiver:** Except as may be otherwise directed by the Holder, all monies received from time to time by such Receiver in carrying out their appointment shall be received exclusively in trust for and paid over to the Holder and applied against the Obligations in such order as the Holder sees fit in its sole and absolute discretion.

- (e) **Receiver Vested with Rights of the Holder:** Every such Receiver may, in the discretion of the Holder, be vested with all or any of the rights and powers of the Holder.

8.2 **Exercise Powers of Receiver**

Upon Default, the Holder may, either directly or through its agents or nominees, exercise all the powers and rights given to a Receiver hereby.

8.3 **Court Appointed Receiver**

Upon Default, the Holder may proceed in any court of competent jurisdiction for the appointment of a Receiver of all or any part of the Secured Property.

8.4 **Other Proceedings**

Upon Default, the Holder may take any other remedy or proceeding authorized or permitted hereby or by Law or equity.

8.5 **Sale of Secured Property**

Without limiting the generality of the foregoing, upon a Default which is continuing, it shall be lawful for the Holder to make any sale, lease or other disposition of the Secured Property either for cash or upon credit or partly for one and partly for the other upon such conditions as to terms of payment as it in its absolute discretion may deem proper (in accordance with applicable Laws) and to sue the Company for any deficiency remaining. The Holder shall be accountable only for money actually received by it. The Holder may deliver to the purchaser of the Secured Property good and sufficient conveyances of same, free and clear of any claim by the Company. The purchaser, lessee or transferee receiving any disposition of the Secured Property or any part thereof need not inquire whether Default under this Note has actually occurred but may as to this and all other matters rely upon a statutory declaration of the Holder, which declaration shall be conclusive and any such purchaser or lessee need not look to the application of the purchase money, rent or other consideration given upon such sale, lease or other disposition, which shall not be affected by any irregularity of any nature or kind relating to the crystallizing or enforcing of the security or the taking of possession of the Secured Property or the sale, lease or other disposition thereof.

8.6 **Rights as Secured Party**

In addition to those rights granted herein and in any other agreement now or hereafter in effect between the Company and the Holder, the Holder shall have, both before and after Default which is continuing, all the rights and remedies of a secured party under the PPSA and any other applicable Law as may from time to time be in effect. The Holder shall not be liable or accountable for any failure to exercise its remedies, take possession of, collect, realize, sell or otherwise dispose of the Secured Property or any part thereof or to institute any proceedings for such purposes. Furthermore, the Holder shall have no obligation to take any steps to preserve rights against prior parties to any Instrument or Chattel Paper whether Secured Property or Proceeds, whether or not in the possession of the Holder, and shall not be liable or accountable for failure to do so.

8.7 Take Possession

The Company acknowledges that the Holder or any Receiver appointed by it may take possession of the Secured Property or any part thereof wherever it may be located and by any method permitted by applicable Laws and the Company agrees that upon request from the Holder or any such Receiver to assemble and deliver possession of the Secured Property or any part thereof at such place or places as may be directed.

ARTICLE 9 RELEASE, SUBORDINATION AND THIRD PARTY BENEFICIARIES

9.1 **Release by Holder.** The Holder may, at its sole discretion, at any time release from the security interest hereby created any part or parts of the Secured Property either with or without consideration therefor, without responsibility therefor, and without thereby releasing any other part of the Secured Property or any person from this Note.

9.2 Subordination to Senior Indebtedness.

- (a) Notwithstanding any other provision to the contrary in this Note, all rights of the Holder and the other Noteholders to receive payment of any indebtedness owing to them by the Company is and shall be expressly subordinate and junior in right of payment and exercise of remedies to the prior payment in full in cash of all present and future Senior Indebtedness to the extent and in the manner provided therein, and the Holder hereby subordinates all present and future indebtedness owing under this Note as a claim against the Company prior to the payment in full in cash of the Senior Indebtedness; *provided, however*, that the foregoing subordination restrictions (and any other restrictions contained in this Article 9) do not restrict the ability of the Holder, should the Holder so demand at any time after the Maturity Date, to be repaid the Principal Amount plus any outstanding Interest on or after the Maturity Date if this Note is not earlier converted or cancelled pursuant to its terms (provided that the Senior Indebtedness is not in default), and nothing in this Note or otherwise shall prevent repayment on Maturity Date if elected by the Holder regardless of whether the Senior Indebtedness is still outstanding (provided that the Senior Indebtedness is not in default at the relevant time).
- (b) The Holder hereby acknowledges and agrees that each security interest, pledge, assignment, mortgage, or other interest of the Subsidiary Senior Lender in the Subsidiaries' Secured Property shall have priority to the extent of all Senior Indebtedness secured thereby over any right, security interest, lien, or claim that the Holder or any other Noteholder may now have or hereafter have therein or thereto. The priorities established hereby shall be irrespective of the time or order of attachment or perfection of security interests, liens, or claims or the time or order of filing of financing statements or mortgages or otherwise. The Holder hereby waives, to the extent permitted by applicable law, all rights to notice of sale or other intended disposition of any Subsidiaries' Secured Property by the Subsidiary Senior Lender.

- (c) Subject to Section 9.2(a), except as expressly permitted by the terms of any Senior Indebtedness, or unless the Subsidiary Senior Lender otherwise consents in writing, the Company will not make, and the Holder will not accept or receive, any payment in cash of any indebtedness owing under this Note until all the Senior Indebtedness has been paid in full in cash, other than in connection with the repayment of Principal Amount and Interest on or after the Maturity Date if demanded by the Holder pursuant to this Note. If the Holder receives any payment in cash on account of the indebtedness owing under this Note (other than after the Maturity Date if elected by the Holder), in violation of this Section 9.2, then it shall hold such cash payment in trust for the benefit of the Subsidiary Senior Lender and, promptly upon discovery or notice of such violation, pay such amount over to the Subsidiary Senior Lender on behalf of such holders for application in payment of the Senior Indebtedness.
- (d) The Holder agrees that to the extent it holds any indebtedness under this Note at the relevant time, it will not take any action as the holder of any such indebtedness that will impede, interfere with or restrict or restrain the exercise by the Subsidiary Senior Lender of rights and remedies under the Senior Indebtedness. In furtherance thereof, the Holder, in its capacity as a holder of the indebtedness under this Note hereby agrees not to oppose any motion filed or supported by the Subsidiary Senior Lender for relief from stay or for adequate protection in respect of any Senior Indebtedness and not to oppose any motions supported by the Subsidiary Senior Lender for the Company's use of cash collateral or post-petition borrowing from the Subsidiary Senior Lender, provided that, the repayment of Principal plus Interest after the Maturity Date if so demanded by the Holder pursuant to the terms hereof shall not in any manner be deemed to have impeded, interfered with or restricted or restrained the Subsidiary Senior Lender's rights or remedies under the Senior Indebtedness (provided that the Senior Indebtedness is not in default at the relevant time).
- (e) The Holder, for itself and its successors and assigns, agrees for the benefit of the Subsidiary Senior Lender that so long as any Senior Indebtedness remains outstanding or committed to be advanced, the Holder will not, directly or indirectly, take any action prior to the Maturity Date to accelerate or demand payment in cash by the Company of any of the indebtedness owing under this Note, to exercise any of the remedies in respect of such indebtedness or any collateral security therefor, to initiate any litigation against the Company, or to foreclose or otherwise realize on any security given by the Company to secure such indebtedness.
- (f) The Subsidiary Senior Lender shall be entitled to the benefits under this Section 9.2 without notice thereof being given to the Holder or to any other Noteholder.
- (g) The provisions of this Section 9.2 as to subordination are solely for the purpose of defining the relative rights of the Subsidiary Senior Lender on the one hand, and the Holder and the other Noteholders on the other hand, and none of such provisions shall impair, as between the Company and the Holder, the obligations of the Company, which are unconditional and absolute, to pay to the Holder all of

the indebtedness owing under this Note in accordance with the terms hereof, nor, except as provided by this Section 9.2 or the terms of any Senior Indebtedness, shall any such provisions prevent the Holder from exercising all remedies otherwise permitted by applicable law or under the terms of this Note upon an Event of Default, subject to the rights, if any, of the Subsidiary Senior Lender under the other provisions of this Section 9.2.

- (h) Each of the Company and the Holder agree that, unless the Subsidiary Senior Lender otherwise consents thereto in writing (such consent not to be unreasonably withheld), prior to the payment in full in cash of the Senior Indebtedness, (i) it will not modify or amend this Note or any collateral or other security therefor that directly alter or amend the subordination arrangements under this Article 9 hereof or otherwise (it being understood that the terms of this Note may be amended by the mutual consent of the Company and the Holder, without the consent of the Subsidiary Senior Lender if such amendments do not otherwise modify the terms of the subordination arrangements set forth herein), and (ii) except for the security interests granted under Article 3, the Company shall not grant and the Holder will not obtain liens on or security interests in the Secured Property as security for the indebtedness owing under this Note, and that to the extent any such liens or security interests are created or exist on or in the Secured Property (by operation of law or otherwise) all such liens and security interests are and shall be fully subordinated and junior to the liens on and security interests in the Secured Property in favour of the Subsidiary Senior Lender.
- (i) Nothing in this Section 9.2 will restrict, prevent or exclude the conversion of this Note into shares in the capital of the Company in accordance with Article 4, whether automatically or at the option of the Holder.

9.3 **Third Party Beneficiaries.**

- (a) Except as set out in Section 9.1(b), the parties do not confer any legal, equitable or other rights or remedies of any nature under or by reason of this Note upon any person other than the parties to this Note and their respective successors and permitted assigns.
- (b) The parties hereby designate the Subsidiary Senior Lender as third-party beneficiaries of Article 9 of this Note having the right to enforce all sections in such Article 9, including against the Company and the Holder, jointly and severally, and this Section 9.1(b) may not be amended at any time while any obligations are owing to the Subsidiary Senior Lender without the prior written consent of the Subsidiary Senior Lender.

9.4 Permitted Encumbrances and Permitted Indebtedness. The Holders hereby acknowledge the existence of the Permitted Encumbrances and the Permitted Indebtedness listed in Schedule “C” hereto.

ARTICLE 10 GENERAL MATTERS

10.1 Amalgamation

The Company acknowledges that if it amalgamates with any other corporation or corporations (a) the term “**Company**”, where used herein shall extend to and include each of the amalgamating corporations and the amalgamated corporation, and (b) the term “**Obligations**”, where used herein shall extend to and include the Obligations of each of the amalgamating corporations and the amalgamated corporation.

10.2 Costs and Expenses

The Company shall pay all reasonable costs, fees and expenses of the Holder, whether directly or for services rendered (including, without limitation, reasonably solicitors’ and other professional costs, fees and expenses) in connection with the preparation, negotiation and documentation of this Note and any and all documents ancillary thereto and the enforcement of the Holder’s rights hereunder and under any other document delivered pursuant to this Agreement provided funds including the Principal Amount are advanced as described herein. Such costs, fees and expenses shall form part of the Obligations and shall be secured hereby.

10.3 Further Assurances

The Company hereby covenants that it will, at all times do, execute, acknowledge and deliver every such further act, deed, transfer, assignment, mortgage, hypothec, charge, discharge and assurance with respect to the Secured Property as the other may reasonable require and as permitted by applicable Laws for the better assuring, mortgaging, charging, hypothecating, transferring, assigning, discharging and confirming the Secured Property unto the Holder and for the better accomplishing and effectuating the intent of this Note.

10.4 General Interest Provisions

Notwithstanding any other provision of this Note, in no event shall the aggregate “interest” (as that term is defined in Section 347 of the *Criminal Code* (Canada)) paid or payable pursuant to this Note exceed the effective annual rate of interest on the “credit advanced” (as defined therein) lawfully permitted under Section 347 of the *Criminal Code* (Canada). The effective annual rate of interest shall be determined in accordance with generally accepted actuarial practices and principles over the term of the Note, and in the event of a dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by the Holder will be conclusive for the purposes of such determination. If at any time the implementation of any provision hereof results in a payment or an obligation to make a payment in contravention of this Section 10.4, the amount of the excess shall be applied as a partial prepayment of principal and the obligation to make such excess payment shall be deemed a severable obligation. The Company represents and warrants to the Holder that it has not incurred, and will not incur, any charges or expenses pursuant to this Note which may be considered to be “interest” in an aggregate amount which is in contravention of Section 347 of the *Criminal Code* (Canada). A certificate of an authorized signing officer of the Holder as to each amount or each rate of interest payable hereunder from time to time shall, in the absence of manifest error, be conclusive evidence of such amount and

of such rate.

10.5 Performance by Holder

If the Company fails to perform any of its obligations hereunder, the Holder may, after notice to the Company, but shall not be obligated to, perform any or all such obligations, and all costs, charges, expenses, fees, outlays and premiums incurred by the Holder in connection therewith shall be payable by the Company forthwith upon demand by the Holder and shall bear interest from the date incurred by the Holder at the Interest Rate, compounded quarterly and payable on demand and shall form part of the Obligations and shall be secured hereby. Any such performance by the Holder shall not constitute a waiver by the Holder of any right, power, or privilege under this Note.

10.6 No Modification

No modification, variation or amendment of any provision of this Note shall be made without the prior written consent of the Holder, and no waiver of any provision hereof shall be effective unless in writing.

10.7 Appropriation of Funds

The Company agrees that the Holder may from time to time appropriate all monies realized by the Holder from the enforcement of the Liens on or towards the payment of any part of the Obligations of the Company as the Holder in its sole discretion may determine, and the Company shall have no right to require or enforce any appropriation inconsistent therewith, and the Holder shall have the right to change the application of any such proceeds and re-apply the same to any part or parts of such Obligations as the Holder may see fit notwithstanding any previous application.

10.8 Relationship of Parties

The provisions contained in this Note shall not create or be deemed to create any relationship as between the Company and the Holder other than that of borrower and creditor. For greater certainty, nothing herein shall constitute the Holder and the Company as partners or joint venturers or impose any liability upon them as such.

10.9 Not a Shareholder

Nothing in this Note or in the holding of the Notes evidenced hereby shall be construed as conferring upon the Holder any right or interest whatsoever as a shareholder of the Company.

10.10 Notice to the Company and the Holder

Any notice to be given to the Company or the Holder shall be in writing and shall be deemed to be validly given if such notice is delivered personally, sent by prepaid registered mail or emailed, addressed as follows:

- (a) if to the Company, at:

Trees Corporation

181 Bay Street, Suite 1800
Toronto, Ontario M5E 1R4
Attention: Jeff Holmgren, President & Chief Financial Officer
Email: jeffh@treescorp.ca

- (b) if to the Holder, at the Holder's address as it appears on the records of the Company.

Notice of change of address shall also be governed by this Section. Any notice so given by personal delivery shall be deemed to have been given when received by the Company or the Holder, and by prepaid registered mail shall be deemed to have been received by the Company or the Holder on the third (3rd) Business Day after the day of such mailing and any notice so given by email transmission shall be deemed to have been received by the Company or the Holder when the appropriate confirmation of receipt of transmission is received during normal business hours, failing which notice shall be deemed to be received the next Business Day.

10.11 Replacement of Note

If the Note shall become mutilated or be lost, stolen or destroyed and in the absence of notice that the Note has been acquired by a *bona fide* purchaser, the Company in its discretion may issue a new Note upon surrender and cancellation of the mutilated Note, or, in the event that a Note is lost, stolen or destroyed, in lieu of and in substitution for the same, and the substituted debenture shall be in the form hereof and the Holder shall be entitled to benefits hereof. In case of loss, theft or destruction, the Holder shall furnish to the Company such evidence of such loss, theft or destruction as shall be satisfactory to the Company in its discretion acting reasonably together with an indemnity in form and substance mutually acceptable to the Company and the Holder, each acting reasonably. The applicant shall pay reasonable expenses incidental to the issuance of any such new Note.

10.12 Successors and Assigns

This Note shall enure to the benefit of the Holder and its successors and assigns and shall be binding upon the Company and its successors.

10.13 Assignment

This Note is non-negotiable and each of the Company and the Holder covenants and agrees that it cannot, and shall not, transfer, sell, assign or pledge this Note without the prior written consent of the other party. The Holder acknowledges and agrees that any transfer, sale, assignment or pledging of this Note by it shall comply with the provisions of the Securities Act, or such other regulatory authority having jurisdiction.

10.14 Invalidity of Provisions

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

10.15 Governing Law

This Note shall be governed by and construed, interpreted and performed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

10.16 Time of Essence

Time shall be of the essence of this Note and a forbearance by the Holder of the strict application of this provision shall not operate as a continuing or subsequent forbearance.

10.17 No Waiver

No failure or delay by the Holder in exercising any right, power or privilege under this Note shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

10.18 Attachment

The Liens created by this Note are intended to attach when this Note is executed by the Company and delivered to the Holder or in the case of any property acquired subsequent hereto, contemporaneously with any such acquisition.

[The remainder of this page has been intentionally left blank.]

IN WITNESS WHEREOF, the Company has caused this Note to be executed under its corporate seal by its duly authorized officer as of the date first written above.

TREES CORPORATION

Per:


Name: Jeffrey Holmgren
Title: President and Chief Financial Officer

SCHEDULE "A"**CONVERSION FORM****TO: TREES CORPORATION**

All terms used herein but not defined shall have the meanings ascribed thereto in the within Note.

Pursuant to Article 4 of the Note, the undersigned registered Holder hereby irrevocably elects to convert the principal amount of \$_____ into _____ Common Shares at the Conversion Price in accordance with the terms of the Note and directs that the Common Shares issuable and deliverable upon the conversion be issued and delivered to the person indicated below.

(If Common Shares are to be issued in the name of a person other than the Holder, all requisite transfer taxes must be tendered by the undersigned).

Print name in which Common Shares issued on conversion are to be issued, delivered and registered:

Name: _____

(Address)

(City, Province and Postal Code)

DATED this ____ day of _____, 20__.

[HOLDER]

Per: _____

Name: _____

Title: _____

SCHEDULE "B"**INTEREST PAYMENT ELECTION FORM****TO: TREES CORPORATION**

The undersigned registered holder (the "**Holder**") of the attached 12.0% secured convertible promissory note due October 20, 2025 (the "**Note**") hereby elects to receive: (Please check the **ONE** box applicable):

 Cash
OR
 Common Shares

representing payment of the interest payable for the upcoming Interest Payment Date.

Capitalized terms used in this Conversion Notice, have the meanings given to them in the Note.

If the Holder has elected to be issued Common Shares, the Holder irrevocably directs that such Common Shares be issued in the name of the Holder and that certificates representing such Common Shares be delivered and registered as follows:

Name: _____

(Address)

(City, Province and Postal Code)

DATED this ____ day of _____, 20__.

[HOLDER]

Per: _____

Name: _____

Title: _____

SCHEDULE “C”**PERMITTED INDEBTEDNESS**

- (i) indebtedness incurred which is secured by the purchase money liens and other agreements described in subparagraph (vi) of the definition of Permitted Encumbrances;
- (ii) the Obligations hereunder;
- (iii) existing shareholder loans;
- (iv) unconverted debt in connection with the Company’s outstanding secured convertible debentures issued on September 10, 2021, October 28, 2021, and November 5, 2021 by way of private placement;
- (v) the Notes effective as of the date hereof in favour to other Holders of Notes issued pursuant to the Offering;
- (vi) any Senior Indebtedness; and
- (vii) such other indebtedness as may be approved by the Holder from time to time.

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE MARCH 26, 2023.

TREES CORPORATION

SECURED CONVERTIBLE PROMISSORY NOTE

Date: November 25, 2022

**ARTICLE 1
PRINCIPAL AND INTEREST**

1.1 Promise to Pay

FOR VALUE RECEIVED, the undersigned, **TREES CORPORATION**, a corporation continued under the federal laws of Canada (the “**Company**”), hereby acknowledges itself indebted and promises to pay to Meehan Family Investments Inc., and its successors and assigns (the “**Holder**”), as it may direct, on the Maturity Date (as hereinafter defined) or on such earlier date as the principal amount hereof may become due in accordance with the provisions hereof, on presentation and surrender of this Note in accordance with the provisions hereof at the offices of the Company, the principal amount of three hundred thousand dollars (\$300,000) in lawful money of Canada, (the “**Principal Amount**”) and to pay interest (“**Interest**”) on the Principal Amount outstanding from time to time (after as well as before maturity, default and judgment) at a rate of interest equal to twelve percent (12%) per annum (the “**Interest Rate**”). Interest shall accrue on the Principal Amount at the Interest Rate on a non-compounded basis, from the date hereof until conversion of this Note or payment in full. Interest shall be paid annually, in Common Shares, until the achievement by the Company of the Conversion Conditions Precedent (as hereafter defined), after which interest shall be paid in cash or Common Shares at the Holder’s option by duly completing and returning to the Company, at least 5 calendar days prior to the Interest Payment Date, the Interest Payment Election Form attached hereto as Schedule “B”. In the event the Holder does not complete and return the Interest Payment Election Form to the Company within the prescribed time, the Holder shall be issued cash or Common Shares in full satisfaction of the interest owing to the Holder on the Interest Payment Date, at the Company’s option. The total amount payable under this Note will consist of the sum of the unpaid principal amount plus all accrued and unpaid Interest thereon. The number of Common Shares issuable in payment of Interest shall be determined using the volume weighted average trading price of the Common Shares on the Neo Exchange Inc. (the “**NEO**”) (or such other exchange on which the Common Shares may principally trade at such time) for the ten (10) consecutive Trading Days preceding the Interest payment record date (which record date shall be five Business Days prior to the Interest Payment Date). Interest shall be computed on the basis of a 360-day year composed of twelve 30-day months.

1.2 Prepayment

The Company shall have the ability to repay all or a part of the amounts outstanding hereunder at any time prior to the Maturity Date at a price equal to 112% of all then outstanding Principal Amount and Interest.

ARTICLE 2
DEFINITIONS, INTERPRETATIONS AND GENERAL PROVISIONS

2.1 Interpretation

In this Note, unless there is something in the subject matter or context inconsistent therewith:

- (a) The terms “**Goods**”, “**Chattel Paper**”, “**Documents of Title**”, “**Instruments**”, “**Intangibles**”, “**proceeds**”, “**Inventory**”, “**Investment Property**”, “**Money**”, “**Account**”, “**Equipment**” and “**Securities**”, whenever used in this Note shall have the meanings ascribed thereto in the PPSA;
- (b) “**Affiliate**” has the meaning specified in the *Canada Business Corporations Act*;
- (c) “**Applicable Securities Laws**” means, collectively, all applicable securities laws (including rules, regulations, policies and instruments enacted thereunder) in the Provinces of Ontario, Alberta and British Columbia and all applicable rules and policies of the NEO or any other stock exchange on which the Common Shares may be listed from time to time.
- (d) “**Arm’s length**” has the meaning specified in the *Income Tax Act* (Canada);
- (e) “**Business**” means the business carried on by the Company, including but not limited to the operation of independent retail cannabis stores in the Province of Ontario;
- (f) “**Business Day**” means any day, other than Saturday, Sunday or any civic or statutory holiday in the City of Toronto, Ontario;
- (g) “**Change of Control**” means any event whereby any Person or any Persons acting jointly or in concert (as that term is used in the *Securities Act* (Ontario)) with such Person, together with any Affiliate of any such Person, become(s) the beneficial owner(s) of shares of the Company, or securities exercisable or convertible into shares of the Company, carrying more than 50 percent of the votes for the election of directors and the votes carried by such shares are sufficient, if exercised, to elect a majority of the board of directors of the Company;
- (h) “**Closing**” means the issuance of the Note free from any escrow conditions on the Closing Date;
- (i) “**Closing Date**” means the date hereof;
- (j) “**Common Shares**” means the common shares in the capital of the Company, as currently constituted, and any shares into which such common shares may be changed, converted, exchanged or reclassified from time to time;

- (k) **“Contract”** means any contract (i) involving aggregate payments to or by the Company in excess of Twenty-Five Thousand Dollars (\$25,000) during any year; or (ii) which if terminated would cause a Material Adverse Change;
- (l) **“Conversion Conditions Precedent”** has the meaning given thereto in Section 4.1;
- (m) **“Conversion Price”** means \$0.015 per Common Share, subject to adjustment as provided in Section 4.4;
- (n) **“Current Market Price”** for the purposes of any computation hereunder, the “Current Market Price” at any date shall be the weighted average sale price per share for the Common Shares for the 20 consecutive Trading Days ending immediately before such date on the NEO or such other stock exchange on which the Common Shares may then be listed, or, if the Common Shares or any other security in respect of which a determination of Current Market Price is being made are not listed on any stock exchange, the Current Market Price shall be determined by the Board of Directors, acting reasonably and in good faith, which determination shall be conclusive. The weighted average price shall be determined by dividing the aggregate sale price of all such shares sold on the said exchange during the said 20 consecutive trading days by the total number of such shares so sold;
- (o) **“Equity Shares”** means the Common Shares and any shares of any other class or series of the Company 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 Company beyond a fixed sum or a fixed sum plus accrued dividends;
- (p) **“Date of Conversion”** has the meaning given thereto in Section 4.2(b);
- (q) **“Default”** has the meaning attributed thereto in Section 7.1;
- (r) **“Director”** means a director of the Company from time to time and **“Board of Directors”** means the Board of Directors of the Company from time to time;
- (s) **“Governmental Body”** means any government, parliament, legislature, or any regulatory authority, agency, commission or board of any government, parliament or legislature, or any court or (without limitation to the foregoing) any other law, regulation or rule-making entity (including any central bank, fiscal or monetary authority or authority regulating banks), having or purporting to have jurisdiction in the relevant circumstances, or any Person acting or purporting to act under the authority of any of the foregoing (including any arbitrator);
- (t) **“Holder”** has the meaning ascribed thereto in Section 1.1 above;

- (u) **“Inchoate Lien”** means with respect to any property or asset of the Company, the following Liens:
- (i) any Lien for taxes, duties and assessments, and any Lien securing workers’ compensation, unemployment insurance or other social security obligations not yet due or are being contested in good faith by appropriate proceedings and for which a reserve satisfactory to the Holder in its absolute discretion has been provided;
 - (ii) any carriers, warehousemen, mechanics or materialmen’s Liens in respect of amounts accruing in favour of any Person, so long as such amounts are not yet due or are being contested in good faith by appropriate proceedings and for which a reserve satisfactory to the Holder in its absolute discretion has been provided;
 - (iii) Liens or rights of distress reserved in or exercisable under any lease for rent or for compliance with the terms of such lease (provided that the recognition of such Liens or rights as a permitted encumbrance shall not prejudice the priority of the Liens created hereby, if any, over such Liens or rights as determined in accordance with applicable law); and
 - (iv) undetermined or inchoate Liens, privileges or charges incidental to current and ongoing operations of the Company which have not been filed pursuant to applicable law against any of the Company’s property or assets or which relate to obligations not yet due or delinquent;
- (v) **“Interest”** has the meaning ascribed thereto in Section 1.1;
- (w) **“Interest Payment Date”** means October 20th in each year that the Note is outstanding commencing on the date hereof.
- (x) **“Interest Payment Election Form”** means the form of election attached hereto as Schedule “B”.
- (y) **“Interest Rate”** has the meaning ascribed thereto in Section 1.1;
- (z) **“Law”** means, in respect of any Person, property, transaction or event, all applicable laws, statutes, rules, by-laws (including zoning by-laws) and regulations, and all applicable official directives, orders, judgments and decrees, consents, exemptions, approvals, licences, guidelines and policies of any Governmental Body (whether or not having the force of law) relating to such Person, property, transaction or event, whether applicable in Canada or any other jurisdiction.
- (aa) **“Lien”** means any mortgage, hypothec, title retention, pledge, lien, claim, trust, assignment as security, right of set-off, charge, security interest or other encumbrance whatsoever, whether fixed or floating and howsoever created or arising;

- (bb) **“Loan”** means, at any time, the accommodations of credit made pursuant to this Note;
- (cc) **“Material Adverse Change”** means, as of any date of determination, any change, circumstance, state of facts or occurrence (or series of occurrences) including any litigation which, in the reasonable credit discretion of the Holder, has or is reasonably likely to have a material adverse change on:
 - (i) the business, assets, liabilities, operations, results of operations, financial condition, or prospects of the Company,
 - (ii) the ability of the Company to carry on its Business,
 - (iii) the ability of the Company to perform any of its obligations hereunder or under any Contract,
 - (iv) any Lien constituted or created by the Company in favour of the Holder;
- (dd) **“Maturity Date”** means October 20, 2025, unless the Note is converted earlier pursuant to and in accordance with the provisions hereof;
- (ee) **“NEO”** has the meaning ascribed thereto in Section 1.1 above;
- (ff) **“Note”** means this secured convertible promissory note of the Company as same may be revised, restated, replaced or supplemented from time to time;
- (gg) **“Noteholders”** means the holders of the Notes and **“Noteholder”** means any one of them;
- (hh) **“Notes”** means all of the secured Notes issued under the Offering on equal or substantially similar terms to this Note;
- (ii) **“Obligations”** has the meaning ascribed thereto in Section 3.2;
- (jj) **“Offering”** means an offering of secured convertible note units issued by the Company in one or more closings with an aggregate principal amount of \$1,000,000, where the Notes shall be: (i) in substantially the same form as this Note other than in respect of the date of issuance and corresponding commencement of interest and the maximum amounts; and (ii) shall, in relation to priority of security, rank equally and rateably without discrimination, preference or priority with all other Notes;
- (kk) **“Permitted Encumbrances”** means:
 - (i) any Inchoate Lien;
 - (ii) any right reserved to or vested in any Governmental Body, by the terms of any Permit acquired by the Company, or by any statutory provision to

terminate any such Permit or require annual or other periodic payments as a condition of the continuance thereof;

- (iii) security given by the Company to a public utility or any Governmental Body when required by such utility or Governmental Body in connection with, and incidental to, the operations of the Company in the ordinary course of its business;
- (iv) Liens incurred or deposits made in connection with contracts, bids, tenders or expropriation proceedings, surety or appeal bonds, cost of litigation when required by applicable law and other similar Liens and deposits;
- (v) Liens and privileges arising out of judgments or awards in respect of which an appeal or proceeding for review has been commenced provided a stay of execution pending such appeal or proceedings for review has been obtained and satisfactory reserves have been established;
- (vi) Liens on specific Equipment or motor vehicles of the Company which secures, and is limited to, the unpaid purchase price of such Equipment or motor vehicles, provided that any such Lien is limited to the Equipment or motor vehicles so acquired and such Equipment or motor vehicles is used by the Company in the operation of its business and is not for resell, lease or rental to any Person;
- (vii) Liens in favour of the Holder;
- (viii) Liens given in respect of the Permitted Indebtedness listed on Schedule "C" hereto; and
- (ix) any Liens consented to in writing by Holder,

provided however, that the existence or consent by the Holder of any Permitted Encumbrances shall not be construed in any way as a subordination by the Holder of its Liens unless expressly subordinated in writing by the Holder pursuant to a separate and independent priority, intercreditor or subordination agreement;

- (ll) **"Permitted Indebtedness"** means, at any time, such indebtedness listed on Schedule "C" hereto;
- (mm) **"Permits"** means all material licenses, permits, approvals, consents, certificates, franchises and other authorizations required by the Company to operate the Business;
- (nn) **"Person"** means an individual, natural person, partnership, corporation, joint stock company, trust, unincorporated association, joint venture, government, Governmental Body or any other entity, whether acting in an individual, fiduciary or other capacity, state or political subdivision thereof or any agency of such state or subdivision;

- (oo) “**PPSA**” means the *Personal Property Security Act* (Ontario), as amended, replaced or supplemented from time to time;
- (pp) “**Principal**” has the meaning ascribed thereto in Section 1.1;
- (qq) “**Secured Property**” has the meaning ascribed thereto in Section 3.1;
- (rr) “**Securities**” means any equity security, or any option, warrant or other right to subscribe for, or purchase, or otherwise acquire, any equity security;
- (ss) “**Securities Act**” means the *Securities Act* (Ontario), as amended, replaced or supplemented from time to time;
- (tt) “**Senior Indebtedness**” means the principal and interest on:
- (i) indebtedness for borrowed money owed by the Company or its subsidiaries to the Subsidiary Senior Lender in connection with the Tweed Note;
 - (ii) indebtedness for borrowed money that the Company may now or hereinafter incur from a Canadian chartered bank or trust company (or such other financial institution as may be acceptable to the Company) for the purposes of term or operating facilities, to the extent the Company has granted security therefor and to the extent that the obligation to repay such borrowed money is not itself subordinated to any third party the effect of which postponement would be that the Obligations created herein would be postponed to any such third party to whom the Obligations would not otherwise be postponed; and
 - (iii) renewals, extensions, restructurings, re-financings and refundings of any such indebtedness,
- unless in any of the cases specified in (i), (ii) or (iii) above, it is provided by the terms of the instrument creating or evidencing such indebtedness that such indebtedness is not superior in right of payment to this Note;
- (uu) “**Subsidiaries’ Secured Property**” means the property of OCH Ontario Consulting Corp., as debtor, and Ontario Cannabis Holdings Corp., as guarantor, that is the subject of the security interest granted in favour of the Subsidiary Senior Lender in connection with the Tweed Note and pursuant to the general security agreement dated March 11, 2020 between OCH Ontario Consulting Corp., Ontario Cannabis Holdings Corp. and the Subsidiary Senior Lender;
- (vv) “**Subsidiary Senior Lender**” means Tweed Franchise Inc., a wholly-owned subsidiary of Canopy Growth Corporation;
- (ww) “**Trading Day**” means, with respect to the NEO or other market for securities, any day on which such exchange or market is open for trading or quotation;

- (xx) **“Taxes”** means all taxes of any kind or nature whatsoever including, without limitation, income taxes, sales or value-added taxes, levies, stamp taxes, royalties, duties, and all fees, deductions, compulsory loans and withholdings imposed, levied, collected, withheld or assessed as of the date hereof or at any time in the future, by any Governmental Body having power to tax, together with penalties, fines, additions to tax and interest thereon;
- (yy) **“Third Party”** means a Person who is at Arm’s Length from the Company, the Holders and all shareholders of the Company;
- (zz) **“This Note”**, **“hereto”**, **“herein”**, **“hereby”**, **“hereunder”**, **“hereof”** and similar expressions refer to this Note and not to any particular Article, Section, subsection, clause, subdivision or other portion hereof and include any and every instrument supplemental or ancillary hereto; and
- (aaa) **“Tweed Note”** means the secured grid promissory note of OCH Ontario Consulting Corp., a wholly-owned, indirect subsidiary of the Company, in favour of the Subsidiary Senior Lender dated March 11, 2020.

2.2 Plurality and Gender

Words importing the singular number only shall include the plural and vice versa and words importing one gender shall include all genders and words importing Persons shall include firms and corporations and vice versa.

2.3 Headings, etc.

The division of this Note into Articles, Sections, Subsections and paragraphs and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Note.

2.4 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 at or before the requisite time on the next succeeding day that is a Business Day.

2.5 Reference to Law

Reference herein to any Law means such Law as amended, modified, codified or re-enacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder.

2.6 Currency

Any reference in this Note to **“Dollars”**, **“dollars”** or the sign **“\$”** shall be deemed to be a reference to lawful money of Canada.

ARTICLE 3 INDEBTEDNESS SECURED

3.1 Creation of Security Interest

As general continuing collateral security for the due payment and performance of any and all present and future Obligations of the Company to the Holder, the Company hereby grants a Lien as and by way of a fixed and floating Lien to and in favour of the Holder, in any and all of the undertaking, property and assets of the Company, real and personal, moveable and immovable, of whatsoever nature and kind whatsoever, now owned or hereafter acquired, including, without limitation, all present and future income, Money, Inventory, Equipment, Goods, Chattel Paper, Documents of Title, Intangibles, Investment Property, revenues, rents, supplies, materials, credits, bank accounts, Accounts, book debts, negotiable and non-negotiable Instruments, shares, stocks, bonds, debentures, Securities, choses in action, proceeds of insurance, contracts, agreements, goodwill, trademarks, patents and patent rights, processes, inventions, franchises, powers, privileges, licenses and all other property and things of value, real or personal, tangible or intangible, legal or equitable, which the Company may be possessed of, or entitled, to or which may at any time hereafter be acquired by the Company, save and except for the last day of any term reserved by any lease now held or hereafter acquired by the Company (collectively, referred to as the “**Secured Property**”) and the Company shall stand possessed of any such reservation in trust for the exclusive benefit of the Holder and to assign and dispose thereof as the Holder may direct.

3.2 Liens Securing Indebtedness

The Liens granted by the Company to the Holder pursuant to this Note shall constitute general continuing collateral security for the due payment and performance of any and all present and future debts, liabilities and obligations of the Company to the Holder arising out of this Note, whether actual or contingent, direct or indirect, as principal or surety, matured or not, now existing or arising hereafter, including, without limitation, the Principal Amount, Interest (at the Interest Rate) and any and all costs, fees and expenses incurred by the Holder (the “**Obligations**”).

3.3 Designation, Rank and Priority

This Note is one of several secured Notes issued or to be issued by the Company under the Offering. The ranking of the Notes set out in this Section 3.3 shall apply in all events and circumstances regardless of the date of any advance or advances made to the Company by the holders of the Notes. The provisions of this Note shall be binding on the Company, the Holder and all Persons claiming through or under them respectively and any Person shall be deemed to have notice of these provisions. For greater certainty, the security interest of the Holder in respect of this Note shall rank *pari passu* with the security interest of the other Holders in respect of their respective Notes.

ARTICLE 4 CONVERSION

4.1 Conversion Privilege

Subject to and upon compliance with the provisions of this Article 4, (a) for a period ending on the first anniversary of the Closing Date, and (b) the completion by the Company of a financing subsequent to the Offering for gross proceeds of at least \$1,000,000, all or a portion of the

Principal Amount of a Holder's Notes can only be converted into Common Shares at the Conversion Price. Upon meeting both of conditions (a) and (b) above (the "**Conversion Conditions Precedent**"), the Holder shall have the option to convert all or a portion of the Principal Amount of a Holder's Notes into Common Shares at the Conversion Price. If converted prior to the achievement by the Company of the Conversion Conditions Precedent, all accrued and unpaid interest in respect of the Notes from the date hereof to the date of conversion of the Principal Amount shall be satisfied by the Company in Common Shares within ten (10) Business Days of the date of conversion of the Principal Amount, and if converted upon or after the achievement by the Company of the Conversion Conditions Precedent, all accrued and unpaid interest in respect of the Notes from the date hereof to the date of conversion of the Principal Amount shall be satisfied by the Company in cash or Common Shares in accordance with the Holders' election to be delivered pursuant to Section 4.2 regarding receipt of the Principal Amount within ten (10) Business Days of the date of conversion of the Principal Amount. Notwithstanding the foregoing, the conversion of the Principal Amount into Common Shares shall be subject to any applicable NEO or regulatory approval.

4.2 Manner of Exercise of Right to Convert

- (a) If the Holder wishes to convert this Note into Common Shares, it shall surrender such Note to the Company together with the Conversion Form set forth in Schedule "A" hereto, duly executed by the Holder, irrevocably exercising its right to convert such Note in accordance with the provisions of this Article 4. Thereupon the Holder or its nominee or assignee shall be entitled to be entered in the books of the Company as at the Date of Conversion as the holder of the number of Common Shares into which such Note is convertible in accordance with the provisions hereof and, as soon as practicable thereafter, the Company shall deliver to such Holder or, subject as aforesaid, its nominee or assignee, a certificate for such Common Shares and, if applicable, a cheque for any amount payable under Section 4.5 in respect of fractional shares.
- (b) For the purposes hereof, the date of conversion of the Note (the "**Date of Conversion**") shall be deemed to be the date on which it is surrendered in accordance with the provisions hereof and, in the case of a Note so surrendered by mail or other means of delivery, the date on which it is received by the Company during regular business hours on a Business Day.
- (c) Upon surrender of this Note for conversion in accordance with this Section 4.2, the Holder will be entitled to receive that number of Common Shares equal to the quotient obtained when the aggregate of the Principal Amount to be converted is divided by the Conversion Price. The Common Shares issued upon conversion shall be entitled to all rights and privileges accorded to holders of record of Common Shares on and after the Date of Conversion, from which date they will for all purposes be and be deemed to be issued and outstanding as fully paid and non-assessable Common Shares.

4.3 Mandatory Conversion

If, during the term of the Notes, the volume weighted-average share price of the Common Shares on the NEO (or such other exchange on which the Common Shares may principally trade at such time) for 20 consecutive Trading Days equals or exceeds \$0.06, the Company may, at its option, subject to providing not less than 30 days' prior notice to Holders, convert the Notes into Common Shares at the Conversion Price (subject to customary adjustments for recapitalizations, stock dividends and splits, combinations and the like), in whole or, from time to time, in part. On any such conversion of the Notes, the Holders will receive accrued and unpaid Interest on the amount converted for the period from the date of the latest payment of Interest to the Date of Conversion, in cash. The Company may only exercise its mandatory conversion right on or after the first anniversary of the Closing Date.

4.4 Adjustment Provisions

The Conversion Price will be subject to adjustment in the events and in the manner following:

- (a) if and whenever at any time prior to the Maturity Date, the Company:
 - (i) issues Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all the holders of the Common Shares as a stock dividend;
 - (ii) makes a distribution on its outstanding Common Shares payable in Common Shares or securities exchangeable for or convertible into Common Shares;
 - (iii) subdivides its outstanding Common Shares into a greater number of shares; or
 - (iv) consolidates its outstanding Common Shares into a smaller number of shares;

(any of such events in subsection 4.4(a)(i), subsection 4.4(a)(ii), subsection 4.4(a)(iii) or 4.4(a)(iv) above being called a “**Share Reorganization**”), the Conversion Price will be adjusted immediately after the effective date or record date for the happening of a Share Reorganization, as the case may be, by multiplying the Conversion Price in effect immediately prior to such effective date or record date by a fraction, the numerator of which is the number of Common Shares outstanding on such effective date or record date before giving effect to such Share Reorganization and the denominator of which is the number of Shares outstanding immediately after giving effect to such Share Reorganization (including, in the case where securities exchangeable for or convertible into Common Shares are distributed, the number of Common Shares that would have been outstanding had all such securities been exchanged for or converted into Common Shares on such effective date or record date). Such

adjustment will be made successively whenever any event referred to in this Section 4.4 occurs;

- (b) If and whenever at any time after the date hereof the Company fixes a record date for the issuance of rights, options or warrants to the holders of all or substantially all of its outstanding Common Shares under which such holders are entitled to subscribe for or purchase Common Shares or securities exchangeable for or convertible into Common Shares, where:
- (i) the right to subscribe for or purchase Common Shares, or the right to exchange securities for or convert securities into Common Shares, expires not more than 45 days after the date of such issue (the period from the record date to the date of expiry herein in this Section 4.4 being the “**Rights Period**”); and
 - (ii) the cost per Common Share during the Rights Period (inclusive of any cost of acquisition of securities exchangeable for or convertible into Common Shares in addition to any direct cost of Common Shares) (herein in this Section 4.4 called the “**Per Share Cost**”) is less than 95% of the Current Market Price of the Common Shares on the record date,

(any of such events being called a “**Rights Offering**”), then the Conversion Price will be adjusted effective immediately after the end of the Rights Period to a price determined by multiplying the Conversion Price in effect immediately prior to the end of the Rights Period by a fraction:

- (A) the numerator of which is the aggregate of:
 - (1) the number of Common Shares outstanding as of the record date for the Rights Offering; and
 - (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 4.4(b) was the issue of rights, options or warrants to the holders of Common Shares under which such holders are entitled to subscribe for or purchase additional Common Shares, the number of Common Shares so subscribed for or purchased during the Rights Period, or
 - (II) where the event giving rise to the application of this subsection 4.4(b) was the issue of rights, options or warrants to the holders of Common Shares under which such holders are entitled to subscribe for or purchase securities exchangeable for or convertible into Common Shares, the number of Common

Shares for which those securities so subscribed for or purchased during the Rights Period could have been exchanged or into which they could have been converted during the Rights Period,

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

- (B) the denominator of which is:
- (1) in the case described in subparagraph 4.4(b)(A)(2)(I), the number of Common Shares outstanding, or
 - (2) in the case described in subparagraph 4.4(b)(A)(2)(II), the number of Common Shares that would be outstanding if all the Common Shares described in subparagraph 4.4(b)(A)(2)(II) had been issued,

as at the end of the Rights Period.

Any Common Shares owned by or held for the account of the Company or any subsidiary or affiliate (as defined in the *Securities Act* (Ontario)) of the Company 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 4.4, there is more than one purchase, conversion or exchange price per Common Share, the aggregate price of the total number of additional Common Shares offered for subscription or purchase, or the aggregate conversion or exchange price of the convertible securities so offered, will be calculated for purposes of the adjustment on the basis of:

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

To the extent that any adjustment in the Conversion Price occurs pursuant to this subsection 4.4(b) as a result of the fixing by the Company of a record date for the distribution of rights, options or warrants referred to in this subsection 4.4(b), the Conversion Price will be readjusted immediately after the expiration of any relevant exchange, conversion or exercise right to the Conversion Price which would then be in effect based upon the number of Common Shares actually issued

and remaining issuable after such expiration, and will be further readjusted in such manner upon expiration of any further such right.

If the Holder has converted the Note 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 Common Shares to which it is otherwise entitled upon such exercise, be entitled to that number of additional Common Shares equal to the result obtained when the Conversion Price in effect immediately prior to the end of such Rights Offering pursuant to this subsection is multiplied by the number of Common Shares received upon the conversion of the Notes during such period, and the resulting product is divided by the Conversion Price as adjusted for such Rights Offering pursuant to this subsection; provided that the provisions of Section 4.5 will be applicable to any fractional interest in a Common Share to which such Holder might otherwise be entitled. Such additional Common 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 Common Shares will be delivered to such Holder within five (5) Business Days following the end of the Rights Period.

- (c) If and whenever at any time after the date hereof the Company fixes a record date for the issue or the distribution to the holders of all or substantially all its Common Shares of:
- (iii) shares of the Company of any class other than Common Shares;
 - (iv) rights, options or warrants to acquire shares or securities exchangeable for or convertible into shares or property or other assets of the Company;
 - (v) evidence of indebtedness; or
 - (vi) any property or other assets,

and if such issuance or distribution does not constitute (A) a Share Reorganization or (B) a Rights Offering (such non-excluded events being called a “**Special Distribution**”), the Conversion Price will be adjusted effective immediately after such record date to a price determined by multiplying the Conversion Price in effect on such record date by a fraction:

- (A) the numerator of which is:
- (1) the product of the number of Common Shares outstanding on such record date and the Current Market Price of the Common Shares on such record date; less
 - (2) the aggregate fair market value (as determined by action by the directors of the Company, acting reasonably and in good faith, and subject to the prior written consent of the

NEO, if required) to the holders of the Common Shares of such securities or property or other assets so issued or distributed in the Special Distribution; and

- (B) the denominator of which is the number of Common Shares outstanding on such record date multiplied by the Current Market Price of the Common Shares on such record date.

Any Common Shares owned by or held for the account of the Company or any subsidiary or affiliate (as defined in the *Securities Act* (Ontario)) of the Company 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 capital reorganization of the Company or a reclassification or other change in the Common Shares (other than a Share Reorganization), or a consolidation, amalgamation or merger of the Company with or into any other corporation or other entity (other than a consolidation, amalgamation or merger which does not result in any reclassification or redesignation of the outstanding Common Shares or a change of the Common Shares into other shares), or a transfer of the undertaking or assets of the Company 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 conversion of the Notes after the effective date of such Capital Reorganization, will be entitled to receive in lieu of the number of Common 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 Common Shares to which such Holder was theretofore entitled upon conversion of the Notes. If determined appropriate by action of the directors of the Company, acting reasonably and in good faith, appropriate adjustments will be made as a result of any such Capital Reorganization in the application of the provisions set forth in this Section 4.4 with respect to the rights and interests thereafter of the Holder to the end that the provisions set forth in this Section 4.4 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 the Notes approved by action by the directors of the Company 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 Conversion Price shall occur as a result of:
- (vii) an event referred to in subsection 4.4(a);
 - (viii) the fixing by the Company of a record date for an event referred to in subsection 4.4(b); or

- (ix) the fixing by the Company of a record date for an event referred to in subsection 4.4(c) if such event constitutes the issue or distribution to the holders of all or substantially all of its outstanding Common 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, where required, the number of Common Shares purchasable upon the subsequent conversion of the Notes shall be simultaneously adjusted by multiplying the number of Common Shares purchasable upon the conversion of the Notes immediately prior to such adjustment by a fraction which shall be the reciprocal of the fraction employed in the adjustment of the Conversion Price. To the extent any adjustment in subscription rights occurs pursuant to this subsection 4.4(e) as a result of a distribution of exchangeable or convertible securities other than Equity Shares referred to in subsection 4.4(a) or as a result of the fixing by the Company of a record date for the distribution of rights, options or warrants referred to in subsection 4.4(b), the number of Common Shares acquirable upon conversion of the Notes shall be readjusted immediately after the expiration of any relevant exchange, conversion or exercise right to the number of Common Shares which would be purchasable based upon the number of Common 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 4.4(e) as a result of the fixing by the Company 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 4.4(c), the number of Common Shares acquirable upon conversion of the Notes 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 4.4(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 4.4(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.

4.5 No Requirement to Issue Fractional Shares

The Company shall not issue fractional Common Shares upon the conversion of this Note. If any fractional interest in a Common Share would, except for the provisions of this Section 4.5, be deliverable upon the conversion of any Principal Amount, the Company shall, in lieu of delivering any certificate of such fractional interest, satisfy such fractional interest by paying to the Holder of such surrendered Note an amount in lawful money of Canada equal to an identical fraction of the Conversion Price of the Common Shares on the Date of Conversion.

4.6 **Taxes and Charges on Conversion**

The Company will from time to time promptly pay or make provision for the payment of all Taxes which may be imposed by applicable laws (except income tax or security transfer tax, if any) which shall be payable with respect to the issuance or delivery of Common Shares to the Holder upon the exercise of its right of conversion pursuant to the terms of this Note.

4.7 **Certificate as to Adjustment**

The Company shall from time to time, immediately after the occurrence of any event which requires an adjustment or readjustment as provided in Section 4.4, deliver a notice to the Investors specifying the nature of the event requiring the same and the amount of the adjustment or readjustment necessitated thereby including the resulting Conversion Price and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based. Such notice and the amount of the adjustment specified therein shall, subject to the provisions of Sections 4.3 and 4.5 and absent manifest error, be conclusive and binding on all interested parties.

4.8 **Notice of Special Matters**

The Company covenants that, so long as this Note remains outstanding, it will give notice to the Holders of its intention to fix a record date for any event referred to in Section 4.4 (other than the subdivision, redivision, reduction, combination or consolidation of Common Shares) which may give rise to an adjustment in the Conversion Price, and such notice shall specify the particulars of such event and the record date or the effective date, as applicable, for such event, provided that the Company shall only be required to specify in such notice such particulars of such event as shall have been fixed and determined on the date on which such notice is given. Except where the Holders otherwise consent in writing, such notice shall be given not less than fourteen (14) days prior to the applicable record date.

4.9 **Company to Reserve Shares**

The Company covenants that it will at all times reserve and keep available out of its authorized Common Shares (if the number thereof is or becomes limited) solely for the purpose of issuance upon conversion of this Note such number of Common Shares as shall then be issuable upon the conversion of this Note. All Common Shares which shall so be issuable shall be, upon issuance, duly and validly issued, fully paid and non-assessable.

4.9 **Mandatory Offer**

Within five (5) Business Days after the occurrence of any of the following events:

- (i) the sale or other disposition of all or substantially all of the business of the Company; or
- (ii) a Change of Control of the Company,

the Company shall make an offer in writing to the Holder to purchase the outstanding Principal Amount of this Note plus all accrued and unpaid Interest as of such date. The offer shall remain open for a period of at least 30 days from the date of receipt of such notice by the Holder. The

Holder may, in its sole discretion, tender the Note to the offer by so indicating to the Company by notice in writing during the offer period. Purchase of the Note, if tendered, shall occur within five Business Days of receipt by the Company of such notice, together with the tendered Note.

ARTICLE 5 CONDITIONS PRECEDENT

5.1 Conditions Precedent

The Holder shall not be obligated to advance the Loan unless and until the following conditions precedent have been fulfilled to the Holder's satisfaction in its absolute discretion, which conditions are for the sole and exclusive benefit of the Holder, and notwithstanding anything to the contrary, which may be waived in writing by the Holder in its sole discretion:

- (a) **Note.** The Company shall have delivered to the Holder, in form and substance satisfactory to Holder, this Note and any and all other ancillary documents reasonably required by the Holder in connection with the advance of the Loan, including, without limitation, any and all consents, acknowledgements, estoppels, waivers, subordinations, priority agreements, intercreditor agreements, officer's certificates and legal opinions of the Company's counsel reasonably required by the Holder.
- (b) **Perfection of Security.** All registrations or filings required to perfect the Liens granted to the Holder shall have been made in all applicable jurisdictions and public offices necessary or desirable to provide the Holder with the priority position it requires.
- (c) **Representations, Warranties and Covenants.** The representations and warranties of the Holder shall be true, accurate, complete and correct as of the Closing Date and the Holder shall have complied with all covenants and agreements set forth herein, to the extent that the covenants can be complied with as of Closing Date.
- (d) **No Default.** No Default shall have occurred and be continuing or shall occur as a result of the transactions contemplated by this Note.

ARTICLE 6 COVENANTS OF THE COMPANY

6.1 **Covenants.** The Company covenants and agrees that so long as the Notes remain outstanding:

- (a) The Company shall pay the Principal Amount, Interest and all other amounts payable by the Company under the terms of this Note promptly when due on the dates and in the manner specified in this Note.
- (b) The Company will use commercially reasonable efforts to maintain its corporate existence and qualify and remain qualified to carry on business in each

jurisdiction where the character of the properties owned by it or the nature of the business transacted by it makes such qualification necessary.

- (c) The Company will give notice in writing to the Holder of the occurrence of any Default that is continuing forthwith upon becoming aware thereof.
- (d) The Company will use commercially reasonable efforts to maintain: (i) the listing of the Common Shares on the NEO, and (ii) the Company's status as a reporting issuer not in default under Applicable Securities Laws; provided that nothing in this subsection 6.01(d) shall prevent the Company from completing any transaction which would result in the Common Shares ceasing to be listed on the NEO or the Company ceasing to be a reporting issuer under Applicable Securities Laws so long as the holders of securities of the Company receive securities of an entity which is listed on a recognized Canadian or U.S. stock exchange or cash or the holders of securities of the Company have approved the transaction in accordance with the requirements of applicable corporate law and Applicable Securities Laws.
- (e) The Company covenants that it will at all times reserve and keep available out of its authorized Common Shares (if the number thereof is or otherwise becomes limited) for the purpose of issue and delivery, and shall issue to the Holder, such number of Common Shares as shall then be issuable under the terms of this Note upon conversion as provided in Article 4, and such Common Shares which shall be so issuable shall be duly and validly issued as fully paid and non-assessable Common Shares in the capital of the Company.

ARTICLE 7 DEFAULT AND ENFORCEMENT

7.1 Events of Default

The happening of any of the following events or conditions shall constitute an event of default ("**Default**") hereunder:

- (a) **Failure to Pay Principal Amount.** If the Company makes default in payment of the Principal Amount on the Maturity Date or when the same otherwise becomes due under any provision hereof;
- (b) **Failure to Pay Interest.** If the Company fails to make a payment of Interest when due;
- (c) **Failure to Pay Other Amounts.** If the Company fails to make payment when due of any amount payable hereunder other than the Principal Amount or Interest and such failure has not been cured within 30 days;
- (d) **Default in Other Covenants.** If, other than in respect of any covenant to pay, there is any default or failure in the observance or performance of any other act hereby required to be done or any other material covenant or condition hereby

required to be observed or performed and such default or failure has not been cured within 30 days;

- (e) **False Representations, etc.** If any representation, warranty, certificate, statement or report made or given herein or otherwise in connection hereunder is false or erroneous or misleading in any material respect at the time it was made or given;
- (f) **Insolvency.** If the Company is unable to pay debts as such debts become due, or is, or is adjudged or declared to be, or admits to being, bankrupt or insolvent;
- (g) **Voluntary Proceedings.** If the Company makes a general assignment for the benefit of creditors, or any proceedings or filing is instituted or made by the Company seeking relief on its behalf as debtor, or to adjudicate it to a bankrupt or insolvent, or seeking liquidation, winding-up, reorganization, arrangement, adjustment recomposition of it or its debts under any Law relating to bankruptcy, insolvency, reorganization or relief of debtors, or seeking appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties or assets; or the Company takes any corporate action to authorize any of the actions set forth in this subsection 7.1(g);
- (h) **Involuntary Proceedings.** If any notice of intention is filed or any proceeding or filing is instituted or made against the Company in any jurisdiction seeking to have an order for relief entered against it as debtor or to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding-up, reorganization, arrangement, adjustment or composition of it or its debts under any Law relating to bankruptcy, insolvency, reorganization or relief of debtors, or seeking appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties or assets or seeking possession, foreclosure or retention, or sale or other disposition of, or other proceedings to enforce security over, all or a substantial part of the assets of the Company unless the same is being contested actively and diligently in good faith by appropriate and timely proceedings and is dismissed, vacated or stayed within thirty (30) days of institution thereof;
- (i) **Receiver, etc.** If a receiver, liquidator, trustee, sequestrator or other officer with like powers is appointed with respect to, or an encumbrancer takes possession of, or forecloses or retains, or sells or otherwise disposes of, or otherwise proceeds to enforce security over all or a substantial part of the properties or assets of the Company or gives notice of its intention to do so;
- (j) **Execution, Distress.** If any writ, attachment, execution, sequestration, extent, distress or any other similar process becomes enforceable against the Company or if a distress or any analogous process is levied against all or a substantial part of the properties or assets of the Company;
- (k) **Suspension of Business.** If the Company suspends or ceases or threatens to suspend or cease its Business; and

- (l) **Sale.** If the Company sells or otherwise disposes of, or threatens to sell or otherwise dispose of, all or a substantial part of its undertaking and property and assets, whether in one transaction or a series of related transactions and the Company does not make the mandatory offer under Section 4.10.

7.2 Consequences of an Event of Default

Upon the occurrence and during the continuance of an Event of Default, all monies secured by the Lien over the Secured Property and the Obligations herein shall at the option of the Holder become forthwith due and payable.

ARTICLE 8 REMEDIES

8.1 Appointment of Receiver

- (a) **Right to Appoint:** Upon a Default which is continuing, the Holder may appoint by instrument in writing, any person to be a receiver (hereinafter called a “Receiver”, which term when used herein shall include a receiver and manager) of the Secured Property as the agent of the Company and may remove any Receiver so appointed and appoint another in his stead.
- (b) **Receiver Agent of the Company:** Any such Receiver shall, so far as concerns responsibility for their acts, be deemed the agent of the Company and not the Holder (to the extent permitted by applicable Laws) and the Holder shall not be in any way responsible for any misconduct, negligence or nonfeasance on the part of any such Receiver, their servants, agents or employees other than their gross negligence or wilful misconduct.
- (c) **Power of Receiver:** Subject to the provisions of the instrument appointing them, any such Receiver shall have power to take possession of the Secured Property or any part thereof, to preserve the Secured Property or its value, to carry on or concur in the carrying on of all or part of the business of the Company and to sell or otherwise dispose of or concur in selling or otherwise disposing of all or any part of the Secured Property. To facilitate the foregoing powers, any such Receiver may, to the exclusion of all others, including the Company, enter upon, use and occupy all premises owned or occupied by the Company wherein all or any part of the Secured Property may be situated, maintain the Secured Property upon such premises, borrow money on a secured or unsecured basis and use all or any part of the Secured Property directly in carrying on the Company’s Business or otherwise, as such Receiver shall, in his discretion, determine.
- (d) **Monies Received by Receiver:** Except as may be otherwise directed by the Holder, all monies received from time to time by such Receiver in carrying out their appointment shall be received exclusively in trust for and paid over to the Holder and applied against the Obligations in such order as the Holder sees fit in its sole and absolute discretion.

- (e) **Receiver Vested with Rights of the Holder:** Every such Receiver may, in the discretion of the Holder, be vested with all or any of the rights and powers of the Holder.

8.2 **Exercise Powers of Receiver**

Upon Default, the Holder may, either directly or through its agents or nominees, exercise all the powers and rights given to a Receiver hereby.

8.3 **Court Appointed Receiver**

Upon Default, the Holder may proceed in any court of competent jurisdiction for the appointment of a Receiver of all or any part of the Secured Property.

8.4 **Other Proceedings**

Upon Default, the Holder may take any other remedy or proceeding authorized or permitted hereby or by Law or equity.

8.5 **Sale of Secured Property**

Without limiting the generality of the foregoing, upon a Default which is continuing, it shall be lawful for the Holder to make any sale, lease or other disposition of the Secured Property either for cash or upon credit or partly for one and partly for the other upon such conditions as to terms of payment as it in its absolute discretion may deem proper (in accordance with applicable Laws) and to sue the Company for any deficiency remaining. The Holder shall be accountable only for money actually received by it. The Holder may deliver to the purchaser of the Secured Property good and sufficient conveyances of same, free and clear of any claim by the Company. The purchaser, lessee or transferee receiving any disposition of the Secured Property or any part thereof need not inquire whether Default under this Note has actually occurred but may as to this and all other matters rely upon a statutory declaration of the Holder, which declaration shall be conclusive and any such purchaser or lessee need not look to the application of the purchase money, rent or other consideration given upon such sale, lease or other disposition, which shall not be affected by any irregularity of any nature or kind relating to the crystallizing or enforcing of the security or the taking of possession of the Secured Property or the sale, lease or other disposition thereof.

8.6 **Rights as Secured Party**

In addition to those rights granted herein and in any other agreement now or hereafter in effect between the Company and the Holder, the Holder shall have, both before and after Default which is continuing, all the rights and remedies of a secured party under the PPSA and any other applicable Law as may from time to time be in effect. The Holder shall not be liable or accountable for any failure to exercise its remedies, take possession of, collect, realize, sell or otherwise dispose of the Secured Property or any part thereof or to institute any proceedings for such purposes. Furthermore, the Holder shall have no obligation to take any steps to preserve rights against prior parties to any Instrument or Chattel Paper whether Secured Property or Proceeds, whether or not in the possession of the Holder, and shall not be liable or accountable for failure to do so.

8.7 Take Possession

The Company acknowledges that the Holder or any Receiver appointed by it may take possession of the Secured Property or any part thereof wherever it may be located and by any method permitted by applicable Laws and the Company agrees that upon request from the Holder or any such Receiver to assemble and deliver possession of the Secured Property or any part thereof at such place or places as may be directed.

ARTICLE 9 RELEASE, SUBORDINATION AND THIRD PARTY BENEFICIARIES

9.1 **Release by Holder.** The Holder may, at its sole discretion, at any time release from the security interest hereby created any part or parts of the Secured Property either with or without consideration therefor, without responsibility therefor, and without thereby releasing any other part of the Secured Property or any person from this Note.

9.2 Subordination to Senior Indebtedness.

- (a) Notwithstanding any other provision to the contrary in this Note, all rights of the Holder and the other Noteholders to receive payment of any indebtedness owing to them by the Company is and shall be expressly subordinate and junior in right of payment and exercise of remedies to the prior payment in full in cash of all present and future Senior Indebtedness to the extent and in the manner provided therein, and the Holder hereby subordinates all present and future indebtedness owing under this Note as a claim against the Company prior to the payment in full in cash of the Senior Indebtedness; *provided, however*, that the foregoing subordination restrictions (and any other restrictions contained in this Article 9) do not restrict the ability of the Holder, should the Holder so demand at any time after the Maturity Date, to be repaid the Principal Amount plus any outstanding Interest on or after the Maturity Date if this Note is not earlier converted or cancelled pursuant to its terms (provided that the Senior Indebtedness is not in default), and nothing in this Note or otherwise shall prevent repayment on Maturity Date if elected by the Holder regardless of whether the Senior Indebtedness is still outstanding (provided that the Senior Indebtedness is not in default at the relevant time).
- (b) The Holder hereby acknowledges and agrees that each security interest, pledge, assignment, mortgage, or other interest of the Subsidiary Senior Lender in the Subsidiaries' Secured Property shall have priority to the extent of all Senior Indebtedness secured thereby over any right, security interest, lien, or claim that the Holder or any other Noteholder may now have or hereafter have therein or thereto. The priorities established hereby shall be irrespective of the time or order of attachment or perfection of security interests, liens, or claims or the time or order of filing of financing statements or mortgages or otherwise. The Holder hereby waives, to the extent permitted by applicable law, all rights to notice of sale or other intended disposition of any Subsidiaries' Secured Property by the Subsidiary Senior Lender.

- (c) Subject to Section 9.2(a), except as expressly permitted by the terms of any Senior Indebtedness, or unless the Subsidiary Senior Lender otherwise consents in writing, the Company will not make, and the Holder will not accept or receive, any payment in cash of any indebtedness owing under this Note until all the Senior Indebtedness has been paid in full in cash, other than in connection with the repayment of Principal Amount and Interest on or after the Maturity Date if demanded by the Holder pursuant to this Note. If the Holder receives any payment in cash on account of the indebtedness owing under this Note (other than after the Maturity Date if elected by the Holder), in violation of this Section 9.2, then it shall hold such cash payment in trust for the benefit of the Subsidiary Senior Lender and, promptly upon discovery or notice of such violation, pay such amount over to the Subsidiary Senior Lender on behalf of such holders for application in payment of the Senior Indebtedness.
- (d) The Holder agrees that to the extent it holds any indebtedness under this Note at the relevant time, it will not take any action as the holder of any such indebtedness that will impede, interfere with or restrict or restrain the exercise by the Subsidiary Senior Lender of rights and remedies under the Senior Indebtedness. In furtherance thereof, the Holder, in its capacity as a holder of the indebtedness under this Note hereby agrees not to oppose any motion filed or supported by the Subsidiary Senior Lender for relief from stay or for adequate protection in respect of any Senior Indebtedness and not to oppose any motions supported by the Subsidiary Senior Lender for the Company's use of cash collateral or post-petition borrowing from the Subsidiary Senior Lender, provided that, the repayment of Principal plus Interest after the Maturity Date if so demanded by the Holder pursuant to the terms hereof shall not in any manner be deemed to have impeded, interfered with or restricted or restrained the Subsidiary Senior Lender's rights or remedies under the Senior Indebtedness (provided that the Senior Indebtedness is not in default at the relevant time).
- (e) The Holder, for itself and its successors and assigns, agrees for the benefit of the Subsidiary Senior Lender that so long as any Senior Indebtedness remains outstanding or committed to be advanced, the Holder will not, directly or indirectly, take any action prior to the Maturity Date to accelerate or demand payment in cash by the Company of any of the indebtedness owing under this Note, to exercise any of the remedies in respect of such indebtedness or any collateral security therefor, to initiate any litigation against the Company, or to foreclose or otherwise realize on any security given by the Company to secure such indebtedness.
- (f) The Subsidiary Senior Lender shall be entitled to the benefits under this Section 9.2 without notice thereof being given to the Holder or to any other Noteholder.
- (g) The provisions of this Section 9.2 as to subordination are solely for the purpose of defining the relative rights of the Subsidiary Senior Lender on the one hand, and the Holder and the other Noteholders on the other hand, and none of such provisions shall impair, as between the Company and the Holder, the obligations of the Company, which are unconditional and absolute, to pay to the Holder all of

the indebtedness owing under this Note in accordance with the terms hereof, nor, except as provided by this Section 9.2 or the terms of any Senior Indebtedness, shall any such provisions prevent the Holder from exercising all remedies otherwise permitted by applicable law or under the terms of this Note upon an Event of Default, subject to the rights, if any, of the Subsidiary Senior Lender under the other provisions of this Section 9.2.

- (h) Each of the Company and the Holder agree that, unless the Subsidiary Senior Lender otherwise consents thereto in writing (such consent not to be unreasonably withheld), prior to the payment in full in cash of the Senior Indebtedness, (i) it will not modify or amend this Note or any collateral or other security therefor that directly alter or amend the subordination arrangements under this Article 9 hereof or otherwise (it being understood that the terms of this Note may be amended by the mutual consent of the Company and the Holder, without the consent of the Subsidiary Senior Lender if such amendments do not otherwise modify the terms of the subordination arrangements set forth herein), and (ii) except for the security interests granted under Article 3, the Company shall not grant and the Holder will not obtain liens on or security interests in the Secured Property as security for the indebtedness owing under this Note, and that to the extent any such liens or security interests are created or exist on or in the Secured Property (by operation of law or otherwise) all such liens and security interests are and shall be fully subordinated and junior to the liens on and security interests in the Secured Property in favour of the Subsidiary Senior Lender.
- (i) Nothing in this Section 9.2 will restrict, prevent or exclude the conversion of this Note into shares in the capital of the Company in accordance with Article 4, whether automatically or at the option of the Holder.

9.3 **Third Party Beneficiaries.**

- (a) Except as set out in Section 9.1(b), the parties do not confer any legal, equitable or other rights or remedies of any nature under or by reason of this Note upon any person other than the parties to this Note and their respective successors and permitted assigns.
- (b) The parties hereby designate the Subsidiary Senior Lender as third-party beneficiaries of Article 9 of this Note having the right to enforce all sections in such Article 9, including against the Company and the Holder, jointly and severally, and this Section 9.1(b) may not be amended at any time while any obligations are owing to the Subsidiary Senior Lender without the prior written consent of the Subsidiary Senior Lender.

9.4 Permitted Encumbrances and Permitted Indebtedness. The Holders hereby acknowledge the existence of the Permitted Encumbrances and the Permitted Indebtedness listed in Schedule "C" hereto.

ARTICLE 10 GENERAL MATTERS

10.1 Amalgamation

The Company acknowledges that if it amalgamates with any other corporation or corporations (a) the term “**Company**”, where used herein shall extend to and include each of the amalgamating corporations and the amalgamated corporation, and (b) the term “**Obligations**”, where used herein shall extend to and include the Obligations of each of the amalgamating corporations and the amalgamated corporation.

10.2 Costs and Expenses

The Company shall pay all reasonable costs, fees and expenses of the Holder, whether directly or for services rendered (including, without limitation, reasonably solicitors’ and other professional costs, fees and expenses) in connection with the preparation, negotiation and documentation of this Note and any and all documents ancillary thereto and the enforcement of the Holder’s rights hereunder and under any other document delivered pursuant to this Agreement provided funds including the Principal Amount are advanced as described herein. Such costs, fees and expenses shall form part of the Obligations and shall be secured hereby.

10.3 Further Assurances

The Company hereby covenants that it will, at all times do, execute, acknowledge and deliver every such further act, deed, transfer, assignment, mortgage, hypothec, charge, discharge and assurance with respect to the Secured Property as the other may reasonable require and as permitted by applicable Laws for the better assuring, mortgaging, charging, hypothecating, transferring, assigning, discharging and confirming the Secured Property unto the Holder and for the better accomplishing and effectuating the intent of this Note.

10.4 General Interest Provisions

Notwithstanding any other provision of this Note, in no event shall the aggregate “interest” (as that term is defined in Section 347 of the *Criminal Code* (Canada)) paid or payable pursuant to this Note exceed the effective annual rate of interest on the “credit advanced” (as defined therein) lawfully permitted under Section 347 of the *Criminal Code* (Canada). The effective annual rate of interest shall be determined in accordance with generally accepted actuarial practices and principles over the term of the Note, and in the event of a dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by the Holder will be conclusive for the purposes of such determination. If at any time the implementation of any provision hereof results in a payment or an obligation to make a payment in contravention of this Section 10.4, the amount of the excess shall be applied as a partial prepayment of principal and the obligation to make such excess payment shall be deemed a severable obligation. The Company represents and warrants to the Holder that it has not incurred, and will not incur, any charges or expenses pursuant to this Note which may be considered to be “interest” in an aggregate amount which is in contravention of Section 347 of the *Criminal Code* (Canada). A certificate of an authorized signing officer of the Holder as to each amount or each rate of interest payable hereunder from time to time shall, in the absence of manifest error, be conclusive evidence of such amount and

of such rate.

10.5 Performance by Holder

If the Company fails to perform any of its obligations hereunder, the Holder may, after notice to the Company, but shall not be obligated to, perform any or all such obligations, and all costs, charges, expenses, fees, outlays and premiums incurred by the Holder in connection therewith shall be payable by the Company forthwith upon demand by the Holder and shall bear interest from the date incurred by the Holder at the Interest Rate, compounded quarterly and payable on demand and shall form part of the Obligations and shall be secured hereby. Any such performance by the Holder shall not constitute a waiver by the Holder of any right, power, or privilege under this Note.

10.6 No Modification

No modification, variation or amendment of any provision of this Note shall be made without the prior written consent of the Holder, and no waiver of any provision hereof shall be effective unless in writing.

10.7 Appropriation of Funds

The Company agrees that the Holder may from time to time appropriate all monies realized by the Holder from the enforcement of the Liens on or towards the payment of any part of the Obligations of the Company as the Holder in its sole discretion may determine, and the Company shall have no right to require or enforce any appropriation inconsistent therewith, and the Holder shall have the right to change the application of any such proceeds and re-apply the same to any part or parts of such Obligations as the Holder may see fit notwithstanding any previous application.

10.8 Relationship of Parties

The provisions contained in this Note shall not create or be deemed to create any relationship as between the Company and the Holder other than that of borrower and creditor. For greater certainty, nothing herein shall constitute the Holder and the Company as partners or joint venturers or impose any liability upon them as such.

10.9 Not a Shareholder

Nothing in this Note or in the holding of the Notes evidenced hereby shall be construed as conferring upon the Holder any right or interest whatsoever as a shareholder of the Company.

10.10 Notice to the Company and the Holder

Any notice to be given to the Company or the Holder shall be in writing and shall be deemed to be validly given if such notice is delivered personally, sent by prepaid registered mail or emailed, addressed as follows:

- (a) if to the Company, at:

Trees Corporation

181 Bay Street, Suite 1800
Toronto, Ontario M5E 1R4
Attention: Jeff Holmgren, President & Chief Financial Officer
Email: jeffh@treescorp.ca

- (b) if to the Holder, at the Holder's address as it appears on the records of the Company.

Notice of change of address shall also be governed by this Section. Any notice so given by personal delivery shall be deemed to have been given when received by the Company or the Holder, and by prepaid registered mail shall be deemed to have been received by the Company or the Holder on the third (3rd) Business Day after the day of such mailing and any notice so given by email transmission shall be deemed to have been received by the Company or the Holder when the appropriate confirmation of receipt of transmission is received during normal business hours, failing which notice shall be deemed to be received the next Business Day.

10.11 Replacement of Note

If the Note shall become mutilated or be lost, stolen or destroyed and in the absence of notice that the Note has been acquired by a *bona fide* purchaser, the Company in its discretion may issue a new Note upon surrender and cancellation of the mutilated Note, or, in the event that a Note is lost, stolen or destroyed, in lieu of and in substitution for the same, and the substituted debenture shall be in the form hereof and the Holder shall be entitled to benefits hereof. In case of loss, theft or destruction, the Holder shall furnish to the Company such evidence of such loss, theft or destruction as shall be satisfactory to the Company in its discretion acting reasonably together with an indemnity in form and substance mutually acceptable to the Company and the Holder, each acting reasonably. The applicant shall pay reasonable expenses incidental to the issuance of any such new Note.

10.12 Successors and Assigns

This Note shall enure to the benefit of the Holder and its successors and assigns and shall be binding upon the Company and its successors.

10.13 Assignment

This Note is non-negotiable and each of the Company and the Holder covenants and agrees that it cannot, and shall not, transfer, sell, assign or pledge this Note without the prior written consent of the other party. The Holder acknowledges and agrees that any transfer, sale, assignment or pledging of this Note by it shall comply with the provisions of the Securities Act, or such other regulatory authority having jurisdiction.

10.14 Invalidity of Provisions

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

10.15 Governing Law

This Note shall be governed by and construed, interpreted and performed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

10.16 Time of Essence

Time shall be of the essence of this Note and a forbearance by the Holder of the strict application of this provision shall not operate as a continuing or subsequent forbearance.

10.17 No Waiver

No failure or delay by the Holder in exercising any right, power or privilege under this Note shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

10.18 Attachment

The Liens created by this Note are intended to attach when this Note is executed by the Company and delivered to the Holder or in the case of any property acquired subsequent hereto, contemporaneously with any such acquisition.

[The remainder of this page has been intentionally left blank.]

IN WITNESS WHEREOF, the Company has caused this Note to be executed under its corporate seal by its duly authorized officer as of the date first written above.

TREES CORPORATION

Per:


Name: Jeffrey Holmgren

Title: President and Chief Financial Officer

SCHEDULE "A"**CONVERSION FORM****TO: TREES CORPORATION**

All terms used herein but not defined shall have the meanings ascribed thereto in the within Note.

Pursuant to Article 4 of the Note, the undersigned registered Holder hereby irrevocably elects to convert the principal amount of \$_____ into _____ Common Shares at the Conversion Price in accordance with the terms of the Note and directs that the Common Shares issuable and deliverable upon the conversion be issued and delivered to the person indicated below.

(If Common Shares are to be issued in the name of a person other than the Holder, all requisite transfer taxes must be tendered by the undersigned).

Print name in which Common Shares issued on conversion are to be issued, delivered and registered:

Name: _____

(Address)

(City, Province and Postal Code)

DATED this ____ day of _____, 20__.

[HOLDER]

Per: _____

Name: _____

Title: _____

SCHEDULE "B"**INTEREST PAYMENT ELECTION FORM****TO: TREES CORPORATION**

The undersigned registered holder (the "**Holder**") of the attached 12.0% secured convertible promissory note due October 20, 2025 (the "**Note**") hereby elects to receive: (Please check the **ONE** box applicable):

 Cash
OR
 Common Shares

representing payment of the interest payable for the upcoming Interest Payment Date.

Capitalized terms used in this Conversion Notice, have the meanings given to them in the Note.

If the Holder has elected to be issued Common Shares, the Holder irrevocably directs that such Common Shares be issued in the name of the Holder and that certificates representing such Common Shares be delivered and registered as follows:

Name: _____

(Address)

(City, Province and Postal Code)

DATED this ____ day of _____, 20__.

[HOLDER]

Per: _____

Name: _____

Title: _____

SCHEDULE “C”**PERMITTED INDEBTEDNESS**

- (i) indebtedness incurred which is secured by the purchase money liens and other agreements described in subparagraph (vi) of the definition of Permitted Encumbrances;
- (ii) the Obligations hereunder;
- (iii) existing shareholder loans;
- (iv) unconverted debt in connection with the Company’s outstanding secured convertible debentures issued on September 10, 2021, October 28, 2021, and November 5, 2021 by way of private placement;
- (v) the Notes effective as of the date hereof in favour to other Holders of Notes issued pursuant to the Offering;
- (vi) any Senior Indebtedness; and
- (vii) such other indebtedness as may be approved by the Holder from time to time.

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE FEBRUARY 21, 2023.

TREES CORPORATION

SECURED CONVERTIBLE PROMISSORY NOTE

Date: October 20, 2022

**ARTICLE 1
PRINCIPAL AND INTEREST**

1.1 Promise to Pay

FOR VALUE RECEIVED, the undersigned, **TREES CORPORATION**, a corporation continued under the federal laws of Canada (the “**Company**”), hereby acknowledges itself indebted and promises to pay to Professional Trading Services S.A., and its successors and assigns (the “**Holder**”), as it may direct, on the Maturity Date (as hereinafter defined) or on such earlier date as the principal amount hereof may become due in accordance with the provisions hereof, on presentation and surrender of this Note in accordance with the provisions hereof at the offices of the Company, the principal amount of one hundred thousand dollars (\$100,000) in lawful money of Canada, (the “**Principal Amount**”) and to pay interest (“**Interest**”) on the Principal Amount outstanding from time to time (after as well as before maturity, default and judgment) at a rate of interest equal to twelve percent (12%) per annum (the “**Interest Rate**”). Interest shall accrue on the Principal Amount at the Interest Rate on a non-compounded basis, from the date hereof until conversion of this Note or payment in full. Interest shall be paid annually, in Common Shares, until the achievement by the Company of the Conversion Conditions Precedent (as hereafter defined), after which interest shall be paid in cash or Common Shares at the Holder’s option by duly completing and returning to the Company, at least 5 calendar days prior to the Interest Payment Date, the Interest Payment Election Form attached hereto as Schedule “B”. In the event the Holder does not complete and return the Interest Payment Election Form to the Company within the prescribed time, the Holder shall be issued cash or Common Shares in full satisfaction of the interest owing to the Holder on the Interest Payment Date, at the Company’s option. The total amount payable under this Note will consist of the sum of the unpaid principal amount plus all accrued and unpaid Interest thereon. The number of Common Shares issuable in payment of Interest shall be determined using the volume weighted average trading price of the Common Shares on the Neo Exchange Inc. (the “**NEO**”) (or such other exchange on which the Common Shares may principally trade at such time) for the ten (10) consecutive Trading Days preceding the Interest payment record date (which record date shall be five Business Days prior to the Interest Payment Date). Interest shall be computed on the basis of a 360-day year composed of twelve 30-day months.

1.2 Prepayment

The Company shall have the ability to repay all or a part of the amounts outstanding hereunder at any time prior to the Maturity Date at a price equal to 112% of all then outstanding Principal Amount and Interest.

ARTICLE 2
DEFINITIONS, INTERPRETATIONS AND GENERAL PROVISIONS

2.1 Interpretation

In this Note, unless there is something in the subject matter or context inconsistent therewith:

- (a) The terms “**Goods**”, “**Chattel Paper**”, “**Documents of Title**”, “**Instruments**”, “**Intangibles**”, “**proceeds**”, “**Inventory**”, “**Investment Property**”, “**Money**”, “**Account**”, “**Equipment**” and “**Securities**”, whenever used in this Note shall have the meanings ascribed thereto in the PPSA;
- (b) “**Affiliate**” has the meaning specified in the *Canada Business Corporations Act*;
- (c) “**Applicable Securities Laws**” means, collectively, all applicable securities laws (including rules, regulations, policies and instruments enacted thereunder) in the Provinces of Ontario, Alberta and British Columbia and all applicable rules and policies of the NEO or any other stock exchange on which the Common Shares may be listed from time to time.
- (d) “**Arm’s length**” has the meaning specified in the *Income Tax Act* (Canada);
- (e) “**Business**” means the business carried on by the Company, including but not limited to the operation of independent retail cannabis stores in the Province of Ontario;
- (f) “**Business Day**” means any day, other than Saturday, Sunday or any civic or statutory holiday in the City of Toronto, Ontario;
- (g) “**Change of Control**” means any event whereby any Person or any Persons acting jointly or in concert (as that term is used in the *Securities Act* (Ontario)) with such Person, together with any Affiliate of any such Person, become(s) the beneficial owner(s) of shares of the Company, or securities exercisable or convertible into shares of the Company, carrying more than 50 percent of the votes for the election of directors and the votes carried by such shares are sufficient, if exercised, to elect a majority of the board of directors of the Company;
- (h) “**Closing**” means the issuance of the Note free from any escrow conditions on the Closing Date;
- (i) “**Closing Date**” means the date hereof;
- (j) “**Common Shares**” means the common shares in the capital of the Company, as currently constituted, and any shares into which such common shares may be changed, converted, exchanged or reclassified from time to time;

- (k) “**Contract**” means any contract (i) involving aggregate payments to or by the Company in excess of Twenty-Five Thousand Dollars (\$25,000) during any year; or (ii) which if terminated would cause a Material Adverse Change;
- (l) “**Conversion Conditions Precedent**” has the meaning given thereto in Section 4.1;
- (m) “**Conversion Price**” means \$0.015 per Common Share, subject to adjustment as provided in Section 4.4;
- (n) “**Current Market Price**” for the purposes of any computation hereunder, the “Current Market Price” at any date shall be the weighted average sale price per share for the Common Shares for the 20 consecutive Trading Days ending immediately before such date on the NEO or such other stock exchange on which the Common Shares may then be listed, or, if the Common Shares or any other security in respect of which a determination of Current Market Price is being made are not listed on any stock exchange, the Current Market Price shall be determined by the Board of Directors, acting reasonably and in good faith, which determination shall be conclusive. The weighted average price shall be determined by dividing the aggregate sale price of all such shares sold on the said exchange during the said 20 consecutive trading days by the total number of such shares so sold;
- (o) “**Equity Shares**” means the Common Shares and any shares of any other class or series of the Company 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 Company beyond a fixed sum or a fixed sum plus accrued dividends;
- (p) “**Date of Conversion**” has the meaning given thereto in Section 4.2(b);
- (q) “**Default**” has the meaning attributed thereto in Section 7.1;
- (r) “**Director**” means a director of the Company from time to time and “**Board of Directors**” means the Board of Directors of the Company from time to time;
- (s) “**Governmental Body**” means any government, parliament, legislature, or any regulatory authority, agency, commission or board of any government, parliament or legislature, or any court or (without limitation to the foregoing) any other law, regulation or rule-making entity (including any central bank, fiscal or monetary authority or authority regulating banks), having or purporting to have jurisdiction in the relevant circumstances, or any Person acting or purporting to act under the authority of any of the foregoing (including any arbitrator);
- (t) “**Holder**” has the meaning ascribed thereto in Section 1.1 above;

- (u) “**Inchoate Lien**” means with respect to any property or asset of the Company, the following Liens:
- (i) any Lien for taxes, duties and assessments, and any Lien securing workers’ compensation, unemployment insurance or other social security obligations not yet due or are being contested in good faith by appropriate proceedings and for which a reserve satisfactory to the Holder in its absolute discretion has been provided;
 - (ii) any carriers, warehousemen, mechanics or materialmen’s Liens in respect of amounts accruing in favour of any Person, so long as such amounts are not yet due or are being contested in good faith by appropriate proceedings and for which a reserve satisfactory to the Holder in its absolute discretion has been provided;
 - (iii) Liens or rights of distress reserved in or exercisable under any lease for rent or for compliance with the terms of such lease (provided that the recognition of such Liens or rights as a permitted encumbrance shall not prejudice the priority of the Liens created hereby, if any, over such Liens or rights as determined in accordance with applicable law); and
 - (iv) undetermined or inchoate Liens, privileges or charges incidental to current and ongoing operations of the Company which have not been filed pursuant to applicable law against any of the Company’s property or assets or which relate to obligations not yet due or delinquent;
- (v) “**Interest**” has the meaning ascribed thereto in Section 1.1;
- (w) “**Interest Payment Date**” means October 20th in each year that the Note is outstanding commencing on the date hereof.
- (x) “**Interest Payment Election Form**” means the form of election attached hereto as Schedule “B”.
- (y) “**Interest Rate**” has the meaning ascribed thereto in Section 1.1;
- (z) “**Law**” means, in respect of any Person, property, transaction or event, all applicable laws, statutes, rules, by-laws (including zoning by-laws) and regulations, and all applicable official directives, orders, judgments and decrees, consents, exemptions, approvals, licences, guidelines and policies of any Governmental Body (whether or not having the force of law) relating to such Person, property, transaction or event, whether applicable in Canada or any other jurisdiction.
- (aa) “**Lien**” means any mortgage, hypothec, title retention, pledge, lien, claim, trust, assignment as security, right of set-off, charge, security interest or other encumbrance whatsoever, whether fixed or floating and howsoever created or arising;

- (bb) “**Loan**” means, at any time, the accommodations of credit made pursuant to this Note;
- (cc) “**Material Adverse Change**” means, as of any date of determination, any change, circumstance, state of facts or occurrence (or series of occurrences) including any litigation which, in the reasonable credit discretion of the Holder, has or is reasonably likely to have a material adverse change on:
 - (i) the business, assets, liabilities, operations, results of operations, financial condition, or prospects of the Company,
 - (ii) the ability of the Company to carry on its Business,
 - (iii) the ability of the Company to perform any of its obligations hereunder or under any Contract,
 - (iv) any Lien constituted or created by the Company in favour of the Holder;
- (dd) “**Maturity Date**” means October 20, 2025, unless the Note is converted earlier pursuant to and in accordance with the provisions hereof;
- (ee) “**NEO**” has the meaning ascribed thereto in Section 1.1 above;
- (ff) “**Note**” means this secured convertible promissory note of the Company as same may be revised, restated, replaced or supplemented from time to time;
- (gg) “**Noteholders**” means the holders of the Notes and “**Noteholder**” means any one of them;
- (hh) “**Notes**” means all of the secured Notes issued under the Offering on equal or substantially similar terms to this Note;
- (ii) “**Obligations**” has the meaning ascribed thereto in Section 3.2;
- (jj) “**Offering**” means an offering of secured convertible note units issued by the Company in one or more closings with an aggregate principal amount of \$1,000,000, where the Notes shall be: (i) in substantially the same form as this Note other than in respect of the date of issuance and corresponding commencement of interest and the maximum amounts; and (ii) shall, in relation to priority of security, rank equally and rateably without discrimination, preference or priority with all other Notes;
- (kk) “**Permitted Encumbrances**” means:
 - (i) any Inchoate Lien;
 - (ii) any right reserved to or vested in any Governmental Body, by the terms of any Permit acquired by the Company, or by any statutory provision to

terminate any such Permit or require annual or other periodic payments as a condition of the continuance thereof;

- (iii) security given by the Company to a public utility or any Governmental Body when required by such utility or Governmental Body in connection with, and incidental to, the operations of the Company in the ordinary course of its business;
- (iv) Liens incurred or deposits made in connection with contracts, bids, tenders or expropriation proceedings, surety or appeal bonds, cost of litigation when required by applicable law and other similar Liens and deposits;
- (v) Liens and privileges arising out of judgments or awards in respect of which an appeal or proceeding for review has been commenced provided a stay of execution pending such appeal or proceedings for review has been obtained and satisfactory reserves have been established;
- (vi) Liens on specific Equipment or motor vehicles of the Company which secures, and is limited to, the unpaid purchase price of such Equipment or motor vehicles, provided that any such Lien is limited to the Equipment or motor vehicles so acquired and such Equipment or motor vehicles is used by the Company in the operation of its business and is not for resell, lease or rental to any Person;
- (vii) Liens in favour of the Holder;
- (viii) Liens given in respect of the Permitted Indebtedness listed on Schedule "C" hereto; and
- (ix) any Liens consented to in writing by Holder,

provided however, that the existence or consent by the Holder of any Permitted Encumbrances shall not be construed in any way as a subordination by the Holder of its Liens unless expressly subordinated in writing by the Holder pursuant to a separate and independent priority, intercreditor or subordination agreement;

- (ll) "**Permitted Indebtedness**" means, at any time, such indebtedness listed on Schedule "C" hereto;
- (mm) "**Permits**" means all material licenses, permits, approvals, consents, certificates, franchises and other authorizations required by the Company to operate the Business;
- (nn) "**Person**" means an individual, natural person, partnership, corporation, joint stock company, trust, unincorporated association, joint venture, government, Governmental Body or any other entity, whether acting in an individual, fiduciary or other capacity, state or political subdivision thereof or any agency of such state or subdivision;

- (oo) “**PPSA**” means the *Personal Property Security Act* (Ontario), as amended, replaced or supplemented from time to time;
- (pp) “**Principal**” has the meaning ascribed thereto in Section 1.1;
- (qq) “**Secured Property**” has the meaning ascribed thereto in Section 3.1;
- (rr) “**Securities**” means any equity security, or any option, warrant or other right to subscribe for, or purchase, or otherwise acquire, any equity security;
- (ss) “**Securities Act**” means the *Securities Act* (Ontario), as amended, replaced or supplemented from time to time;
- (tt) “**Senior Indebtedness**” means the principal and interest on:
 - (i) indebtedness for borrowed money owed by the Company or its subsidiaries to the Subsidiary Senior Lender in connection with the Tweed Note;
 - (ii) indebtedness for borrowed money that the Company may now or hereinafter incur from a Canadian chartered bank or trust company (or such other financial institution as may be acceptable to the Company) for the purposes of term or operating facilities, to the extent the Company has granted security therefor and to the extent that the obligation to repay such borrowed money is not itself subordinated to any third party the effect of which postponement would be that the Obligations created herein would be postponed to any such third party to whom the Obligations would not otherwise be postponed; and
 - (iii) renewals, extensions, restructurings, re-financings and refundings of any such indebtedness,

unless in any of the cases specified in (i), (ii) or (iii) above, it is provided by the terms of the instrument creating or evidencing such indebtedness that such indebtedness is not superior in right of payment to this Note;
- (uu) “**Subsidiaries’ Secured Property**” means the property of OCH Ontario Consulting Corp., as debtor, and Ontario Cannabis Holdings Corp., as guarantor, that is the subject of the security interest granted in favour of the Subsidiary Senior Lender in connection with the Tweed Note and pursuant to the general security agreement dated March 11, 2020 between OCH Ontario Consulting Corp., Ontario Cannabis Holdings Corp. and the Subsidiary Senior Lender;
- (vv) “**Subsidiary Senior Lender**” means Tweed Franchise Inc., a wholly-owned subsidiary of Canopy Growth Corporation;
- (ww) “**Trading Day**” means, with respect to the NEO or other market for securities, any day on which such exchange or market is open for trading or quotation;

- (xx) “**Taxes**” means all taxes of any kind or nature whatsoever including, without limitation, income taxes, sales or value-added taxes, levies, stamp taxes, royalties, duties, and all fees, deductions, compulsory loans and withholdings imposed, levied, collected, withheld or assessed as of the date hereof or at any time in the future, by any Governmental Body having power to tax, together with penalties, fines, additions to tax and interest thereon;
- (yy) “**Third Party**” means a Person who is at Arm’s Length from the Company, the Holders and all shareholders of the Company;
- (zz) “**This Note**”, “**hereto**”, “**herein**”, “**hereby**”, “**hereunder**”, “**hereof**” and similar expressions refer to this Note and not to any particular Article, Section, subsection, clause, subdivision or other portion hereof and include any and every instrument supplemental or ancillary hereto; and
- (aaa) “**Tweed Note**” means the secured grid promissory note of OCH Ontario Consulting Corp., a wholly-owned, indirect subsidiary of the Company, in favour of the Subsidiary Senior Lender dated March 11, 2020.

2.2 **Plurality and Gender**

Words importing the singular number only shall include the plural and vice versa and words importing one gender shall include all genders and words importing Persons shall include firms and corporations and vice versa.

2.3 **Headings, etc.**

The division of this Note into Articles, Sections, Subsections and paragraphs and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Note.

2.4 **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 at or before the requisite time on the next succeeding day that is a Business Day.

2.5 **Reference to Law**

Reference herein to any Law means such Law as amended, modified, codified or re-enacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder.

2.6 **Currency**

Any reference in this Note to “**Dollars**”, “**dollars**” or the sign “**\$**” shall be deemed to be a reference to lawful money of Canada.

ARTICLE 3 INDEBTEDNESS SECURED

3.1 Creation of Security Interest

As general continuing collateral security for the due payment and performance of any and all present and future Obligations of the Company to the Holder, the Company hereby grants a Lien as and by way of a fixed and floating Lien to and in favour of the Holder, in any and all of the undertaking, property and assets of the Company, real and personal, moveable and immovable, of whatsoever nature and kind whatsoever, now owned or hereafter acquired, including, without limitation, all present and future income, Money, Inventory, Equipment, Goods, Chattel Paper, Documents of Title, Intangibles, Investment Property, revenues, rents, supplies, materials, credits, bank accounts, Accounts, book debts, negotiable and non-negotiable Instruments, shares, stocks, bonds, debentures, Securities, choses in action, proceeds of insurance, contracts, agreements, goodwill, trademarks, patents and patent rights, processes, inventions, franchises, powers, privileges, licenses and all other property and things of value, real or personal, tangible or intangible, legal or equitable, which the Company may be possessed of, or entitled, to or which may at any time hereafter be acquired by the Company, save and except for the last day of any term reserved by any lease now held or hereafter acquired by the Company (collectively, referred to as the “**Secured Property**”) and the Company shall stand possessed of any such reservation in trust for the exclusive benefit of the Holder and to assign and dispose thereof as the Holder may direct.

3.2 Liens Securing Indebtedness

The Liens granted by the Company to the Holder pursuant to this Note shall constitute general continuing collateral security for the due payment and performance of any and all present and future debts, liabilities and obligations of the Company to the Holder arising out of this Note, whether actual or contingent, direct or indirect, as principal or surety, matured or not, now existing or arising hereafter, including, without limitation, the Principal Amount, Interest (at the Interest Rate) and any and all costs, fees and expenses incurred by the Holder (the “**Obligations**”).

3.3 Designation, Rank and Priority

This Note is one of several secured Notes issued or to be issued by the Company under the Offering. The ranking of the Notes set out in this Section 3.3 shall apply in all events and circumstances regardless of the date of any advance or advances made to the Company by the holders of the Notes. The provisions of this Note shall be binding on the Company, the Holder and all Persons claiming through or under them respectively and any Person shall be deemed to have notice of these provisions. For greater certainty, the security interest of the Holder in respect of this Note shall rank *pari passu* with the security interest of the other Holders in respect of their respective Notes.

ARTICLE 4 CONVERSION

4.1 Conversion Privilege

Subject to and upon compliance with the provisions of this Article 4, (a) for a period ending on the first anniversary of the Closing Date, and (b) the completion by the Company of a financing subsequent to the Offering for gross proceeds of at least \$1,000,000, all or a portion of the

Principal Amount of a Holder's Notes can only be converted into Common Shares at the Conversion Price. Upon meeting both of conditions (a) and (b) above (the "**Conversion Conditions Precedent**"), the Holder shall have the option to convert all or a portion of the Principal Amount of a Holder's Notes into Common Shares at the Conversion Price. If converted prior to the achievement by the Company of the Conversion Conditions Precedent, all accrued and unpaid interest in respect of the Notes from the date hereof to the date of conversion of the Principal Amount shall be satisfied by the Company in Common Shares within ten (10) Business Days of the date of conversion of the Principal Amount, and if converted upon or after the achievement by the Company of the Conversion Conditions Precedent, all accrued and unpaid interest in respect of the Notes from the date hereof to the date of conversion of the Principal Amount shall be satisfied by the Company in cash or Common Shares in accordance with the Holders' election to be delivered pursuant to Section 4.2 regarding receipt of the Principal Amount within ten (10) Business Days of the date of conversion of the Principal Amount. Notwithstanding the foregoing, the conversion of the Principal Amount into Common Shares shall be subject to any applicable NEO or regulatory approval.

4.2 Manner of Exercise of Right to Convert

- (a) If the Holder wishes to convert this Note into Common Shares, it shall surrender such Note to the Company together with the Conversion Form set forth in Schedule "A" hereto, duly executed by the Holder, irrevocably exercising its right to convert such Note in accordance with the provisions of this Article 4. Thereupon the Holder or its nominee or assignee shall be entitled to be entered in the books of the Company as at the Date of Conversion as the holder of the number of Common Shares into which such Note is convertible in accordance with the provisions hereof and, as soon as practicable thereafter, the Company shall deliver to such Holder or, subject as aforesaid, its nominee or assignee, a certificate for such Common Shares and, if applicable, a cheque for any amount payable under Section 4.5 in respect of fractional shares.
- (b) For the purposes hereof, the date of conversion of the Note (the "**Date of Conversion**") shall be deemed to be the date on which it is surrendered in accordance with the provisions hereof and, in the case of a Note so surrendered by mail or other means of delivery, the date on which it is received by the Company during regular business hours on a Business Day.
- (c) Upon surrender of this Note for conversion in accordance with this Section 4.2, the Holder will be entitled to receive that number of Common Shares equal to the quotient obtained when the aggregate of the Principal Amount to be converted is divided by the Conversion Price. The Common Shares issued upon conversion shall be entitled to all rights and privileges accorded to holders of record of Common Shares on and after the Date of Conversion, from which date they will for all purposes be and be deemed to be issued and outstanding as fully paid and non-assessable Common Shares.

4.3 Mandatory Conversion

If, during the term of the Notes, the volume weighted-average share price of the Common Shares on the NEO (or such other exchange on which the Common Shares may principally trade at such time) for 20 consecutive Trading Days equals or exceeds \$0.06, the Company may, at its option, subject to providing not less than 30 days' prior notice to Holders, convert the Notes into Common Shares at the Conversion Price (subject to customary adjustments for recapitalizations, stock dividends and splits, combinations and the like), in whole or, from time to time, in part. On any such conversion of the Notes, the Holders will receive accrued and unpaid Interest on the amount converted for the period from the date of the latest payment of Interest to the Date of Conversion, in cash. The Company may only exercise its mandatory conversion right on or after the first anniversary of the Closing Date.

4.4 Adjustment Provisions

The Conversion Price will be subject to adjustment in the events and in the manner following:

- (a) if and whenever at any time prior to the Maturity Date, the Company:
 - (i) issues Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all the holders of the Common Shares as a stock dividend;
 - (ii) makes a distribution on its outstanding Common Shares payable in Common Shares or securities exchangeable for or convertible into Common Shares;
 - (iii) subdivides its outstanding Common Shares into a greater number of shares; or
 - (iv) consolidates its outstanding Common Shares into a smaller number of shares;

(any of such events in subsection 4.4(a)(i), subsection 4.4(a)(ii), subsection 4.4(a)(iii) or 4.4(a)(iv) above being called a “**Share Reorganization**”), the Conversion Price will be adjusted immediately after the effective date or record date for the happening of a Share Reorganization, as the case may be, by multiplying the Conversion Price in effect immediately prior to such effective date or record date by a fraction, the numerator of which is the number of Common Shares outstanding on such effective date or record date before giving effect to such Share Reorganization and the denominator of which is the number of Shares outstanding immediately after giving effect to such Share Reorganization (including, in the case where securities exchangeable for or convertible into Common Shares are distributed, the number of Common Shares that would have been outstanding had all such securities been exchanged for or converted into Common Shares on such effective date or record date). Such

adjustment will be made successively whenever any event referred to in this Section 4.4 occurs;

- (b) If and whenever at any time after the date hereof the Company fixes a record date for the issuance of rights, options or warrants to the holders of all or substantially all of its outstanding Common Shares under which such holders are entitled to subscribe for or purchase Common Shares or securities exchangeable for or convertible into Common Shares, where:
- (i) the right to subscribe for or purchase Common Shares, or the right to exchange securities for or convert securities into Common Shares, expires not more than 45 days after the date of such issue (the period from the record date to the date of expiry herein in this Section 4.4 being the “**Rights Period**”); and
 - (ii) the cost per Common Share during the Rights Period (inclusive of any cost of acquisition of securities exchangeable for or convertible into Common Shares in addition to any direct cost of Common Shares) (herein in this Section 4.4 called the “**Per Share Cost**”) is less than 95% of the Current Market Price of the Common Shares on the record date,

(any of such events being called a “**Rights Offering**”), then the Conversion Price will be adjusted effective immediately after the end of the Rights Period to a price determined by multiplying the Conversion Price in effect immediately prior to the end of the Rights Period by a fraction:

- (A) the numerator of which is the aggregate of:
 - (1) the number of Common Shares outstanding as of the record date for the Rights Offering; and
 - (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 4.4(b) was the issue of rights, options or warrants to the holders of Common Shares under which such holders are entitled to subscribe for or purchase additional Common Shares, the number of Common Shares so subscribed for or purchased during the Rights Period, or
 - (II) where the event giving rise to the application of this subsection 4.4(b) was the issue of rights, options or warrants to the holders of Common Shares under which such holders are entitled to subscribe for or purchase securities exchangeable for or convertible into Common Shares, the number of Common

Shares for which those securities so subscribed for or purchased during the Rights Period could have been exchanged or into which they could have been converted during the Rights Period,

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

- (B) the denominator of which is:
- (1) in the case described in subparagraph 4.4(b)(A)(2)(I), the number of Common Shares outstanding, or
 - (2) in the case described in subparagraph 4.4(b)(A)(2)(II), the number of Common Shares that would be outstanding if all the Common Shares described in subparagraph 4.4(b)(A)(2)(II) had been issued,

as at the end of the Rights Period.

Any Common Shares owned by or held for the account of the Company or any subsidiary or affiliate (as defined in the *Securities Act* (Ontario)) of the Company 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 4.4, there is more than one purchase, conversion or exchange price per Common Share, the aggregate price of the total number of additional Common Shares offered for subscription or purchase, or the aggregate conversion or exchange price of the convertible securities so offered, will be calculated for purposes of the adjustment on the basis of:

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

To the extent that any adjustment in the Conversion Price occurs pursuant to this subsection 4.4(b) as a result of the fixing by the Company of a record date for the distribution of rights, options or warrants referred to in this subsection 4.4(b), the Conversion Price will be readjusted immediately after the expiration of any relevant exchange, conversion or exercise right to the Conversion Price which would then be in effect based upon the number of Common Shares actually issued

and remaining issuable after such expiration, and will be further readjusted in such manner upon expiration of any further such right.

If the Holder has converted the Note 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 Common Shares to which it is otherwise entitled upon such exercise, be entitled to that number of additional Common Shares equal to the result obtained when the Conversion Price in effect immediately prior to the end of such Rights Offering pursuant to this subsection is multiplied by the number of Common Shares received upon the conversion of the Notes during such period, and the resulting product is divided by the Conversion Price as adjusted for such Rights Offering pursuant to this subsection; provided that the provisions of Section 4.5 will be applicable to any fractional interest in a Common Share to which such Holder might otherwise be entitled. Such additional Common 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 Common Shares will be delivered to such Holder within five (5) Business Days following the end of the Rights Period.

- (c) If and whenever at any time after the date hereof the Company fixes a record date for the issue or the distribution to the holders of all or substantially all its Common Shares of:
- (iii) shares of the Company of any class other than Common Shares;
 - (iv) rights, options or warrants to acquire shares or securities exchangeable for or convertible into shares or property or other assets of the Company;
 - (v) evidence of indebtedness; or
 - (vi) any property or other assets,

and if such issuance or distribution does not constitute (A) a Share Reorganization or (B) a Rights Offering (such non-excluded events being called a “**Special Distribution**”), the Conversion Price will be adjusted effective immediately after such record date to a price determined by multiplying the Conversion Price in effect on such record date by a fraction:

- (A) the numerator of which is:
- (1) the product of the number of Common Shares outstanding on such record date and the Current Market Price of the Common Shares on such record date; less
 - (2) the aggregate fair market value (as determined by action by the directors of the Company, acting reasonably and in good faith, and subject to the prior written consent of the

NEO, if required) to the holders of the Common Shares of such securities or property or other assets so issued or distributed in the Special Distribution; and

- (B) the denominator of which is the number of Common Shares outstanding on such record date multiplied by the Current Market Price of the Common Shares on such record date.

Any Common Shares owned by or held for the account of the Company or any subsidiary or affiliate (as defined in the *Securities Act* (Ontario)) of the Company 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 capital reorganization of the Company or a reclassification or other change in the Common Shares (other than a Share Reorganization), or a consolidation, amalgamation or merger of the Company with or into any other corporation or other entity (other than a consolidation, amalgamation or merger which does not result in any reclassification or redesignation of the outstanding Common Shares or a change of the Common Shares into other shares), or a transfer of the undertaking or assets of the Company 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 conversion of the Notes after the effective date of such Capital Reorganization, will be entitled to receive in lieu of the number of Common 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 Common Shares to which such Holder was theretofore entitled upon conversion of the Notes. If determined appropriate by action of the directors of the Company, acting reasonably and in good faith, appropriate adjustments will be made as a result of any such Capital Reorganization in the application of the provisions set forth in this Section 4.4 with respect to the rights and interests thereafter of the Holder to the end that the provisions set forth in this Section 4.4 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 the Notes approved by action by the directors of the Company 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 Conversion Price shall occur as a result of:
- (vii) an event referred to in subsection 4.4(a);
 - (viii) the fixing by the Company of a record date for an event referred to in subsection 4.4(b); or

- (ix) the fixing by the Company of a record date for an event referred to in subsection 4.4(c) if such event constitutes the issue or distribution to the holders of all or substantially all of its outstanding Common 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, where required, the number of Common Shares purchasable upon the subsequent conversion of the Notes shall be simultaneously adjusted by multiplying the number of Common Shares purchasable upon the conversion of the Notes immediately prior to such adjustment by a fraction which shall be the reciprocal of the fraction employed in the adjustment of the Conversion Price. To the extent any adjustment in subscription rights occurs pursuant to this subsection 4.4(e) as a result of a distribution of exchangeable or convertible securities other than Equity Shares referred to in subsection 4.4(a) or as a result of the fixing by the Company of a record date for the distribution of rights, options or warrants referred to in subsection 4.4(b), the number of Common Shares acquirable upon conversion of the Notes shall be readjusted immediately after the expiration of any relevant exchange, conversion or exercise right to the number of Common Shares which would be purchasable based upon the number of Common 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 4.4(e) as a result of the fixing by the Company 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 4.4(c), the number of Common Shares acquirable upon conversion of the Notes 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 4.4(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 4.4(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.

4.5 No Requirement to Issue Fractional Shares

The Company shall not issue fractional Common Shares upon the conversion of this Note. If any fractional interest in a Common Share would, except for the provisions of this Section 4.5, be deliverable upon the conversion of any Principal Amount, the Company shall, in lieu of delivering any certificate of such fractional interest, satisfy such fractional interest by paying to the Holder of such surrendered Note an amount in lawful money of Canada equal to an identical fraction of the Conversion Price of the Common Shares on the Date of Conversion.

4.6 **Taxes and Charges on Conversion**

The Company will from time to time promptly pay or make provision for the payment of all Taxes which may be imposed by applicable laws (except income tax or security transfer tax, if any) which shall be payable with respect to the issuance or delivery of Common Shares to the Holder upon the exercise of its right of conversion pursuant to the terms of this Note.

4.7 **Certificate as to Adjustment**

The Company shall from time to time, immediately after the occurrence of any event which requires an adjustment or readjustment as provided in Section 4.4, deliver a notice to the Investors specifying the nature of the event requiring the same and the amount of the adjustment or readjustment necessitated thereby including the resulting Conversion Price and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based. Such notice and the amount of the adjustment specified therein shall, subject to the provisions of Sections 4.3 and 4.5 and absent manifest error, be conclusive and binding on all interested parties.

4.8 **Notice of Special Matters**

The Company covenants that, so long as this Note remains outstanding, it will give notice to the Holders of its intention to fix a record date for any event referred to in Section 4.4 (other than the subdivision, redivision, reduction, combination or consolidation of Common Shares) which may give rise to an adjustment in the Conversion Price, and such notice shall specify the particulars of such event and the record date or the effective date, as applicable, for such event, provided that the Company shall only be required to specify in such notice such particulars of such event as shall have been fixed and determined on the date on which such notice is given. Except where the Holders otherwise consent in writing, such notice shall be given not less than fourteen (14) days prior to the applicable record date.

4.9 **Company to Reserve Shares**

The Company covenants that it will at all times reserve and keep available out of its authorized Common Shares (if the number thereof is or becomes limited) solely for the purpose of issuance upon conversion of this Note such number of Common Shares as shall then be issuable upon the conversion of this Note. All Common Shares which shall so be issuable shall be, upon issuance, duly and validly issued, fully paid and non-assessable.

4.9 **Mandatory Offer**

Within five (5) Business Days after the occurrence of any of the following events:

- (i) the sale or other disposition of all or substantially all of the business of the Company; or
- (ii) a Change of Control of the Company,

the Company shall make an offer in writing to the Holder to purchase the outstanding Principal Amount of this Note plus all accrued and unpaid Interest as of such date. The offer shall remain open for a period of at least 30 days from the date of receipt of such notice by the Holder. The

Holder may, in its sole discretion, tender the Note to the offer by so indicating to the Company by notice in writing during the offer period. Purchase of the Note, if tendered, shall occur within five Business Days of receipt by the Company of such notice, together with the tendered Note.

ARTICLE 5 CONDITIONS PRECEDENT

5.1 Conditions Precedent

The Holder shall not be obligated to advance the Loan unless and until the following conditions precedent have been fulfilled to the Holder's satisfaction in its absolute discretion, which conditions are for the sole and exclusive benefit of the Holder, and notwithstanding anything to the contrary, which may be waived in writing by the Holder in its sole discretion:

- (a) **Note.** The Company shall have delivered to the Holder, in form and substance satisfactory to Holder, this Note and any and all other ancillary documents reasonably required by the Holder in connection with the advance of the Loan, including, without limitation, any and all consents, acknowledgements, estoppels, waivers, subordinations, priority agreements, intercreditor agreements, officer's certificates and legal opinions of the Company's counsel reasonably required by the Holder.
- (b) **Perfection of Security.** All registrations or filings required to perfect the Liens granted to the Holder shall have been made in all applicable jurisdictions and public offices necessary or desirable to provide the Holder with the priority position it requires.
- (c) **Representations, Warranties and Covenants.** The representations and warranties of the Holder shall be true, accurate, complete and correct as of the Closing Date and the Holder shall have complied with all covenants and agreements set forth herein, to the extent that the covenants can be complied with as of Closing Date.
- (d) **No Default.** No Default shall have occurred and be continuing or shall occur as a result of the transactions contemplated by this Note.

ARTICLE 6 COVENANTS OF THE COMPANY

6.1 Covenants. The Company covenants and agrees that so long as the Notes remain outstanding:

- (a) The Company shall pay the Principal Amount, Interest and all other amounts payable by the Company under the terms of this Note promptly when due on the dates and in the manner specified in this Note.
- (b) The Company will use commercially reasonable efforts to maintain its corporate existence and qualify and remain qualified to carry on business in each

jurisdiction where the character of the properties owned by it or the nature of the business transacted by it makes such qualification necessary.

- (c) The Company will give notice in writing to the Holder of the occurrence of any Default that is continuing forthwith upon becoming aware thereof.
- (d) The Company will use commercially reasonable efforts to maintain: (i) the listing of the Common Shares on the NEO, and (ii) the Company's status as a reporting issuer not in default under Applicable Securities Laws; provided that nothing in this subsection 6.01(d) shall prevent the Company from completing any transaction which would result in the Common Shares ceasing to be listed on the NEO or the Company ceasing to be a reporting issuer under Applicable Securities Laws so long as the holders of securities of the Company receive securities of an entity which is listed on a recognized Canadian or U.S. stock exchange or cash or the holders of securities of the Company have approved the transaction in accordance with the requirements of applicable corporate law and Applicable Securities Laws.
- (e) The Company covenants that it will at all times reserve and keep available out of its authorized Common Shares (if the number thereof is or otherwise becomes limited) for the purpose of issue and delivery, and shall issue to the Holder, such number of Common Shares as shall then be issuable under the terms of this Note upon conversion as provided in Article 4, and such Common Shares which shall be so issuable shall be duly and validly issued as fully paid and non-assessable Common Shares in the capital of the Company.

ARTICLE 7 DEFAULT AND ENFORCEMENT

7.1 Events of Default

The happening of any of the following events or conditions shall constitute an event of default ("**Default**") hereunder:

- (a) **Failure to Pay Principal Amount.** If the Company makes default in payment of the Principal Amount on the Maturity Date or when the same otherwise becomes due under any provision hereof;
- (b) **Failure to Pay Interest.** If the Company fails to make a payment of Interest when due;
- (c) **Failure to Pay Other Amounts.** If the Company fails to make payment when due of any amount payable hereunder other than the Principal Amount or Interest and such failure has not been cured within 30 days;
- (d) **Default in Other Covenants.** If, other than in respect of any covenant to pay, there is any default or failure in the observance or performance of any other act hereby required to be done or any other material covenant or condition hereby

required to be observed or performed and such default or failure has not been cured within 30 days;

- (e) **False Representations, etc.** If any representation, warranty, certificate, statement or report made or given herein or otherwise in connection hereunder is false or erroneous or misleading in any material respect at the time it was made or given;
- (f) **Insolvency.** If the Company is unable to pay debts as such debts become due, or is, or is adjudged or declared to be, or admits to being, bankrupt or insolvent;
- (g) **Voluntary Proceedings.** If the Company makes a general assignment for the benefit of creditors, or any proceedings or filing is instituted or made by the Company seeking relief on its behalf as debtor, or to adjudicate it to a bankrupt or insolvent, or seeking liquidation, winding-up, reorganization, arrangement, adjustment recomposition of it or its debts under any Law relating to bankruptcy, insolvency, reorganization or relief of debtors, or seeking appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties or assets; or the Company takes any corporate action to authorize any of the actions set forth in this subsection 7.1(g);
- (h) **Involuntary Proceedings.** If any notice of intention is filed or any proceeding or filing is instituted or made against the Company in any jurisdiction seeking to have an order for relief entered against it as debtor or to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding-up, reorganization, arrangement, adjustment or composition of it or its debts under any Law relating to bankruptcy, insolvency, reorganization or relief of debtors, or seeking appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties or assets or seeking possession, foreclosure or retention, or sale or other disposition of, or other proceedings to enforce security over, all or a substantial part of the assets of the Company unless the same is being contested actively and diligently in good faith by appropriate and timely proceedings and is dismissed, vacated or stayed within thirty (30) days of institution thereof;
- (i) **Receiver, etc.** If a receiver, liquidator, trustee, sequestrator or other officer with like powers is appointed with respect to, or an encumbrancer takes possession of, or forecloses or retains, or sells or otherwise disposes of, or otherwise proceeds to enforce security over all or a substantial part of the properties or assets of the Company or gives notice of its intention to do so;
- (j) **Execution, Distress.** If any writ, attachment, execution, sequestration, extent, distress or any other similar process becomes enforceable against the Company or if a distress or any analogous process is levied against all or a substantial part of the properties or assets of the Company;
- (k) **Suspension of Business.** If the Company suspends or ceases or threatens to suspend or cease its Business; and

- (1) **Sale.** If the Company sells or otherwise disposes of, or threatens to sell or otherwise dispose of, all or a substantial part of its undertaking and property and assets, whether in one transaction or a series of related transactions and the Company does not make the mandatory offer under Section 4.10.

7.2 Consequences of an Event of Default

Upon the occurrence and during the continuance of an Event of Default, all monies secured by the Lien over the Secured Property and the Obligations herein shall at the option of the Holder become forthwith due and payable.

ARTICLE 8 REMEDIES

8.1 Appointment of Receiver

- (a) **Right to Appoint:** Upon a Default which is continuing, the Holder may appoint by instrument in writing, any person to be a receiver (hereinafter called a “Receiver”, which term when used herein shall include a receiver and manager) of the Secured Property as the agent of the Company and may remove any Receiver so appointed and appoint another in his stead.
- (b) **Receiver Agent of the Company:** Any such Receiver shall, so far as concerns responsibility for their acts, be deemed the agent of the Company and not the Holder (to the extent permitted by applicable Laws) and the Holder shall not be in any way responsible for any misconduct, negligence or nonfeasance on the part of any such Receiver, their servants, agents or employees other than their gross negligence or wilful misconduct.
- (c) **Power of Receiver:** Subject to the provisions of the instrument appointing them, any such Receiver shall have power to take possession of the Secured Property or any part thereof, to preserve the Secured Property or its value, to carry on or concur in the carrying on of all or part of the business of the Company and to sell or otherwise dispose of or concur in selling or otherwise disposing of all or any part of the Secured Property. To facilitate the foregoing powers, any such Receiver may, to the exclusion of all others, including the Company, enter upon, use and occupy all premises owned or occupied by the Company wherein all or any part of the Secured Property may be situated, maintain the Secured Property upon such premises, borrow money on a secured or unsecured basis and use all or any part of the Secured Property directly in carrying on the Company’s Business or otherwise, as such Receiver shall, in his discretion, determine.
- (d) **Monies Received by Receiver:** Except as may be otherwise directed by the Holder, all monies received from time to time by such Receiver in carrying out their appointment shall be received exclusively in trust for and paid over to the Holder and applied against the Obligations in such order as the Holder sees fit in its sole and absolute discretion.

- (e) **Receiver Vested with Rights of the Holder:** Every such Receiver may, in the discretion of the Holder, be vested with all or any of the rights and powers of the Holder.

8.2 **Exercise Powers of Receiver**

Upon Default, the Holder may, either directly or through its agents or nominees, exercise all the powers and rights given to a Receiver hereby.

8.3 **Court Appointed Receiver**

Upon Default, the Holder may proceed in any court of competent jurisdiction for the appointment of a Receiver of all or any part of the Secured Property.

8.4 **Other Proceedings**

Upon Default, the Holder may take any other remedy or proceeding authorized or permitted hereby or by Law or equity.

8.5 **Sale of Secured Property**

Without limiting the generality of the foregoing, upon a Default which is continuing, it shall be lawful for the Holder to make any sale, lease or other disposition of the Secured Property either for cash or upon credit or partly for one and partly for the other upon such conditions as to terms of payment as it in its absolute discretion may deem proper (in accordance with applicable Laws) and to sue the Company for any deficiency remaining. The Holder shall be accountable only for money actually received by it. The Holder may deliver to the purchaser of the Secured Property good and sufficient conveyances of same, free and clear of any claim by the Company. The purchaser, lessee or transferee receiving any disposition of the Secured Property or any part thereof need not inquire whether Default under this Note has actually occurred but may as to this and all other matters rely upon a statutory declaration of the Holder, which declaration shall be conclusive and any such purchaser or lessee need not look to the application of the purchase money, rent or other consideration given upon such sale, lease or other disposition, which shall not be affected by any irregularity of any nature or kind relating to the crystallizing or enforcing of the security or the taking of possession of the Secured Property or the sale, lease or other disposition thereof.

8.6 **Rights as Secured Party**

In addition to those rights granted herein and in any other agreement now or hereafter in effect between the Company and the Holder, the Holder shall have, both before and after Default which is continuing, all the rights and remedies of a secured party under the PPSA and any other applicable Law as may from time to time be in effect. The Holder shall not be liable or accountable for any failure to exercise its remedies, take possession of, collect, realize, sell or otherwise dispose of the Secured Property or any part thereof or to institute any proceedings for such purposes. Furthermore, the Holder shall have no obligation to take any steps to preserve rights against prior parties to any Instrument or Chattel Paper whether Secured Property or Proceeds, whether or not in the possession of the Holder, and shall not be liable or accountable for failure to do so.

8.7 Take Possession

The Company acknowledges that the Holder or any Receiver appointed by it may take possession of the Secured Property or any part thereof wherever it may be located and by any method permitted by applicable Laws and the Company agrees that upon request from the Holder or any such Receiver to assemble and deliver possession of the Secured Property or any part thereof at such place or places as may be directed.

ARTICLE 9 RELEASE, SUBORDINATION AND THIRD PARTY BENEFICIARIES

9.1 **Release by Holder.** The Holder may, at its sole discretion, at any time release from the security interest hereby created any part or parts of the Secured Property either with or without consideration therefor, without responsibility therefor, and without thereby releasing any other part of the Secured Property or any person from this Note.

9.2 Subordination to Senior Indebtedness.

- (a) Notwithstanding any other provision to the contrary in this Note, all rights of the Holder and the other Noteholders to receive payment of any indebtedness owing to them by the Company is and shall be expressly subordinate and junior in right of payment and exercise of remedies to the prior payment in full in cash of all present and future Senior Indebtedness to the extent and in the manner provided therein, and the Holder hereby subordinates all present and future indebtedness owing under this Note as a claim against the Company prior to the payment in full in cash of the Senior Indebtedness; *provided, however*, that the foregoing subordination restrictions (and any other restrictions contained in this Article 9) do not restrict the ability of the Holder, should the Holder so demand at any time after the Maturity Date, to be repaid the Principal Amount plus any outstanding Interest on or after the Maturity Date if this Note is not earlier converted or cancelled pursuant to its terms (provided that the Senior Indebtedness is not in default), and nothing in this Note or otherwise shall prevent repayment on Maturity Date if elected by the Holder regardless of whether the Senior Indebtedness is still outstanding (provided that the Senior Indebtedness is not in default at the relevant time).
- (b) The Holder hereby acknowledges and agrees that each security interest, pledge, assignment, mortgage, or other interest of the Subsidiary Senior Lender in the Subsidiaries' Secured Property shall have priority to the extent of all Senior Indebtedness secured thereby over any right, security interest, lien, or claim that the Holder or any other Noteholder may now have or hereafter have therein or thereto. The priorities established hereby shall be irrespective of the time or order of attachment or perfection of security interests, liens, or claims or the time or order of filing of financing statements or mortgages or otherwise. The Holder hereby waives, to the extent permitted by applicable law, all rights to notice of sale or other intended disposition of any Subsidiaries' Secured Property by the Subsidiary Senior Lender.

- (c) Subject to Section 9.2(a), except as expressly permitted by the terms of any Senior Indebtedness, or unless the Subsidiary Senior Lender otherwise consents in writing, the Company will not make, and the Holder will not accept or receive, any payment in cash of any indebtedness owing under this Note until all the Senior Indebtedness has been paid in full in cash, other than in connection with the repayment of Principal Amount and Interest on or after the Maturity Date if demanded by the Holder pursuant to this Note. If the Holder receives any payment in cash on account of the indebtedness owing under this Note (other than after the Maturity Date if elected by the Holder), in violation of this Section 9.2, then it shall hold such cash payment in trust for the benefit of the Subsidiary Senior Lender and, promptly upon discovery or notice of such violation, pay such amount over to the Subsidiary Senior Lender on behalf of such holders for application in payment of the Senior Indebtedness.
- (d) The Holder agrees that to the extent it holds any indebtedness under this Note at the relevant time, it will not take any action as the holder of any such indebtedness that will impede, interfere with or restrict or restrain the exercise by the Subsidiary Senior Lender of rights and remedies under the Senior Indebtedness. In furtherance thereof, the Holder, in its capacity as a holder of the indebtedness under this Note hereby agrees not to oppose any motion filed or supported by the Subsidiary Senior Lender for relief from stay or for adequate protection in respect of any Senior Indebtedness and not to oppose any motions supported by the Subsidiary Senior Lender for the Company's use of cash collateral or post-petition borrowing from the Subsidiary Senior Lender, provided that, the repayment of Principal plus Interest after the Maturity Date if so demanded by the Holder pursuant to the terms hereof shall not in any manner be deemed to have impeded, interfered with or restricted or restrained the Subsidiary Senior Lender's rights or remedies under the Senior Indebtedness (provided that the Senior Indebtedness is not in default at the relevant time).
- (e) The Holder, for itself and its successors and assigns, agrees for the benefit of the Subsidiary Senior Lender that so long as any Senior Indebtedness remains outstanding or committed to be advanced, the Holder will not, directly or indirectly, take any action prior to the Maturity Date to accelerate or demand payment in cash by the Company of any of the indebtedness owing under this Note, to exercise any of the remedies in respect of such indebtedness or any collateral security therefor, to initiate any litigation against the Company, or to foreclose or otherwise realize on any security given by the Company to secure such indebtedness.
- (f) The Subsidiary Senior Lender shall be entitled to the benefits under this Section 9.2 without notice thereof being given to the Holder or to any other Noteholder.
- (g) The provisions of this Section 9.2 as to subordination are solely for the purpose of defining the relative rights of the Subsidiary Senior Lender on the one hand, and the Holder and the other Noteholders on the other hand, and none of such provisions shall impair, as between the Company and the Holder, the obligations of the Company, which are unconditional and absolute, to pay to the Holder all of

the indebtedness owing under this Note in accordance with the terms hereof, nor, except as provided by this Section 9.2 or the terms of any Senior Indebtedness, shall any such provisions prevent the Holder from exercising all remedies otherwise permitted by applicable law or under the terms of this Note upon an Event of Default, subject to the rights, if any, of the Subsidiary Senior Lender under the other provisions of this Section 9.2.

- (h) Each of the Company and the Holder agree that, unless the Subsidiary Senior Lender otherwise consents thereto in writing (such consent not to be unreasonably withheld), prior to the payment in full in cash of the Senior Indebtedness, (i) it will not modify or amend this Note or any collateral or other security therefor that directly alter or amend the subordination arrangements under this Article 9 hereof or otherwise (it being understood that the terms of this Note may be amended by the mutual consent of the Company and the Holder, without the consent of the Subsidiary Senior Lender if such amendments do not otherwise modify the terms of the subordination arrangements set forth herein), and (ii) except for the security interests granted under Article 3, the Company shall not grant and the Holder will not obtain liens on or security interests in the Secured Property as security for the indebtedness owing under this Note, and that to the extent any such liens or security interests are created or exist on or in the Secured Property (by operation of law or otherwise) all such liens and security interests are and shall be fully subordinated and junior to the liens on and security interests in the Secured Property in favour of the Subsidiary Senior Lender.
- (i) Nothing in this Section 9.2 will restrict, prevent or exclude the conversion of this Note into shares in the capital of the Company in accordance with Article 4, whether automatically or at the option of the Holder.

9.3 **Third Party Beneficiaries.**

- (a) Except as set out in Section 9.1(b), the parties do not confer any legal, equitable or other rights or remedies of any nature under or by reason of this Note upon any person other than the parties to this Note and their respective successors and permitted assigns.
- (b) The parties hereby designate the Subsidiary Senior Lender as third-party beneficiaries of Article 9 of this Note having the right to enforce all sections in such Article 9, including against the Company and the Holder, jointly and severally, and this Section 9.1(b) may not be amended at any time while any obligations are owing to the Subsidiary Senior Lender without the prior written consent of the Subsidiary Senior Lender.

9.4 Permitted Encumbrances and Permitted Indebtedness. The Holders hereby acknowledge the existence of the Permitted Encumbrances and the Permitted Indebtedness listed in Schedule "C" hereto.

ARTICLE 10 GENERAL MATTERS

10.1 Amalgamation

The Company acknowledges that if it amalgamates with any other corporation or corporations (a) the term “**Company**”, where used herein shall extend to and include each of the amalgamating corporations and the amalgamated corporation, and (b) the term “**Obligations**”, where used herein shall extend to and include the Obligations of each of the amalgamating corporations and the amalgamated corporation.

10.2 Costs and Expenses

The Company shall pay all reasonable costs, fees and expenses of the Holder, whether directly or for services rendered (including, without limitation, reasonably solicitors’ and other professional costs, fees and expenses) in connection with the preparation, negotiation and documentation of this Note and any and all documents ancillary thereto and the enforcement of the Holder’s rights hereunder and under any other document delivered pursuant to this Agreement provided funds including the Principal Amount are advanced as described herein. Such costs, fees and expenses shall form part of the Obligations and shall be secured hereby.

10.3 Further Assurances

The Company hereby covenants that it will, at all times do, execute, acknowledge and deliver every such further act, deed, transfer, assignment, mortgage, hypothec, charge, discharge and assurance with respect to the Secured Property as the other may reasonable require and as permitted by applicable Laws for the better assuring, mortgaging, charging, hypothecating, transferring, assigning, discharging and confirming the Secured Property unto the Holder and for the better accomplishing and effectuating the intent of this Note.

10.4 General Interest Provisions

Notwithstanding any other provision of this Note, in no event shall the aggregate “interest” (as that term is defined in Section 347 of the *Criminal Code* (Canada)) paid or payable pursuant to this Note exceed the effective annual rate of interest on the “credit advanced” (as defined therein) lawfully permitted under Section 347 of the *Criminal Code* (Canada). The effective annual rate of interest shall be determined in accordance with generally accepted actuarial practices and principles over the term of the Note, and in the event of a dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by the Holder will be conclusive for the purposes of such determination. If at any time the implementation of any provision hereof results in a payment or an obligation to make a payment in contravention of this Section 10.4, the amount of the excess shall be applied as a partial prepayment of principal and the obligation to make such excess payment shall be deemed a severable obligation. The Company represents and warrants to the Holder that it has not incurred, and will not incur, any charges or expenses pursuant to this Note which may be considered to be “interest” in an aggregate amount which is in contravention of Section 347 of the *Criminal Code* (Canada). A certificate of an authorized signing officer of the Holder as to each amount or each rate of interest payable hereunder from time to time shall, in the absence of manifest error, be conclusive evidence of such amount and

of such rate.

10.5 Performance by Holder

If the Company fails to perform any of its obligations hereunder, the Holder may, after notice to the Company, but shall not be obligated to, perform any or all such obligations, and all costs, charges, expenses, fees, outlays and premiums incurred by the Holder in connection therewith shall be payable by the Company forthwith upon demand by the Holder and shall bear interest from the date incurred by the Holder at the Interest Rate, compounded quarterly and payable on demand and shall form part of the Obligations and shall be secured hereby. Any such performance by the Holder shall not constitute a waiver by the Holder of any right, power, or privilege under this Note.

10.6 No Modification

No modification, variation or amendment of any provision of this Note shall be made without the prior written consent of the Holder, and no waiver of any provision hereof shall be effective unless in writing.

10.7 Appropriation of Funds

The Company agrees that the Holder may from time to time appropriate all monies realized by the Holder from the enforcement of the Liens on or towards the payment of any part of the Obligations of the Company as the Holder in its sole discretion may determine, and the Company shall have no right to require or enforce any appropriation inconsistent therewith, and the Holder shall have the right to change the application of any such proceeds and re-apply the same to any part or parts of such Obligations as the Holder may see fit notwithstanding any previous application.

10.8 Relationship of Parties

The provisions contained in this Note shall not create or be deemed to create any relationship as between the Company and the Holder other than that of borrower and creditor. For greater certainty, nothing herein shall constitute the Holder and the Company as partners or joint venturers or impose any liability upon them as such.

10.9 Not a Shareholder

Nothing in this Note or in the holding of the Notes evidenced hereby shall be construed as conferring upon the Holder any right or interest whatsoever as a shareholder of the Company.

10.10 Notice to the Company and the Holder

Any notice to be given to the Company or the Holder shall be in writing and shall be deemed to be validly given if such notice is delivered personally, sent by prepaid registered mail or emailed, addressed as follows:

- (a) if to the Company, at:

Trees Corporation

181 Bay Street, Suite 1800
Toronto, Ontario M5E 1R4
Attention: Jeff Holmgren, President & Chief Financial Officer
Email: jeffh@treescorp.ca

- (b) if to the Holder, at the Holder's address as it appears on the records of the Company.

Notice of change of address shall also be governed by this Section. Any notice so given by personal delivery shall be deemed to have been given when received by the Company or the Holder, and by prepaid registered mail shall be deemed to have been received by the Company or the Holder on the third (3rd) Business Day after the day of such mailing and any notice so given by email transmission shall be deemed to have been received by the Company or the Holder when the appropriate confirmation of receipt of transmission is received during normal business hours, failing which notice shall be deemed to be received the next Business Day.

10.11 Replacement of Note

If the Note shall become mutilated or be lost, stolen or destroyed and in the absence of notice that the Note has been acquired by a *bona fide* purchaser, the Company in its discretion may issue a new Note upon surrender and cancellation of the mutilated Note, or, in the event that a Note is lost, stolen or destroyed, in lieu of and in substitution for the same, and the substituted debenture shall be in the form hereof and the Holder shall be entitled to benefits hereof. In case of loss, theft or destruction, the Holder shall furnish to the Company such evidence of such loss, theft or destruction as shall be satisfactory to the Company in its discretion acting reasonably together with an indemnity in form and substance mutually acceptable to the Company and the Holder, each acting reasonably. The applicant shall pay reasonable expenses incidental to the issuance of any such new Note.

10.12 Successors and Assigns

This Note shall enure to the benefit of the Holder and its successors and assigns and shall be binding upon the Company and its successors.

10.13 Assignment

This Note is non-negotiable and each of the Company and the Holder covenants and agrees that it cannot, and shall not, transfer, sell, assign or pledge this Note without the prior written consent of the other party. The Holder acknowledges and agrees that any transfer, sale, assignment or pledging of this Note by it shall comply with the provisions of the Securities Act, or such other regulatory authority having jurisdiction.

10.14 Invalidity of Provisions

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

10.15 Governing Law

This Note shall be governed by and construed, interpreted and performed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

10.16 Time of Essence

Time shall be of the essence of this Note and a forbearance by the Holder of the strict application of this provision shall not operate as a continuing or subsequent forbearance.

10.17 No Waiver

No failure or delay by the Holder in exercising any right, power or privilege under this Note shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

10.18 Attachment

The Liens created by this Note are intended to attach when this Note is executed by the Company and delivered to the Holder or in the case of any property acquired subsequent hereto, contemporaneously with any such acquisition.

[The remainder of this page has been intentionally left blank.]

IN WITNESS WHEREOF, the Company has caused this Note to be executed under its corporate seal by its duly authorized officer as of the date first written above.

TREES CORPORATION

DocuSigned by:

Per:

Jeff Holmgren

Name: Jeffrey Holmgren

Title: President and Chief Financial Officer

SCHEDULE "A"

CONVERSION FORM

TO: TREES CORPORATION

All terms used herein but not defined shall have the meanings ascribed thereto in the within Note.

Pursuant to Article 4 of the Note, the undersigned registered Holder hereby irrevocably elects to convert the principal amount of \$_____ into _____ Common Shares at the Conversion Price in accordance with the terms of the Note and directs that the Common Shares issuable and deliverable upon the conversion be issued and delivered to the person indicated below.

(If Common Shares are to be issued in the name of a person other than the Holder, all requisite transfer taxes must be tendered by the undersigned).

Print name in which Common Shares issued on conversion are to be issued, delivered and registered:

Name: _____

(Address) (City, Province and Postal Code)

DATED this ____ day of _____, 20__.

[HOLDER]

Per: _____

Name: _____

Title: