UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10

GENERAL FORM FOR REGISTRATION OF SECURITIES
PURSUANT TO SECTION 12(b) OR 12(g) OF
THE SECURITIES EXCHANGE ACT OF 1934

TERRASCEND CORP.

(Exact name of registrant as specified in its charter)

Ontario	**N/A**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. employer identification no.)**

3610 Mavis Road
Mississauga, Ontario, L5C 1W2
(Address of principal executive offices and zip code)

(855) 837-7295
(Registrant's telephone number, including area code)

Securities to be registered pursuant to Section 12(b) of the Act:
None

Securities to be registered pursuant to Section 12(g) of the Act:
Common Shares
(Title of class)

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☐
		Emerging growth company	☒

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

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EXPLANATORY NOTE

In this registration statement on Form 10 (the "**Registration Statement**"), unless the context otherwise requires, the terms "**Company**" and "**TerrAscend**" refer to TerrAscend Corp., together with its wholly owned

subsidiaries.

This Registration Statement will become effective automatically 60 days from the date of the original filing (the "**Effective Date**"), pursuant to Section 12(g)(1) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"). As of the Effective Date, the Company will become subject to the reporting requirements of Section 13(a) under the Exchange Act and will be required to file annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, and TerrAscend will be required to comply with all other obligations of the Exchange Act applicable to issuers with securities registered pursuant to Section 12(g) of the Exchange Act.

Implications of Being an Emerging Growth Company

The Company qualifies as an "emerging growth company" as defined in Section 2(a) of the Securities Act of 1933, as amended, referred to as the "**Securities Act**," as modified by the Jumpstart Our Business Startups Act of 2012, or the "**JOBS Act**." As an emerging growth company, TerrAscend may take advantage of specified reduced disclosure and other exemptions from requirements that are otherwise applicable to public companies that are not emerging growth companies. These provisions include:

- Reduced disclosure about the Company's executive compensation arrangements;
- Exemptions from non-binding shareholder advisory votes on executive compensation or golden parachute arrangements; and
- Exemption from the auditor attestation requirement in the assessment of the Company's internal control over financial reporting.

The Company may take advantage of these exemptions for up to five years or such earlier time that it is no longer an emerging growth company. TerrAscend would cease to be an emerging growth company on the earliest to occur of the following: (i) if the Company has more than $1.07 billion in annual revenues as of the end of a fiscal year, (ii) if the Company is deemed to be a large-accelerated filer under the rules of the Securities and Exchange Commission, (iii) if the Company issues more than $1.0 billion of non-convertible debt over a three-year period, and (iv) five years after an offering to the public of the Company's equity securities pursuant to an effective registration statement under the Securities Act.

You should rely only on the information contained in this document or to which the Company has referred you. TerrAscend has not authorized anyone to provide you with information that is different. You should assume that the information contained in this document is accurate as of the date of this Registration Statement only.

Currency

Unless otherwise indicated, all currency amounts in this Registration Statement are stated in United States ("**US**") dollars. All references to "$" are to US dollars and all references to "C$" are to Canadian dollars.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Registration Statement contains statements that TerrAscend believes are, or may be considered to be, "forward-looking statements." All statements other than statements of historical fact included in this Registration Statement regarding the prospects of the Company's industry or the Company's prospects, plans, financial position or business strategy may constitute forward-looking statements. Such statements can be identified by the use of forward-looking terminology such as "expect", "likely", "may", "will", "should", "intend", "anticipate", "potential", "proposed", "estimate" and other similar words, including negative and grammatical variations thereof, or statements that certain events or conditions "may" or "will" happen, or by discussions of strategy. Forward-looking statements include estimates, plans, expectations, opinions, forecasts, projections, targets, guidance, or other statements that are not statements of fact. Forward-looking statements in this Registration Statement include, but are not limited to, statements with respect to:

- the performance of the Company's business and operations;
- the Company's expectations regarding revenues, expenses and anticipated cash needs;
- the Company's joint venture interests, including, as applicable, required regulatory approvals and licensing, anticipated costs and timing, expected impact thereof, and the ability to enter into future joint ventures;
- the Company's ability to complete future strategic alliances and the expected impact thereof;
- the Company's ability to source investment opportunities and complete future acquisitions, including in respect of entities in the US, the ability to finance such acquisitions, and the expected impact thereof, including potential issuances of the Company's Common Shares (as defined herein);
- the expected growth in the number of customers and patients using the Company's recreational and medical cannabis, respectively;
- the expected growth in the Company's cultivation and production capacities;
- expectations with respect to future production costs;
- the expected methods to be used by the Company to distribute cannabis;
- the expected growth in the Company's number of dispensaries;
- the competitive conditions of the industry;
- the legalization of the use of cannabis for medical and/or recreational use in the US and the related timing and impact thereof;
- laws and regulations and any amendments thereto applicable to the business and the impact thereof;
- the possibility of actions by individuals, or US federal government enforcement actions, against the Company and the potential impact on the Company;
- the competitive advantages and business strategies of the Company;
- the grant, renewal and impact of any license or supplemental license to conduct activities with or without cannabis or any amendments thereof;
- the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis;
- the Company's future product offerings;
- the anticipated future gross margins of the Company's operations;

- the Company's ability to source and operate facilities in the US;
- the Company's ability to integrate and operate the assets acquired from Arise (as defined herein);
- the Company's ability to integrate and operate Apothecarium Dispensary and Valhalla (each as defined herein);
- the Company's ability to integrate and operate Ilera (as defined herein);
- the Company's ability to integrate and operate State Flower (as defined herein);
- the Company's ability to integrate and operate HMS (as defined herein);
- the Company's ability to integrate and operate KCR (as defined herein);

- the Company's pending Transaction (as defined herein) with Gage (as defined herein);
- the potential impact of infectious diseases, including the COVID-19 pandemic;
- the Company's ability to protect its intellectual property; and
- the possibility that the Company's products may be subject to product recalls and returns.

Certain of the forward-looking statements contained herein concerning the cannabis industry and the general expectations of the Company concerning the cannabis industry are based on estimates prepared by the Company using data from publicly available governmental sources as well as from market research and industry analysis and on assumptions based on data and knowledge of the cannabis industry. Such data is inherently imprecise. The cannabis industry involves risks and uncertainties that are subject to change based on various factors, which factors are described further below.

With respect to the forward-looking statements contained in this Registration Statement, the Company has made assumptions regarding, among other things: (i) its ability to generate cash flows from operations and obtain necessary financing on acceptable terms; (ii) general economic, financial market, regulatory and political conditions in which the Company operates; (iii) the output from the Company's operations; (iv) consumer interest in the Company's products; (v) competition; (vi) anticipated and unanticipated costs; (vii) government regulation of the Company's activities and products and in the areas of taxation and environmental protection; (viii) the timely receipt of any required regulatory approvals; (ix) the Company's ability to obtain qualified staff, equipment and services in a timely and cost efficient manner; (x) the Company's ability to conduct operations in a safe, efficient and effective manner; and (xi) the Company's construction plans and timeframe for completion of such plans.

Readers are cautioned that the above list of cautionary statements is not exhaustive. Known and unknown risks, many of which are beyond the control of the Company, could cause actual results to differ materially from the forward-looking statements in this Registration Statement. Such lists include, without limitation, those discussed under Item 1A – "*Risk Factors*" in this Registration Statement. The purpose of forward-looking statements is to provide the reader with a description of management's expectations, and such forward-looking statements may not be appropriate for any other purpose. You should not place undue reliance on forward-looking statements contained in this Registration Statement. The Company can give no assurance that such expectations will prove to have been correct. Forward-looking statements contained herein are made as of the date of this Registration Statement and are based on the beliefs, estimates, expectations and opinions of management on the date such forward-looking statements are made. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, estimates or opinions, future events or results or otherwise or to explain any material difference between subsequent actual events and such forward-looking statements, except as required by applicable law. These forward-looking statements do not meet the safe harbor for forward-looking statements pursuant to Section 27A of the Securities Act or Section 21E of the Exchange Act.

Risk Factor Summary

Investing in the Company's common shares ("**Common Shares**") involves risks. You should carefully consider the risks described in Item 1A – "*Risk Factors*" beginning on page 28 before deciding to invest in the Company's Common Shares. If any of these risks actually occur, the Company's business, financial condition and results of operations would likely be materially adversely affected. In such case, the trading price of the Company's Common Shares would likely decline, and you may lose all or part of your investment. Set forth below is a summary of some of the principal risks the Company faces:

- There is a substantial risk of regulatory or political change with respect to cannabis, which could have a material adverse effect on TerrAscend's business.
- Compliance with regulations regarding cannabis is difficult, because the regulation of cannabis is uncertain and frequently changes. The Company's failure to comply with applicable laws regarding cannabis may adversely affect the Company's business.
- TerrAscend's business relies heavily on its ability to obtain and maintain required licenses, and failure to do so may adversely affect TerrAscend's business.
- As a cannabis business, TerrAscend is subject to unfavorable tax treatment under the Internal Revenue Code.
- Cannabis remains illegal under US federal law, and enforcement of cannabis laws could change. TerrAscend may be subject to action by the US federal government due to its involvement with cannabis, and such action could materially adversely affect the Company's business.
- The Company's business is subject to applicable anti-money laundering laws and regulations and have restricted access to capital markets, banking and other financial services, which may adversely affect TerrAscend's business.
- TerrAscend faces an inherent risk of product liability claims and other consumer protection claims as a manufacturer, processor and producer of products that are meant to be ingested by people, and dealing with such claims could cause the Company to incur substantial expenses and have a material adverse on the Company's business.
- TerrAscend may be subject to constraints on, and differences in, marketing its products under varying regulatory restrictions.
- The Company's investors and directors, officers and employees who are not US citizens may be denied entry into the US, which may negatively affect the Company's business.
- Because the Company's contracts involve cannabis and related activities, which are not legal under US federal law, the Company may face difficulties in enforcing its contracts.
- The Company may require substantial additional financing to operate its business and it may face difficulties acquiring additional financing on terms acceptable to the Company, or at all.
- TerrAscend faces intense competition as a relatively new entrant in the cannabis industry, and its business could be adversely affected by other businesses in a better competitive position.
- The cannabis industry and market are relatively new, and this industry and market may not continue to exist or grow as expected.
- The Company has historically had negative cash flow from operating activities, and continued losses could have a material negative effect on the Company's business and prospects.
- Demand for the Company's products is difficult to forecast due to limited and unreliable market data.

- The Company is dependent on suppliers and key inputs for the cultivation, extraction and production of cannabis products.
- TerrAscend's intellectual property may be difficult to protect, and failure to do so may negatively impact its business.
- The Company and investors may have difficulty enforcing their legal rights.
- TerrAscend faces physical security risks, as well as risks related to its information technology systems, potential cyber-attacks, and privacy breaches.
- Directors and officers of the Company have faced, and may in the future face, conflicts of interests regarding the business strategy of the Company.
- The COVID-19 pandemic may have a significant negative impact on the Company's business and financial results.
- The development of the Company's products is complex and requires significant investment. Failure to develop new technologies and products could adversely affect the Company's business.
- The success of TerrAscend's business depends, in part, on its ability to successfully integrate recently acquired businesses and to retain key employees of acquired businesses. If the Company is unsuccessful in doing so, it may negatively affect TerrAscend's business.
- There can be no assurance that the Company's current and future strategic alliances will have a beneficial impact on the Company's business, financial condition and results of operations.
- The Company's use of joint ventures may expose the Company to risks associated with jointly owned investments.
- If the Transaction with Gage is completed, TerrAscend shareholders will be diluted.
- If the Company is unable to complete the Transaction, or the Transaction is delayed, there could be an adverse effect on the Company's business and the market price of its Common Shares.

- Issuance of a significant number of Common Shares and a resulting "market overhang" could adversely affect the market price of Common Shares after completion of the Transaction.
- The Company will incur costs even if the Transaction is not completed and may have to pay various expenses incurred in connection with the Transaction.
- The pending Transaction could cause the attention of TerrAscend's management to be diverted from the day-to-day operations of TerrAscend, which may adversely affect the Company's business.
- The Company's voting control is concentrated.
- An investor may face liquidity risks with an investment in the Common Shares.
- The price of the Company's Common Shares may be volatile, and may be adversely affected by the price of cannabis.
- Additional issuances of the Company's securities may result in dilution.
- Risks related to potential disqualification of equity holders by regulatory authorities.
- TerrAscend may be subject to litigation, which could divert the attention of management and cause the Company to expend significant resources.

ITEM 1. BUSINESS

Overview

TerrAscend is a leading North American cannabis operator with vertically integrated licensed operations in Pennsylvania, New Jersey, and California, licensed cultivation and processing operations in Maryland, and licensed processing operations in Canada. TerrAscend operates an award-winning chain of Apothecarium Dispensary ("**Apothecarium Dispensary**") retail locations, as well as scaled cultivation, processing, and manufacturing facilities on both the east and west coasts of the US. TerrAscend's best-in class cultivation and manufacturing practices yield consistent, high-quality cannabis, providing industry-leading product selection to both the medical and legal adult-use market.

TerrAscend operates under one operating segment, being the cultivation, production and sale of cannabis products.

TerrAscend's portfolio of operating businesses and brands include:

- Ilera Healthcare ("**Ilera**"), a vertically integrated cannabis cultivator, processor and dispensary operator in Pennsylvania;
- TerrAscend NJ, LLC ("**TerrAscend NJ**"), an alternative treatment center operator in New Jersey with vertically integrated operations to cultivate, process and dispense cannabis;
- Apothecarium Dispensaries are a group of full-service dispensaries in California, Pennsylvania, and New Jersey that provide quality cannabis to both medical patients and adult-use customers;
- Valhalla Confections ("**Valhalla**"), a leading provider of premium edible products;
- State Flower, or ABI SF LLC ("**State Flower**"), a premium cannabis producer operating a cultivation facility in San Francisco, California;
- HMS Health, LLC ("**HMS Health**") and HMS Processing, LLC ("**HMS Processing**", and together with HMS Health "**HMS**") a cultivator and processor of cannabis flower and oil products for the wholesale medical cannabis market in Maryland;
- Arise Bioscience, Inc. ("**Arise**"), a manufacturer and distributor of hemp-derived products, located in Boca Raton, Florida; and
- TerrAscend Canada ("**TerrAscend Canada**" or "**TCI**"), a Licensed Producer (as such term is defined in the Canadian Cannabis Act passed October 17, 2018 and associated Cannabis Regulations (the "**Cannabis Act**" and "**Cannabis Regulations**")) of cannabis, whose current principal business activities include processing and sale of cannabis flower and oil products in Canada.

The Company's head office and registered office is located at 3610 Mavis Road, Mississauga, Ontario, Canada, L5C 1W2.

The Company's telephone number is 1.855.837.7295 and its website is www.terrascend.com.

Recent Developments

The Transaction with Gage

On August 31, 2021, the Company entered into the arrangement agreement (the "**Arrangement Agreement**") with Gage Growth Corp. ("**Gage**") pursuant to which the Company will acquire all of the issued and outstanding securities of Gage (the "**Transaction**"). Under the terms of the Arrangement Agreement, Gage shareholders will receive Common Shares based upon the exchange ratio, representing total consideration of approximately $545 million based on the closing price of the Common Shares on the Canadian Stock Exchange ("**CSE**") on August 31, 2021. The Transaction consideration will result in an aggregate interest of approximately 19.8% in the Company by Gage shareholders post-closing on a fully-diluted as-converted basis (including such Common Shares reserved for issuance upon (i) the exchange of Gage exchangeable units currently held by Mike Hermiz, a co-founder and current director of Gage, that will remain outstanding post-closing and (ii) the exchange of all outstanding options and warrants of Gage that will be exchanged for replacement options and warrants of the Company at closing). A condition to closing the Transaction is that at least a majority of TerrAscend shareholders must vote for its approval, excluding certain parties that have an interest in the Transaction.

Additional information regarding the Transaction and Transaction agreements is available in the Management Information Circular dated October 4, 2021, available atwww.sedar.com.

Operating Businesses and Brands

Ilera Healthcare

Ilera is one of the initial five permitted vertically integrated cannabis cultivator, processor, and dispensary operators in the State of Pennsylvania. The grower/processor operation began as a 67,000 square foot site in Waterfall, Pennsylvania in January 2018. In the first quarter of 2020, Ilera tripled its capacity, now spanning an approximate 150,000 square foot footprint including a double-stack grow, and one of the largest branded manufacturers in the market. Ilera distributes its broad product line, which includes dried flower, vaporizables, concentrates, tinctures, and topicals to all dispensaries throughout Pennsylvania.

In addition, Ilera operates three Apothecarium-branded retail dispensaries, one in Plymouth Meeting, Pennsylvania opened in March 2018, a second in Lancaster, Pennsylvania opened in April 2020, with a third dispensary in Thorndale, Pennsylvania opened in July 2020. TerrAscend's Pennsylvania dispensaries offer a variety of products and formats, produced by Ilera and other manufacturers, to ensure its pharmacists and wellness associates can provide an appropriate product to meet a particular patient's needs.

On April 30, 2021, TerrAscend, through a wholly owned subsidiary WDB Holding PA, Inc. ("**WDB Holding PA**"), acquired Guadco, LLC and KCR Holdings LLC (collectively "**KCR**"). The transaction added three additional retail dispensaries located in Bethlehem, Allentown and Stroudsburg, Pennsylvania. Prior to the acquisition, TerrAscend owned 10% of KCR.

TerrAscend NJ

TerrAscend NJ is permitted to operate as an alternative treatment center in New Jersey's northern region. Under New Jersey law, alternative treatment centers are vertically integrated and are able to cultivate and process medical cannabis, and operate up to three dispensaries. TerrAscend NJ is a majority-owned subsidiary of TerrAscend, whose minority partners are BWH NJ, LLC and Blue Marble Ventures, LLC. TerrAscend NJ owns a 16-acre site in Boonton Township, Morris County that currently has a cultivation and processing facility with a total footprint of approximately 140,000 square feet. TerrAscend has the ability to further increase the Boonton facility to 240,000 square feet. In addition to cultivation, TerrAscend NJ is also engaged in the extraction, processing and manufacturing of a wide range of branded form factors including, vaporizables, concentrates, topicals, tinctures and edibles and currently operates two Apothecarium-branded dispensaries in Phillipsburg, and Maplewood, New Jersey. TerrAscend expects to open a third New Jersey dispensary in Lodi during the fourth quarter of 2021.

Apothecarium Dispensaries, Valhalla and State Flower

Apothecarium Dispensaries are a group of licensed, full-service dispensaries in northern California that provide quality cannabis to both medical patients and adult-use customers. The dispensaries are known for emphasizing education and customer service for seniors, first-time dispensary visitors, and patients with serious medical conditions. The focus is on providing guests with in-depth, one-on-one consultations from trained cannabis consultants. Apothecarium Dispensaries also provide free cannabis education events that are open to the public. Guests may purchase their cannabis in the dispensaries or order online for pickup.

There are currently five Apothecarium Dispensaries in California, including three in San Francisco, one in Berkeley and one in Capitola. The flagship dispensary located in the Castro district of San Francisco was named in 2017 the best-designed dispensary in the country by Architectural Digest.

Valhalla is a premier manufacturer of select cannabis-infused artisan edibles that are gluten free, in both gelatin and vegan varieties, and made with ingredients free of chemically formulated fertilizers, growth stimulants, antibiotics, or pesticides, all while maintaining eco-friendly practices.

State Flower is a producer of premium cannabis flower that is currently sold through dispensaries in California and Nevada.

TerrAscend has agreed to continue licensing Apothecarium Dispensaries, State Flower and Valhalla names and related intellectual property to Gravitas Nevada Ltd. ("**Gravitas**") and its related operations in Nevada. Gravitas is a vertically-integrated business engaged in the cultivation, processing, packaging and dispensing of cannabis and cannabis related products in Nevada.

HMS

On May 3, 2021, TerrAscend, through a wholly owned subsidiary WDB Holdings MD, Inc. ("**WDB MD**"), acquired HMS. HMS is a cultivator and processor of medical cannabis in the state of Maryland. The cultivator/processor operation includes a 22,000 square foot facility located in Frederick, Maryland.

Arise

On January 15, 2019, Arise completed the acquisition of substantially all of the assets from Grander Distribution, LLC ("**Grander**"). Arise is currently engaged in the production and distribution of innovative hemp-derived wellness products utilizing the assets acquired from Grander. Arise's whole-plant hemp extract products are made in the US and are available for sale in retail locations in the US. In August 2021, TerrAscend made the decision to undertake a strategic review process to explore, review, and evaluate potential alternatives for its Arise business focused on maximizing shareholder value.

TerrAscend Canada

TerrAscend Canada is a Licensed Producer (as such term is defined in the Cannabis Act) of cannabis in Canada, and its current principal business activities include the sale of recreational (**"recreational**" or "**adult-use**") cannabis to provincial cannabis wholesalers and retailers.

TerrAscend Canada operates out of a 67,300 square foot facility located in Mississauga, Ontario and is licensed to cultivate, process and sell cannabis for medical and non-medical purposes. These licenses allow for sales of dried cannabis, cannabis oil and extracts, topicals, and edibles. TerrAscend Canada sells products nationally under the Haven Street and Legend brands in the dried flower, vapes, and edibles categories.

A strategic decision was made to cease the growing and cultivation of cannabis in Canada in order to focus on more profitable distribution opportunities. The final harvest from its manufacturing facility occurred in September 2020. On November 18, 2020, TerrAscend Canada was issued a research license by Health Canada to possess cannabis for the purposes of research.

Reorganization

Entry into the US Marijuana Market and Capital Reorganization

On October 9, 2018, TerrAscend announced its intention to pursue growth opportunities in the US marijuana market, including potential acquisitions of operators in states that have legalized marijuana for medical or recreational use. Although TerrAscend at the time did not engage in the business of, or derive any revenue from, the cultivation, distribution or possession of marijuana in the US, TerrAscend announced that it had identified certain acquisition prospects with significant market share and strong brand recognition. To support its new strategy, TerrAscend entered into an agreement with Canopy Growth Corporation (" **Canopy Growth**"), RIV Capital Inc. (formerly Canopy Rivers Inc.) ("**RIV Capital**"), and entities controlled by Jason Wild, chairman of TerrAscend (JW Opportunities Master Fund, Ltd., JW Partners, LP, and Pharmaceutical Opportunities Fund, LP) to reorganize the capital of TerrAscend (the "**TerrAscend Reorganization**") and obtain waivers of certain contractual covenants that at the time, restricted TerrAscend from operating in the US. The TerrAscend Reorganization was implemented by way of a statutory plan of arrangement on the terms set out in the Arrangement Agreement and was subject to court approval, the approval of TerrAscend's shareholders, and other customary conditions. The TerrAscend Reorganization was completed on November 30, 2018.

Acquisitions

Acquisition of Grander Assets

On December 24, 2018, TerrAscend announced the signing of a definitive agreement to acquire substantially all of the assets of Grander, a manufacturer and distributor of hemp-derived wellness products. The transaction closed on January 15, 2019. Substantially all of the operating assets of Grander were indirectly acquired by TerrAscend through a wholly owned subsidiary Arise. As consideration, TerrAscend paid $12.7 million, comprising $6.5 million in cash, 1,362,343 Common Shares, and $0.5 million in working capital adjustments. The fair value of the Common Shares was $5.1 million as at January 15, 2019. Subject to meeting certain earnings milestones, TerrAscend agreed to pay up to an additional $10 million in cash or share considerations. The total value of the potential purchase consideration payable by TerrAscend under the terms of the agreement was approximately $22.7 million, and the fair value of the contingent consideration was $0.6 million as at January 15, 2019. Based on performance of the Arise business during the measurement period, the milestones for the additional $10 million payment were not met and the total purchase consideration paid by TerrAscend remained $12.7 million.

Acquisition of Apothecarium Dispensaries

On June 6, 2019, TerrAscend closed a series of transactions to acquire controlling interests in three entities in California operating the award-winning retail dispensary brand known as "Apothecarium." The transactions also included the acquisition of entities that were seeking to operate two additional retail locations in Northern California, and Valhalla, a leading provider of premium edible products. TerrAscend acquired 49.9% of the outstanding equity interests of the entities operating the three San Francisco Apothecarium Dispensary locations and TerrAscend has the right (or, in certain circumstances, obligation) to acquire the remaining equity interests of those entities post-closing, following receipt of certain regulatory approvals. As consideration, TerrAscend paid $71.8 million, comprising $36.8 million in cash, $1.1 million in the form of a working capital adjustment, contingent consideration of $3 million and 6,700 TerrAscend proportionate voting shares ("**Proportionate Voting Shares**"). The fair value of the share consideration at June 6, 2019 was $30.9 million. TerrAscend retains 100% of the economics of entities operating the three San Francisco locations of Apothecarium Dispensaries through control of such entities.

Acquisition of Ilera

On September 16, 2019, TerrAscend acquired 100% of the equity of the entities comprising Ilera for total consideration of $225 million paid in a combination of cash and Common Shares. At closing, TerrAscend paid to the sellers $25 million in cash, subject to customary closing adjustments, an additional $25 million worth of Proportionate Voting Shares in the equity of TerrAscend equivalent to approximately 5,059.102 Proportionate Voting Shares (which are each exchangeable for 1,000 Common Shares), and $601,000 in working capital adjustments. Additional cash consideration of $175 million in aggregate was paid to the sellers based on Ilera achieving certain specified sales and profitability targets, with staged payments made in 2020 and 2021. On June 30, 2021 the final earn-out had been calculated and remaining fair value amount of $29.7 million was paid on that date.

Acquisition of State Flower

On January 23, 2020, TerrAscend obtained control of ABI SF LLC, owner of State Flower, a premium California cannabis brand that is currently sold through dispensaries in California and Nevada. As consideration, the Company converted its previously issued note receivable and accrued interest in the amount of $3.03 million into a 49.9% equity interest in State Flower. The Company also recorded contingent consideration payable of $6.6 million, representing the expected consideration payable to acquire the remaining 50.1% of State Flower, which comprises 100% of its preferred shares, subject to regulatory approval. TerrAscend retains 100% of the economics of State Flower through control of ABI SF LLC and has the right to acquire the remaining equity interests of ABI SF LLC, for no additional consideration, following receipt of certain regulatory approvals.

Terminated Acquisition of Gravitas

On January 27, 2020, TerrAscend announced the termination of the securities purchase agreement with Gravitas dated February 10, 2019 (the "**Securities Purchase Agreement**"), pursuant to which TerrAscend would have acquired all of the issued and outstanding equity interest of Gravitas Nevada Ltd. TerrAscend agreed to continue licensing Apothecarium Dispensaries, State Flower and Valhalla names and related intellectual property to Gravitas and its related operations in Nevada. Gravitas is a vertically-integrated business engaged in the cultivation, processing, packaging and dispensing of cannabis and cannabis related products in

Nevada.

Acquisition of HMS

On May 3, 2021, TerrAscend, through a wholly owned subsidiary, WDB MD, acquired HMS, a cultivator and processor of cannabis flower and oil products for the wholesale medical cannabis market in Maryland. TerrAscend acquired 100% of the equity of HMS Health and the rights to acquire 100% of the equity of HMS Processing post-closing following receipt of certain regulatory approvals, for total consideration of $24.5 million comprised of $22.4 million in cash and a $2.1 million note, which bears 5.0% annual interest, due April 2022. TerrAscend retains 100% of the economics of HMS through full ownership of HMS Health, LLC and a master services agreement with HMS Processing.

Acquisition of Keystone Canna Remedies

On April 30, 2021, TerrAscend, through a wholly owned subsidiary WDB, acquired KCR. The transaction added three retail dispensaries located in Bethlehem, Allentown and Stroudsburg, Pennsylvania. Prior to the acquisition, TerrAscend owned 10% of KCR. TerrAscend acquired the remaining 90% of the equity for total consideration of $69.8 million comprised of $34.4 million in Common Shares, $20.5 million in cash, $7.1 million related to the fair value in previously owned shares, and a $6.8 million note which bears 10% annual interest, due April 2022.

Principal Products

The Company has continually been at the forefront of developing and introducing innovative and safe products to serve patients' and customers' unique needs. The Company offers a competitive product portfolio in the jurisdictions in which it operates. Depending on the jurisdiction, the Company offers a variety of products, including, without limitation, flower, concentrates, edibles and/or accessories.

New Products

Effective August 18, 2021, TerrAscend NJ signed an exclusive agreement to supply Cookies licensed product, an award-winning brand of cannabis products, to the New Jersey market and to bring "Cookies Corners" to its three dispensaries in New Jersey.

Principal Markets

The Company's operations are currently limited to the US and Canada. In the US, the Company sells cannabis products in Pennsylvania, New Jersey, Maryland and California. In Canada, the Company produces and sells products in all provinces and territories. The Company's Arise business also sells whole-plant hemp extract products in retail locations across the US where legally permitted. TerrAscend's business is not generally cyclical or seasonal in nature.

Distribution Methods

The Company distributes its branded products across dispensaries in Pennsylvania, New Jersey, Maryland and California. In Canada, the Company sells its products to provincial and territorial wholesalers and retailers. The Company's Arise business also sells whole-plant hemp extract products in retail locations across the US where legally permitted.

Production Facilities

The Company currently operates seven cultivation, manufacturing and warehouse facilities in the US and Canada. See Item 3 – "*Properties*."

Sources and Availability of Materials

The Company grows or procures the primary component of its finished products, namely cannabis. The Company's cultivation operations are dependent on a number of key inputs and their related costs including raw materials and supplies related to its growing operations, as well as electricity, water and other utilities.

Specialized Knowledge and Skills

All aspects of TerrAscend's business requires specialized skills and knowledge. TerrAscend believes its team has developed and sourced business systems to effectively and efficiently operate its wholesale operations and retail cannabis operations across North America. The brand building, retail marketing and product development knowledge and skills of TerrAscend's management team and employees will be essential to TerrAscend becoming a well-respected household name within the retail cannabis industry. Please see Item 1A – "*Risk Factors*" – "*Risks Related to TerrAscend's Business, Operations and Industry*" – "*The Company is dependent on suppliers and key inputs for the cultivation, extraction and production of cannabis products*."

Competitive Conditions

TerrAscend faces, and will continue to face, competition from new and existing licensed cannabis operators, competitors with existing retail operations, government owned retailers and the illicit market and other applicable participants in the cannabis wholesale and manufacturing industry. Some of the competitors of TerrAscend may have greater financial resources, market access and manufacturing and marketing experience than TerrAscend.

Increased competition by numerous independent cannabis retail outlets and larger and better financed competitors (including new entrants) could have a material adverse effect on TerrAscend.

TerrAscend's competition can be grouped into the following categories:

(a) Vertically Integrated Competitors: This class of competitors (which may include licensed producers of cannabis that are able to produce cannabis and cannabis products sold at retail stores of their affiliates) includes well-financed competitors with an established operating history in North America.

(b) Existing Retailers: This class of competitors includes early-stage and semi-developed retail cannabis businesses, as well as established retail cannabis businesses, which may be well capitalized, and which may also have an established and longer retail operating history in North America.

(c) Government Competition: This class of competitors includes government wholesalers that sell directly to consumers in the Provinces of British Columbia, Alberta and Ontario.

(d) Illicit Market: This class of competitors includes individuals and businesses operating in the illicit market within various jurisdictions across North America. These competitors may divert sizeable commercial opportunities from TerrAscend.

(e) Existing Wholesalers: This class of competitors includes early-stage and semi-developed wholesalers, as well as established wholesalers, which may be well capitalized, and which may also have an established and longer retail operating history in North America.

Protection of Intellectual Property

The ownership and protection of TerrAscend's intellectual property rights is a significant aspect of TerrAscend's future success. Currently the Company relies on trade secrets, technical know-how and proprietary information. The Company protects its intellectual property by seeking and obtaining registered protection where possible, developing and implementing standard operating procedures to protect trade secrets, technical know-how and proprietary information and entering into restrictive agreements with parties that have access to the Company's inventions, trade secrets, technical know-how and proprietary information, such as TerrAscend's partners, collaborators, employees and consultants, to protect confidentiality and ownership. The Company also seeks to preserve the integrity and confidentiality of its inventions, trade secrets, trademarks, technical know-how and proprietary information by maintaining physical security of the Company's premises and physical and electronic security of its information technology systems.

In addition, the Company has sought and will continue to seek trademark protection in the US and Canada. TerrAscend's ability to obtain registered trademark protection for cannabis-related goods and services, in particular for cannabis itself, may be limited in certain countries outside of Canada, including the US, where registered federal trademark protection is currently unavailable for trademarks covering marijuana-related products and services that are illegal under the Controlled Substances Act (the "**CSA**"). Accordingly, TerrAscend's ability to obtain intellectual property rights or enforce intellectual property rights against third party uses of similar trademarks may be limited in certain countries. The US Patent and Trademark Office released a policy on May 2, 2019 that clarifies that applications for trademarks for products that meet the definition of hemp could be accepted for registration, with certain exceptions.

Human Capital

As at the end of June 2021, TerrAscend employed 902 employees, none of whom were subject to a collective bargaining agreement. Of these employees, approximately 766 were full-time. The Company believes it has a good relationship with its employees.

TerrAscend believes in building a diverse team, and it strives to make the Company a welcoming space where everyone can make an impact on the Company's success. TerrAscend encourages talented people from all backgrounds to join the Company and strives to make it a place of inclusion.

TerrAscend takes seriously the health and safety of the Company's employees and customers and so, during the COVID-19 pandemic, the Company has implemented extended health and safety protocols in all of TerrAscend's locations. These protocols require appropriate social distancing where work duties permit, allow individuals who are able to fulfill their work duties remotely to work from home, require masks and/or face coverings while individuals are in the workplace, institute regular cleaning and sanitization measures, and put in place appropriate reporting and communication procedures to ensure maintenance of required confidentiality while also providing sufficient information for employees to make educated decisions regarding their health. TerrAscend monitors and follows relevant guidance from the Center for Disease Control and other health and safety experts.

The Company is committed to providing a safe and secure work environment in accordance with applicable labor, safety, health, anti-discrimination and other workplace laws. TerrAscend strives for all the Company's employees to feel safe and empowered at work. To that end, the Company maintains a hotline that employees can call, with the option of remaining anonymous, to voice concerns.

Senior Management and Board of Directors

The Board of Directors has five members, comprised of Craig A. Collard, Richard Mavrinac, Ed Schutter, Lisa Swartzman and Jason Wild (Chairman of the Board of Directors). For committee assignments of the Board of Directors, please see Item 5 – "*Directors and Executive Officers*."

The Company's executive officers consist of Jason Wild (Executive Chairman) and Keith Stauffer (Chief Financial Officer).

Licenses and Regulatory Framework in US

The Company and its subsidiaries, as applicable, currently hold all necessary state licenses and permits to carry on the activities it conducts. See Appendix A – "*List of Licenses and Permits of TerrAscend Corp.*"

Summary of US Cannabis Regulatory Regime

The cannabis industry is subject to various state and local laws, regulations and guidelines relating to the cultivation, manufacture, distribution, sale, storage and disposal of medical and recreational cannabis, as well as laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. The US regulatory scheme varies in its terminology and definitions, using "cannabis", "marijuana" and "hemp" as distinct terms. The regulatory environment governing the medical and recreational marijuana industries in the US, where state law permits such activities, are, and will continue to be, subject to evolving regulation by governmental authorities. Accordingly, there are a number of risks associated with investing in businesses in an evolving regulatory environment, including, without limitation, increased industry competition, rapid consolidation of industry participants and potential insolvency of industry participants.

37 states plus the District of Columbia, the Commonwealth of the Northern Mariana Islands, Puerto Rico, US Virgin Islands and Guam that have authorized medical marijuana and approximately 18 states plus the District of Columbia, Guam, and the Commonwealth of Northern Marina Islands who have authorized adult-use (i.e. recreational) marijuana. Notwithstanding the permissive regulatory environment of medical, and in some cases also recreational marijuana at the state level, marijuana remains a Schedule I drug under the CSA, making it illegal under US federal law to cultivate, manufacture, distribute, sell or possess marijuana in the US. Furthermore, financial transactions involving proceeds generated by, or intended to promote, cannabis-related business activities in the US may form the basis for prosecution under applicable US federal money laundering legislation.

The US federal government's approach to enforcement of marijuana laws has trended toward deference to state laws where a robust state regulatory framework exists. On August 29, 2013, the US Department of Justice (the "**DOJ**") issued a memorandum known as the "**Cole Memorandum**" to all US Attorneys' offices. The Cole Memorandum generally directed US Attorneys not to prioritize the enforcement of federal marijuana laws against individuals and businesses that comply with state medical marijuana programs. The Cole Memorandum, while not legally binding and only a policy statement, assisted in managing the tension between state and federal laws concerning all medical and adult-use state-regulated marijuana businesses.

On January 4, 2018, the Cole Memorandum was rescinded by former Attorney General Sessions. While this did not create a change in federal law, the revocation added to the uncertainty of US federal enforcement of the CSA in states where marijuana use is regulated. Former Attorney General Sessions also issued a one-page memorandum known as the "**Sessions Memorandum**" which confirmed the rescission of the Cole Memorandum and explained that the Cole Memorandum was "unnecessary" due to existing general enforcement guidance as set forth in the US Attorney's Manual. While the Sessions Memorandum does emphasize that marijuana is a Schedule I controlled substance, and states the statutory view that it is a "dangerous drug and that marijuana activity is a serious crime," it does not otherwise indicate that the prosecution of marijuana-related offenses is a heightened DOJ priority. Furthermore, the Sessions Memorandum explicitly describes itself as a guide to prosecutorial discretion. Such prosecutorial discretion remains in the hands of US Attorneys when deciding whether or not to prosecute marijuana-related offenses.

On November 7, 2018, US Attorney General Jeff Sessions resigned as US Attorney General. On February 14, 2019, William Barr was confirmed by the US Senate as the next Attorney General. During one of his Senate confirmation hearings, Mr. Barr stated that he did not support cannabis legalization but would not prosecute cannabis businesses that comply with state laws. Mr. Barr stated further that he would not upset settled expectations that have arisen as a result of the Cole Memorandum.

On March 11, 2021, Merrick Garland was appointed US Attorney General. Mr. Garland indicated he would generally act in accordance with the Cole Memorandum, when, at his confirmation hearing, he said, "It does not seem to me a useful use of limited resources that we have, to be pursuing prosecutions in states that have legalized and that are regulating the use of marijuana, either medically or otherwise." He has not, however, reissued the Cole Memorandum or issued substitute guidance. While enforcement of federal laws against regulated state entities does not appear to be a US DOJ priority, the US DOJ may change its enforcement policies at any time, with or without advance notice.

For the reasons set forth herein, the Company's existing investments in the US, and any future investments, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. As a result, the Company may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not lead to the imposition of certain restrictions on the Company's ability to invest in the US or any other jurisdiction. Government policy changes or public opinion may also result in a significant influence over the regulation of the marijuana industry in the US or elsewhere. A negative shift in the public's perception of marijuana in the US or any other applicable jurisdiction could affect future legislation or regulation. Among other things, such a shift could cause state and local jurisdictions to abandon initiatives or proposals to legalize medical or recreational marijuana, thereby limiting the number of new state jurisdictions into which the Company could expand. Any inability to fully implement the Company's expansion strategy may have a material adverse effect on the Company's business, financial condition and results of operations.

Additionally, under US federal law, it may be a violation of federal money laundering statutes for financial institutions to take any proceeds from the sale of marijuana or any other Schedule I controlled substance. Banks and other financial institutions, particularly those that are federally chartered in the US, could be prosecuted and possibly convicted of money laundering for providing services to marijuana businesses. It may also be a violation of federal money laundering statutes for "federal health care law violations," which include violations of the Federal Food, Drug, and Cosmetic Act ("**FDCA**").

Violations of any US federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities, civil forfeiture or divestiture. This could have a material adverse effect on the Company, including its reputation and ability to conduct business, its marijuana licenses in the US, the listing of its securities on various stock exchanges, its financial position, operating results, profitability or liquidity or the market price of its publicly traded shares. In addition, it is difficult for the Company to estimate the time or resources that would be needed for the investigation of any such matters or its final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial. For the reasons set forth above, the Company's investments and operations in the US may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada.

The Company may also be subject to a variety of laws and regulations domestically and in the US that relate to money laundering, financial recordkeeping and proceeds of crime, including the Currency and Foreign Transactions Reporting Act of 1970 (commonly known as the Bank Secrecy Act), as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada), as amended and the rules and regulations thereunder, the Criminal Code (Canada) and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the US and Canada. Further, under US federal law, banks or other financial institutions that provide a marijuana business with a checking account, debit or credit card, small business loan, or any other service could be found guilty of money laundering, aiding and abetting, or conspiracy.

In February 2014, the Financial Crimes Enforcement Network of the Treasury Department issued a memorandum (the "**FinCEN Memorandum**") providing instructions to banks seeking to provide services to marijuana-related businesses. The FinCEN Memorandum clarifies how financial institutions can provide services to marijuana-related businesses consistent with their Bank Secrecy Act obligations. It refers to

supplementary guidance that Deputy Attorney General Cole issued to federal prosecutors relating to the prosecution of money laundering offenses predicated on marijuana-related violations of the CSA and independently lists the federal government's enforcement priorities as related to marijuana. Although the original FinCEN Memorandum is still in place, this supplementary Department of Justice guidance that accompanied the FinCEN Memorandum was rescinded when former Attorney General Sessions rescinded the Cole Memorandum. It is unclear whether the current administration will follow the guidelines of the FinCEN Memorandum, although immediately after the Sessions Memorandum, then-US Treasury Secretary Steven Mnuchin stated that the Treasury Department had no intention to rescind the FinCEN Memorandum but, instead, wanted to improve the availability of banking services in the state-regulated marijuana space. The position of current Treasury Secretary Janet Yellen is relatively unknown. In the foreseeable future, the Company expects any amounts payable by the Company from its subsidiaries to remain in the US to fund the further development of its businesses. The Company may also consider future debt or equity financings.

H.R. 1595, the SAFE Banking Act of 2019, which would expand financial services in the US to marijuana-related legitimate businesses and service providers, was introduced in the US House of Representatives (the "**House**") on March 7, 2019 with bipartisan support. On April 11, 2019, S. 1200, the US Senate (the "**Senate**") version of the SAFE Banking Act, was filed. This bill also has bipartisan support and more than a fifth of the total Senate, 27 members, co-sponsored it. On September 25, 2019, H.R. 1595 passed in the House by a vote of 321 to 103, but it stalled in the US Senate. The SAFE Banking Act passed the House again on May 15, 2020, when it was included in the COVID-19 stimulus bill, the Health and Economic Recovery Omnibus Emergency Solutions Act. However, that measure also stalled in the Senate. The SAFE Banking Act passed the House again on April 19, 2021 as H.R. 1996, by a vote of 321 – 101. The bill has since been received by the Senate and referred to the Committee on Banking, Housing, and Urban Affairs, where it remains (as of October 2021). On September 23, 2021, the House approved the National Defense Authorization Act ("**NDAA**") that contained the provisions of the SAFE Banking Act. It is uncertain whether of the NDAA with the SAFE Banking Act language will pass the Senate.

Other legislation that has been introduced in the US that would make cannabis transactions easier and more predictable, include the Marijuana Opportunity Reinvestment and Expungement Act (the "**MORE Act**") and the Cannabis Administration and Opportunities Act (the "**CAOA**"). The MORE Act was first introduced in July 2019 by Representative Jerrold Nadler in the House, and in the Senate by then-US Senator Kamala Harris. If it were to become law, the MORE Act would remove cannabis as a Schedule I controlled substance under the CSA and make available US Small Business Administration funding for regulated cannabis operators. The MORE Act was reintroduced in the current US Congress ("**Congress**") by Representative Nadler on May 28, 2021, with no corresponding bill introduced in the Senate. The CAOA was released as a discussion draft by US Senate Majority Leader Chuck Schumer, US Senator Ron Wyden, and US Senator Cory Booker in July 2021. If it were to become law it would, among other things, remove cannabis from the definition of a controlled substance under the CSA, allow states to set their own regulations for cannabis, and block states from prohibiting interstate commerce of regulated cannabis across their borders.

It is unlikely that the MORE Act or the CAOA will pass both the House and the Senate and be signed into law this year. It is, however, likely that these bills will be reintroduced at the beginning of the next Congress in 2022. Depending on the political winds and the outcome of federal elections, it is possible but not certain that one or more of these bills could become law sometime in the coming years.

Despite the rescission of the Cole Memorandum, one legislative safeguard for the medical marijuana industry remains in place. Congress has used a rider known as the Rohrabacher-Blumenauer Amendment in the fiscal year 2015, 2016 and 2017 Consolidated Appropriations Acts (the "**RBA**") to prevent the federal government from using congressionally appropriated funds to enforce federal marijuana laws against regulated medical marijuana actors operating in compliance with state and local law. However, this measure does not protect adult-use marijuana businesses. As part of the $1.3 trillion federal spending bill enacted on March 23, 2018, Congress renewed the RBA through September 2018, and subsequently extended it further. The RBA is an appropriations rider that prohibits the DOJ from using federal funds to prevent states from implementing marijuana laws. The US Ninth Circuit in *United States v. McIntosh* held that the prohibition under the RBA also prevents the DOJ from spending federal funds to prosecute individuals who are engaged in conduct that is permitted by, and in compliance with, state medical marijuana laws. In July 2020, the House introduced a base appropriations bill with the RBA included, and this amendment was renewed through stopgap funding bills on October 1, December 11, December 18, December 20, and December 22, 2020, until an amendment was renewed through the passage and Presidential signing of H.R. 133, which was effective through September 30, 2021. On September 30, 2021 President Biden signed a short-term continuing resolution to extend current appropriations through December 3, 2021.

State-Level Overview

The following section presents an overview of market and regulatory conditions for the marijuana industry in US states in which the Company has or is intending to have an operating presence and is presented as of the date of filing, unless otherwise indicated.

California

In 1996, California voters passed Proposition 215, also known as the Compassionate Use Act, allowing physicians to recommend cannabis for an inclusive set of qualifying medical conditions including chronic pain. The law established a not-for-profit patient/caregiver system but there was no state licensing authority to oversee the businesses that emerged as a result of the system. In September of 2015, the California legislature passed three bills, collectively known as the Medical Marijuana Regulation and Safety Act. In 2016, California voters passed The Adult Use of Marijuana Act, which legalized recreational use cannabis for adults 21 years of age and older and created a licensing system for commercial cannabis businesses. Note, California defines "cannabis" to mean "marijuana." On June 27, 2017, then-Governor Jerry Brown signed Senate Bill 94 into law, which combined California's medicinal and recreational use cannabis frameworks into one licensing structure under the Medicinal and Adult-Use of Cannabis Regulation and Safety Act ("**MAUCRSA**").

Pursuant to MAUCRSA: (i) CalCannabis, a division of the California Department of Food and Agriculture, was designated to issue licenses to cannabis cultivators: (ii) the Manufactured Cannabis Safety Branch (the "**MCSB**"), a division of the California Department of Public Health, was designated to issue licenses to cannabis manufacturers; and (iii) the California Department of Consumer Affairs, via its agency the Bureau of Cannabis Control (the "**BCC**"), was designated to issue licenses to cannabis distributors, testing laboratories, retailers, and micro-businesses. These agencies were also charged with overseeing various aspects of implementing and maintaining California's cannabis landscape, including the statewide track and trace system. All three agencies released their initial emergency rulemakings at the end of 2017 and updated them with minor revisions in June 2018. The three agencies adopted their permanent rulemakings on January 16, 2019. All three agencies began issuing temporary licenses in January 2018 and stopped doing so on December 31, 2018, pursuant to MAUCRSA.

Local authorization is a prerequisite to obtaining a state license, and local governments are permitted to prohibit or otherwise regulate the types and number of cannabis businesses allowed in their locality. All three state regulatory agencies require confirmation from the applicable locality that the operator is operating in compliance with local requirements and was granted authorization to continue or commence commercial cannabis operations within the locality's jurisdiction. Applicants are required to comply with all local zoning and land use requirements and provide written authorization from the property owner where the commercial cannabis operations are proposed to take place, which must dictate that the applicant has the property owner's authorization to engage in the specific state-sanctioned commercial cannabis activities proposed to occur on the premises. The State has not set a limit on the number of state licenses an entity may hold, unlike other states that have restricted how many cannabis licenses an entity may hold in total or for various types of cannabis activity. Although vertical integration across multiple license types is allowed under MAUCRSA, testing laboratory licensees may not hold any other licenses aside from a laboratory license. There are also no residency requirements for ownership of a state license under MAUCRSA.

California state licenses, and some local licenses, are renewed annually. Each year, licensees are required to submit a state renewal application to the relevant regulatory authority, and all applicable local renewal applications to the applicable local regulatory body (for local licenses) such as the Department of Cannabis Regulation in the City of Los Angeles.

On July 12, 2021, Governor Gavin Newsom signed AB-141 into law, triggering the consolidation of CalCannabis, the MCSB, and the BCC into the newly created Department of Cannabis Control (the "**DCC**"). The DCC was created in an effort to centralize regulatory authority and facilitate a more easily navigable regulatory regime. All licenses obtained under the previous regulatory authorities automatically transferred to the DCC, which will be responsible for issuing and renewing all cannabis licenses moving forward. In September 2021 the DCC issued draft regulations, which may be adopted within the next several months. The draft regulations, among other things, include revised definitions clarifying who are considered to be owners or holders of a financial stake in cannabis businesses, and provisions allowing for the sale of branded products between businesses.

California's robust regulatory system is designed to ensure, monitor, and enforce compliance with all aspects of a cannabis operator's licensed operations. California's state license application process additionally requires comprehensive criminal, regulatory, financial and personal disclosures, coupled with stringent monitoring and continuous reporting requirements designed to ensure only good actors are granted licenses and that licensees continue to operate in compliance with the state regulatory program. Applicants must submit standard operating procedures describing how the operator will, among other requirements, secure the facility, manage inventory, comply with the state's seed-to-sale tracking requirements, dispense cannabis, and handle waste, as applicable to the license sought. Once licensed, an operator must continue to abide by the processes described in its application and seek regulatory approval before any changes to such procedures can be made. Licensees are additionally required to train their employees on compliant operations and are only permitted to transact with other legal and licensed businesses.

As a condition of state licensure, operators must consent to random and unannounced inspections of their commercial cannabis facility as well as all of the facility's books and records, so as to monitor and enforce compliance with state law. Many localities have also enacted similar standards for inspections, and the state has already commenced site-visits and compliance inspections for operators who have received state temporary or annual licensure.

New Jersey

On January 18, 2010, the Compassionate Use Medical Marijuana Act (the "**CUMMA**") came into force allowing patients with a limited number of qualifying medial conditions to access the state's medical marijuana program. The New Jersey Department of Health (the "**NJDOH**") issued regulations shortly thereafter authorizing the NJDOH to accept applications for a minimum of six alternative treatment centers (the "**ATCs**"), with two each to operate in the north, central and south regions of New Jersey.

CUMMA permits each ATC to operate as both a cultivator and dispensary under one permit. These activities can take place at up to two locations, as long as both locations are within the same region. The application process involves two stages. Those seeking an ATC permit must first submit an application seeking authority to apply for a permit to operate. Upon the granting of the application, the prospective ATC must then complete the application for actual permitting. Applications for authority to apply for a permit may only be submitted following solicitation from NJDOH for such applications. The first six permits for ATCs were awarded to nonprofit entities, with subsequent permits to be available to both nonprofit and for-profit entities. In 2013, CUMMA was amended to allow ATCs to cultivate an unlimited number of strains of marijuana and sell additional marijuana-infused products, and to restrict the same of marijuana-infused edible products to qualifying patients under the age of 18. With additional authorizations, ATCs may also house manufacturing facilities for marijuana-infused products such as syrups and lozenges. All marijuana is subject to a tetrahydrocannabinol ("**THC**") limit of 10%, though NJDOH is proposing to repeal the regulation that establishes this limit.

Upon taking office on January 16, 2018, Governor Murphy expanded the medical program by issuing Executive Order No. 6, which ordered a 60-day review of all aspects of New Jersey's current program, "with a focus on ways to expand access to marijuana for medical purposes." In response to Executive Order No. 6, NJDOH released its EO 6 Report on March 23, 2018, which proposed significant changes to the existing medicinal program. In an effort to create greater patient access, the state immediately put into effect some of the recommended changes, including cutting registration and renewal fees, and expanding qualifying conditions.

On July 16, 2018, the Murphy Administration announced that the licensing application process would be opened for up to six additional vertically integrated medicinal marijuana ATCs. The NJDOH released a Notice of Request for Applications outlining the reason for issuing the licenses, eligibility rules and information required for the applications. The application period opened on August 1, 2018 and closed on August 31, 2018. Winning applicants were supposed to be selected on or before November 1, 2018 but this deadline was subsequently pushed to December due to administrative constraints. On December 17, 2018, NJDOH revealed the additional six medical marijuana ATCs it picked to add to the program. New Jersey will now have 12 vertically-integrated ATCs across the state, if these additional six applicant ATCs become operational. These six applicant ATCs now must pass background checks, provide evidence of cultivation and dispensary locations with municipal approval for each location, and comply with all regulations promulgated by the NJDOH, including safety and security requirements.

On March 25, 2019, a planned vote on legislative package including medical expansion and adult-use legalization was pulled due to a lack of votes necessary to pass the legislation through the state Senate. This setback came after significant momentum had helped to pass the bill through the appropriations and judiciary committees earlier in the month. After the package of cannabis reforms stalled, Governor Murphy announced he would be expanding the medical program through administrative action. This announcement has proved contentious as the Senate President claims any regulatory changes for medical cannabis would make securing the votes necessary to pass adult-use legalization more difficult. On May 14, 2019, the Senate President announced he would no longer work to advance adult-use legalization through the legislature and instead would pivot to put the issue before voters for the 2020 general election. While legalization stalled, bills to expand the state's medical program and reform criminal penalties continued to move forward. On December 18, 2020, Governor Murphy signed A. 5981/S. 4154 into law, which facilitates the expungement of low-level marijuana crimes and other offenses. And, on November 3, 2020, New Jersey voters passed a ballot measure amending the New Jersey Constitution to permit the use of marijuana for adults over 21 years of age. The ballot measure will also allow New Jersey to regulate the growth, distribution, and sale of adult-use marijuana. On November 4, 2020, New Jersey Attorney General Gurbir S. Grewal issued a statement reminding New Jersey residents that the state's criminal laws related to marijuana still apply until the state legislature enacts a framework for adult-use cannabis.

On February 22, 2021, Governor Murphy signed the New Jersey Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Act into law, legalizing the use of marijuana by adults 21 years of age and older in New Jersey. On August 19, 2021, New Jersey's Cannabis Regulatory Commission published its first set of rules associated with adult-use cannabis in the state. These rules outline the details of licensing, the authority of municipalities, the operations of cannabis businesses, and the New Jersey Cannabis Regulatory Commission's authority over adult-use cannabis. Additional rules are expected as New Jersey's adult-use program continues toward becoming operational. The goal date for adult-use cannabis sales to begin has yet to be established.

Pennsylvania

The Pennsylvania medical marijuana program was signed into law on April 17, 2016 under Act 16 and provided access to state residents with one or more of 17 qualifying conditions, including: epilepsy, chronic pain and PTSD. The state originally awarded only 12 licenses to cultivate/process and 27 licenses to operate retail dispensaries (which entitled holders to up to three medical dispensary locations per retail license).

On March 22, 2018, it was announced that the final phase of the Pennsylvania medical marijuana program would initiate its rollout, which included 13 additional cultivation/processing licenses and 23 additional dispensary licenses. Additionally, the list of qualifying conditions was expanded from 17 to 21.

There are two principal license categories in Pennsylvania: (1) cultivation/processing and (2) dispensary. All cultivation/processing establishments and dispensaries must register with Pennsylvania Department of Health. Registration certificates are valid for a period of one year and are subject to annual renewals after required fees are paid and the business remains in good standing. The Pennsylvania Department of Health must renew a permit unless it determines the applicant is unlikely to maintain effective control against diversion of medical cannabis and the applicant is unlikely to comply with all laws as prescribed under the Pennsylvania medical marijuana program.

Under applicable laws, the licenses permit the license holder to cultivate, manufacture, process, package, sell and purchase medical marijuana pursuant to the terms of the licenses, which are issued by the Pennsylvania Department of Health under the provisions of Medical Marijuana Act and Pennsylvania regulations. The medical cultivation/processing licenses permit the licensee to acquire, possess, cultivate, manufacture/process into medical marijuana products and/or medical marijuana-infused products, deliver, transfer, have tested, transport, supply or sell marijuana and related supplies to medical marijuana dispensaries.

The retail dispensary licenses permit the Company to purchase marijuana and marijuana products from cultivation/processing facilities, as well as allow the sale of marijuana and marijuana products.

Maryland

The Maryland medical cannabis program was signed into law on May 2, 2013. In 2016, the Maryland Medical Cannabis Commission issued preliminary licenses to 102 dispensaries, 15 cultivators, and 15 processors; the first dispensaries opened to patients in December 2018.

Maryland has three classes of cannabis licenses: dispensaries, cultivators, and processors. Wholesaling occurs between cultivators and processors, cultivators and dispensaries, and processors and dispensaries. Originally, no one Company could directly control multiple licenses of the same class, but this restriction was changed in May 2019 when Governor Hogan signed a bill that permitted a single company to own or control, including the power to manage or operate, up to four dispensaries. Dispensary locations are tied to the Senate District in which they were awarded, with the exception of dispensary licenses that were awarded to applicants who also were awarded a cultivation license. These dispensaries can be located at the discretion of the license holder. Permitted products include oil-based formulations, flower, and edibles.

In April 2018, the Maryland House and Senate approved a bill, which was later signed by Governor Hogan, that expanded the license pool, allowing for a maximum of seven additional cultivation licenses, for a total of 22, and 13 additional processing licenses, for a total of 28. Currently, there are approximately 102 licensed dispensaries, 22 licensed cultivators, and 22 licensed processors.

Michigan

In November 2008, Michigan residents approved the Michigan Medical Marihuana Act (the "**MMMA**") to provide a legal framework for individuals with certain debilitating medical conditions to lawfully use marijuana for medicinal purposes. In September 2016, the Michigan Legislature passed, and Governor Snyder signed into law, the Medical Marihuana Facilities Licensing Act (the "**MMFLA**") and the Marihuana Tracking Act (the "**MTA**") to provide a comprehensive licensing and tracking scheme, respectively, for state's medical marijuana program.

In 2018, Michigan voters approved Proposal 1, to make marijuana legal under state and local law for adults 21 years of age or older and to control the commercial production and distribution of marijuana under a system that licenses, regulates, and taxes the businesses involved. The proposal is known as the Michigan Regulation and Taxation of Marihuana Act (the "**MRTMA**" and together with the MMMA, the MMFLA, and the MTA, the "**Michigan Cannabis Laws**").

Additionally, the Michigan Department of Licensing and Regulatory Affairs ("**LARA**") and the MRA have supplemented the Michigan Cannabis Laws with administrative rules and bulletins to further clarify the regulatory landscape surrounding the state's medical and adult use marijuana programs. The MRA is the main regulatory authority for the licensing and regulation of medical and adult use marijuana businesses, and is an agency within LARA.

Under the MMFLA, the MRA administrates five types of "state operating licences" for medical marijuana businesses: (a) a "grower" license, including three different classes of licenses: (i) a Class A license that allows the licensee to cultivate up to 500 plants; (ii) a Class B license that allows the licensee to cultivate up to 1,000 plants; and (iii) a Class C license that allows the licensee to cultivate up to 1,500 plants, (b) a "processor" license, (c) a "secure transporter" license, (d) a "provisioning center" license and (e) a "safety compliance facility" license. Likewise, under the MRTMA, the MRA administers six types of "state licenses" for adult use marijuana business: (a) a "marihuana grower" license, including three different classes of licenses: (i) a Class A license that allows the licensee to cultivate up to 100 plants; (ii) a Class B license that allows the licensee to cultivate up to 500 plants; and (iii) a Class C license that allows the licensee to cultivate up to 2,000 plants, (b) a "marihuana processor" license, (c) a "secure transporter" license, (d) a "marihuana retailer" license, (e) a "marihuana safety compliance facility" license, and (f) a "marihuana microbusiness" license. However, MRTMA also allows the MRA to create additional license types through the administrative rulemaking process. To date, the MRA has created four additional license types: (a) a "designated consumption establishment" license, (b) an "excess marihuana grower" license, (c) a "marihuana event organizer" license, and (d) a "temporary marihuana event" license. Importantly, each excess marihuana grower license allows an entity that holds five adult use Class C grower licenses issued under MRTMA and at least two medical Class C grower licenses issued under the MMFLA to grow an additional 2,000 plants.

Under both MRTMA and the MMFLA, there are no stated limits on the number of licenses that can be made available on a state level; however, the MRA has discretion over the approval of applications and municipalities can pass additional restrictions, including limiting the number and type of licenses that can be issued within their jurisdiction. Additionally, a person or entity cannot possess or own both a grower/process/provisioning center and a secure transporter license or a safety compliance lab.

US Hemp Regime

The Agriculture Improvement Act of 2018 (commonly known as the "**2018 Farm Bill**") was signed into law on December 20, 2018. The 2018 Farm Bill, among other things, removes "hemp" (including any part of the cannabis plant containing 0.3% THC or less), its extracts, derivatives, and cannabinoids from the CSA definition of "marihuana", and allows for federally-sanctioned hemp production under the purview of the US Department of Agriculture (the "**USDA**"), in coordination with state departments of agriculture that elect to have primary regulatory authority. States and Tribal governments can adopt their own regulatory plans, even if more restrictive than federal regulations, so long as the plans meet minimum federal standards and are approved by the USDA. Hemp production in jurisdictions that do not choose to submit their own plans (and that do not otherwise prohibit hemp production) will be governed by USDA regulation. "Hemp" as defined in the 2018 Farm Bill, "means the plant Cannabis sativa L., and any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not with a THC concentration of not more than 0.3% on a dry weight basis."

While the 2018 Farm Bill removes hemp and hemp-derived products from the controlled substances list under the CSA, it does not legalize cannabidiol ("**CBD**") in every circumstance. While not independently scheduled under the CSA, CBD, depending on the source from which it was derived and its THC concentration, can still be classified as a Schedule I substance under the CSA's definition of "marihuana." Further, although the 2018 Farm Bill creates a limited exception to this prohibition, this exception only applies if the CBD is derived from "hemp" as defined in federal law. Federal law also requires that: (i) the hemp is produced by a Licensed Producer; and (ii) in a manner consistent with the applicable federal and state regulations. CBD and other cannabinoids produced from marihuana as defined by the CSA remain an illegal Schedule I substance under federal law. In addition, many state laws include all CBD within definitions of marijuana and some states have policies or laws that otherwise prohibit or restrict CBD sales.

Notwithstanding the foregoing, the 2018 Farm Bill expressly preserves the US Food and Drug Administration's authority to regulate certain products under the FDCA and Section 351 of the Public Health Service Act. The FDA takes the position that because CBD was the subject of substantial clinical investigations that have been made public and is the active ingredient in an FDA-approved drug (Epidiolex), it is therefore illegal to add to food and CBD products are excluded from the dietary supplement definition. While there is an exception for articles that were marketed as a conventional food or dietary supplement before the new drug investigations were authorized (or the new drug was approved), the FDA has asserted that, based on available evidence, the exception does not apply to CBD. As previously mentioned, the FDA takes the position that it is unlawful under the FDCA to introduce food containing added CBD into interstate commerce, or to market CBD products as, or in, dietary supplements, regardless of whether the substances are hemp-derived. Despite FDA's stated position, the agency has not, to date, been active in its CBD-related enforcement absent CBD products bearing aggressive therapeutic claims (e.g., claims of treatment of COVID-19, neuropathy, AIDS, diabetes, cancer, etc.). FDA could change its enforcement priorities at any time. The FDA has indicated that it will work towards providing ways for companies to seek approval from the FDA to market CBD products. In addition, options remain available for the FDA to consider whether there are circumstances in which certain cannabis-derived compounds might be permitted in a food or dietary supplement. Importantly, notwithstanding the FDA's stated position prohibiting sales of CBD containing-foods and dietary supplements, the FDA has authority to issue a regulation allowing the use of a pharmaceutical ingredient, such as CBD, in a food or dietary supplement, even if such pharmaceutical ingredient was not previously marketed as a food or dietary ingredient prior to the initiation of clinical drug trials. Timing regarding if or when FDA might issue such a regulation is unclear.

States have also taken various approaches to the production and sale of hemp-derived food products. Many states have adopted the Uniform State Food, Drug, and Cosmetic Act, which was created in 1984 by the Association of Food and Drug Officials (the "**AFDO**"), the primary organization for state food and drug officials. The AFDO's model Uniform Act includes a provision to automatically incorporate changes to the FDCA into state law. However, there is some variation between state Food, Drug, and Cosmetic Acts both because not all states have adopted this provision, and because not all states have adopted the Uniform Act. States that have adopted the Uniform Act generally prohibit the use of CBD in food and dietary supplements due to the FDA's lack of approval for such uses of the substance, discussed above. For example, Michigan and California (among other states) prohibit the use of CBD in retail food and beverage products because of the FDA's stated position. Like FDA, some states, despite having stated positions of the impermissibility of CBD foods and supplements, or any CBD products at all, enforcement is inconsistent, with some state regulators more active than others. Again, these enforcement priorities could change at any time.

Although hemp-derived CBD cannot be added or marketed in foods or dietary supplements, certain hemp derived substances, such as hemp seed oil, may be permissible in food, dietary supplements, cosmetics, and other products depending on whether the ingredients and finished products comply with the other requirements of the FDCA. For example, a substance that will be added to food is subject to premarket approval by the FDA unless it is generally recognized, among qualified experts, to be safe under the conditions of its intended use ("**GRAS**"). Pursuant to the FDCA, a food ingredient may be marketed in the US under any of the following three alternative criteria: (i) if it was approved by the FDA or USDA between 1938 and 1958 for the intended use (commonly referred to as a "**prior sanction**"); (ii) if it is GRAS for its intended use; or (iii) pursuant to a food additive regulation promulgated by the FDA. On December 20, 2018, the FDA issued GRAS approvals for three types of non-cannabinoid hemp products – hulled hemp seeds, hemp seed protein, and hemp seed oil. These three types of products can be legally marketed in human foods without food additive approval, provided they comply with all other requirements and do not make unlawful drug claims. It is worth noting that none of these GRAS products contain CBD.

The 2018 Farm Bill also contemplates a significant state presence in the regulation of hemp production, as the 2018 Farm Bill empowers states, US territories and Native American tribes to regulate the production and sale of hemp within their respective borders. To regulate commercial hemp production, states, US territories and Native American tribes must submit plans to the USDA setting out the processes associated with how the state, territory or tribe will regulate hemp production, including how it will gather information, test, inspect and dispose of hemp and its related byproducts. The Secretary of the USDA must approve or reject these plans within sixty days of receipt. If a state, territory or tribe chooses not to submit a plan to the USDA, potential producers will be able to apply directly to the USDA for licensing approval. States, territories and tribes may also enact stricter laws than those enacted at the federal level and may ban hemp production and sale within their respective jurisdiction.

Once implemented, in jurisdictions with USDA-approved state programs, it will be a violation of state law to cultivate hemp without a registration in compliance with state law, or in the case of a state or territory without a USDA-approved program, it will be a violation of federal law to cultivate hemp without a federally issued license.

The 2018 Farm Bill was signed into law on December 20, 2018. Importantly, however, the Industrial Hemp cultivation and research provisions contained in the Section 7606 of the Agricultural Act of 2014 (the "**2014 Farm Bill**") will remain in effect pending the USDA's rulemaking process and certain provisions of the law may not yet be effective. The federal rulemaking process may take more than one year to finalize, and the 2014 Farm Bill will be repealed one year after the USDA establishes regulations governing hemp production in states lacking their own USDA-approved plans. The scope of the 2014 Farm Bill is limited to cultivation that is: (i) for research purposes (inclusive of market research, which multiple federal agencies have confirmed includes commercial sales with a research purpose); (ii) part of an "agricultural pilot program" or other agricultural or academic research; and (iii) permitted by state law. Further, the 2014 Farm Bill defines "Industrial Hemp" as the plant Cannabis sativa L., and any part of such plant, whether growing or not, with a delta-9 THC concentration of not more than 0.3% on a dry weight basis. The USDA published its final rule on January 19, 2021. The USDA's final rule establishes a federal licensing plan for regulating US hemp producers in states that do not have their own USDA-approved plans. In the absence of a state plan, US hemp producers will be subject to regulation directly by the USDA unless the state prohibits US hemp production. Additionally, the final rule includes requirements for maintaining information on the land where US hemp is produced, testing US hemp for THC levels, disposing of plants with more than 0.3 percent THC on a dry-weight basis and licensing for US hemp producers. The USDA's final rule requires hemp producers to use a laboratory that is registered with the DEA, although the USDA is delaying enforcement of this requirement until December 31, 2022. The final rule also includes provisions for producers to dispose or remediate violative hemp plants without the use of a DEA-registered reverse distributor or law enforcement.

State-Level Overview

The following section presents an overview of market and regulatory conditions for the hemp industry in Florida, where the Company has an operating presence as of the date of this filing.

Florida

Florida continues to classify all cannabis as a schedule I controlled substance, excepting medical marijuana grown and sold under the state's medical marijuana program and, as of July 1, 2019, both hemp and industrial hemp, defined below. Florida defines "cannabis" in its criminal code to include, "all parts of any plant of the genus cannabis, whether growing or not; the seeds thereof; the resin extracted from any part of the plant; and every compound, manufacture, salt derivative, mixture, or preparation of the plant or its seeds or resin." The term does not include "marijuana," if manufactured, possessed, sold, purchased, delivered, distributed, or dispensed, in conformance with § 381.986 Florida's Medical Marijuana Program statutes. This term also does not include "hemp" defined in § 581.217 or "industrial hemp" as defined in § 1004.4473.

On May 3, 2019, the Florida legislature passed SB1020, creating Florida's hemp farming program governed by the Florida Department of Agriculture, legalizing cannabidiol and the sale and distribution of hemp extracts, and removing hemp and industrial hemp from the definition of cannabis under state law so that hemp is no longer a controlled substance in the state of Florida. On June 25, 2019, the bill was signed by the governor and went into on effect July 1, 2019. On April 8, 2020, Florida's Hemp Plan was approved by USDA. Hemp cultivators may now apply for licensure online with the Florida Department of Agriculture. As part of the application, hemp cultivators must undergo a background check and must submit a Hemp Containment and Transportation Plan, among other requirements.

Regulatory Framework in Canada

Licenses and Regulatory Framework in Canada

The TCI License

TCI currently holds a standard cultivation license, standard processing license and license for sale for medical purposes under the Cannabis Act. This license expires on June 25, 2024. Under the TCI License, and subject to further requirements set out in the Cannabis Act, TCI may possess, obtain produce and sell cannabis, including sales of cannabis extracts, topicals and edibles, and oils, in accordance with the applicable Cannabis Regulations, subject to certain terms and conditions, including, without limitation, shipping security requirements, health warning messages, THC concentration limits, proper THC and CBD amount labeling, restriction on medical claims, record keeping requirements and notification requirements for adverse events. The Company obtained an amendment to the TCI License to allow for sales of cannabis extracts, topicals and edibles. Permitted activities related to cannabis extracts, topicals and edibles, like other forms of cannabis, includes strict terms and conditions that a Licensed Producer must comply with. See Appendix A– "*List of Licenses and Permits of TerrAscend Corp.*"

Summary of Canadian Regulatory Framework

On October 17, 2018, the Cannabis Act and Cannabis Regulations came into force as law with the effect of legalizing the recreational adult-use of cannabis and regulating the production, distribution and sale of cannabis and cannabis derived products (both medical and adult-use) within Canada. The Cannabis Act replaced the Access to Cannabis for Medical Purposes Regulations ("**ACMPR**") and the Old International Health Regulations ("**IHR**"), both of which came into force under the CDSA, which previously permitted access to cannabis for medical purposes for only those Canadians who had been authorized to use cannabis by their health care practitioner.

The Cannabis Act provides a licensing and permitting scheme for activities related to cannabis, implemented by regulations made under the Cannabis Act. The Cannabis Act maintains separate medical access to cannabis, including providing that import and export licenses and permits will only be issued in respect of cannabis for medical or scientific purposes or in respect of industrial hemp. Transitional provisions of the Cannabis Act provide that licenses and permits issued under the former ACMPR and the Narcotics Control Regulations ("**NCR**") that were in force immediately before the day on which the Cannabis Act came into force are deemed to continue under the Cannabis Act.

The Cannabis Regulations (the "**Regulations**"), among other things, outline the rules for the legal cultivation, processing, research, testing, distribution, sale, importation and exportation of cannabis and hemp in Canada, including the various classes of licenses that can be granted, and set standards for cannabis and hemp products. The Regulations include strict specifications for the plain packaging and labelling and analytical testing of all cannabis products as well as stringent physical and personnel security requirements for all federally licensed production and processing sites.

The Cannabis Act and Regulations were amended on October 17, 2019 to provide for new classes of cannabis, namely edible cannabis, cannabis extracts and cannabis topicals, that are permitted to be sold in the medical and adult-use markets as well as to establish new regulatory controls to address the public health and safety risks associated with these new classes of cannabis. These controls include restrictions on product composition and ingredients, THC limits, and new requirements pertaining to promotion, packaging and labelling, good production practices and record keeping.

Pursuant to the Cannabis Act, subject to provincial regulations, individuals over the age of 18 are able to purchase fresh cannabis, dried cannabis, cannabis oil, cannabis extracts, cannabis topicals, edible cannabis and cannabis plants or seeds and are able to legally possess up to 30 grams of dried cannabis or equivalent. In addition, the Cannabis Act provides provincial, territorial and municipal governments the authority to prescribe regulations regarding retailing and distribution, as well as the ability to alter some of the existing baseline requirements of the Cannabis Act such as increasing the minimum age for purchase and consumption, and limiting the ability of households to grow cannabis plants.

The Cannabis Regulations establish requirements relating to licenses; security, including clearances; cannabis products; packaging, labelling and promotion, health products and cosmetics containing cannabis and cannabis for medical purposes.

Licenses, Permits and Authorizations

The Cannabis Regulations establish six classes of licenses: (i) cultivation; (ii) processing; (iii) analytical testing; (iv) sale for medical purposes; (v) research; and (vi) cannabis drug. The Cannabis Regulations also create subclasses for cultivation licenses (standard cultivation, micro-cultivation and nursery) and processing licenses (standard processing and micro-processing). Different licenses and each sub-class therein, carry differing rules and requirements that are intended to be proportional to the public health and safety risks posed by each license category and each sub-class.

Licenses issued pursuant to the Cannabis Regulations may be issued for a period of no more than five years and identify the specific activities that the license holder is authorized to conduct. The Cannabis Regulations may also permit cultivation license holders to conduct both indoor and outdoor cultivation of cannabis, once outdoor cultivation is permitted, however no licensed activities can take place in a "dwelling-house" and all activities must take place on the authorized site (except for destruction, antimicrobial treatment and distribution). The implications of the proposal to allow outdoor cultivation are not yet known, but such a development could be significant as it may reduce start-up capital required for new entrants in the cannabis industry. It may also ultimately lower prices as capital expenditure requirements related to growing outside are typically much lower than those associated with indoor growing, which may benefit the Company in its capacity as a buyer.

Security Clearances

Certain people associated with cannabis licensees, including, but not limited to, directors and officers of a license holder and any significant shareholders of the license holder, the key positions identified by license class (e.g. master grower, quality assurance person, head of security), and any individual or position specified by the Minister pursuant to Subsection 67(2) of the Cannabis Act, must hold a valid security clearance issued by the Minister. Under the Cannabis Regulations, the Minister may refuse to grant security clearances to individuals with associations to organized crime or with past convictions for, or an association with, drug trafficking, corruption or violent offences, among other reasons. Individuals who have histories of nonviolent, lower-risk criminal activity (for example, simple possession of cannabis, or small-scale cultivation of cannabis plants) are not automatically precluded from participating in the legal cannabis industry, and the grant of security clearance to such individuals is at the discretion of the Minister and such applications will be reviewed on a case-by-case basis.

Cannabis Tracking System and Reporting

Under the Cannabis Act, the Minister is authorized to establish and maintain a national cannabis tracking system. The Cannabis Tracking and Licensing System (the "**CTLS**"), a single-entry-point secure online platform, has since been established to track cannabis throughout the supply chain to help prevent the diversion of cannabis into, and out of, the illegal market. The CTLS applies to:

- holders of federally issued licenses for cultivation, processing and sale for medical purposes, which are required to provide information to the Minister;
- public provincial and territorial bodies that are authorized to sell cannabis under a provincial and territorial act, which are required to provide information to the Minister; and
- private distributors and retailers, which are required to provide data to the public body authorized to sell cannabis or that authorizes sale under provincial and territorial legislation (typically a crown corporation or a provincial ministry).

The information required to be reported is extensive. Among other things, a holder of a license for cultivation, a license for processing or a license for sale for medical purposes that authorizes the possession of cannabis must, no later than the fifteenth day of each month, provide the Minister with certain prescribed information in respect of the site specified in the license. In addition, the CTLS web portal enables the submissions of new license applications, requests for amendments and license renewals and applications for security clearances.

Cannabis Products

Initially, the Cannabis Act and the Cannabis Regulations set out certain requirements for the sale of cannabis products at the retail level and initially permitted the sale of dried cannabis, cannabis oil, fresh cannabis, cannabis plants, and cannabis seeds, including in "pre-rolled" and capsule form, by authorized license holders.

On October 17, 2019, the Federal Government legalized new classes of products; specifically, edible cannabis, cannabis extracts, and cannabis topical products pursuant to certain amendments to the Cannabis Act and Cannabis Regulations. The previous class, cannabis oil, was subject to a one year transition period to allow for existing cannabis license holders to transition their current products in order to comply with the amended Cannabis Regulations. Consequently, the Cannabis Act was amended with effect on October 17, 2020 to remove "cannabis oil" as a separate cannabis category from Schedule 4 of the Cannabis Act. Edible cannabis, cannabis extracts, and cannabis topical products, which are now available for sale, are subject to additional regulatory requirements that include supplemental marketing and advertising rules, further restrictions on labelling and packaging, rules relating to ingredients of edible cannabis and cannabis extracts, limits on THC content, and additional manufacturing and good production practice requirements. In addition, the Cannabis Regulations require processing license holders to notify Health Canada at least sixty days prior to the intended release of a new product to the market.

Packaging and Labelling

The Cannabis Regulations set out strict requirements pertaining to the packaging and labelling of cannabis products. These requirements are intended to promote informed consumer choice and allow for the safe handling and transportation of cannabis, while also reducing the appeal of cannabis to youth and promoting safe consumption. Cannabis package labels must include specific information, including, among other things: (i) product source information, including the class of cannabis and the name, phone number, and email of the cultivator or processor, as applicable; (ii) a mandatory health warning, rotating between Health Canada's list of standard health warnings; (iii) the Health Canada standardized cannabis symbol; and (iv) information specifying THC and CBD content. The Cannabis Regulations require plain packaging for cannabis products including strict limits that apply to the use of colours, images, logos and other brand elements that may prevent or inhibit product differentiation.

Advertising and Promotions

The Cannabis Act and Cannabis Regulations contain strict restrictions on the promotion of cannabis products and generally prohibit the promotion of cannabis, cannabis accessories and services related to cannabis, unless the promotional activity is specifically authorized under the Cannabis Act. These prohibitions are intended to protect public health and safety, including protecting the health of young persons by restricting their access to cannabis and preventing the inducement of the use of cannabis, while allowing consumers to have access to information with which they can make informed decisions about the consumption of cannabis. In

particular, the Cannabis Act provides for broad restrictions on the promotion, packaging and labelling, display, and sale and distribution of cannabis and cannabis accessories in order to prevent young persons from being exposed to such activities and to prevent the encouragement of consumption of cannabis. As such, the promotion, packaging and labelling, display and sale and distribution of cannabis and cannabis accessories takes place in a highly regulated environment which restricts the ability of license holders to brand and market their products in a manner consistent with other industries which are not subject to such controls. Various provinces and territories have enacted additional restrictions on the promotion of cannabis which are stricter than the federal regulations, including increasing the age restrictions provided for under the Cannabis Act and Cannabis Regulations.

Cannabis for Medical Purposes

Part 14 of the Cannabis Regulations sets out the regime for medical cannabis following legalization, which is substantively similar to that provided for under the former ACMPR, with adjustments to create consistency with rules for non-medical use, improve patient access, and reduce the risk of abuse within the medical access system. Patients who have the authorization of their healthcare practitioner will continue to have access to medical cannabis, either purchased directly from a Licensed Producer, by registering to produce a limited amount of cannabis for their own medical purposes or designating someone to produce cannabis for them.

Under the ACMPR regime, medical cannabis was sold online by Licensed Producers only, which did not change with the enactment of the Cannabis Act. However, after the introduction of the Cannabis Act and the legalization of cannabis for adult-use, users of medical cannabis may now elect to purchase cannabis from retailers of cannabis for adult-use. The Federal Government has stated its intention to review the medical cannabis system five years from the enactment of the Cannabis Act in order to determine whether to implement any further changes to the regulatory framework for medical cannabis.

With respect to starting materials for personal production, such as plants or seeds, they must be obtained from Licensed Producers. It is possible that this could significantly reduce the addressable market for the Company's products and could materially and adversely affect the business, financial condition and results of operations of the Company. That said, management of the Company believes that many patients may be deterred from opting to proceed with these options since such steps require applying for and obtaining registration from Health Canada to grow cannabis, as well as the up-front costs of obtaining equipment and materials to produce such cannabis. See – "*Competitive Conditions*."

Health Products and Cosmetics Containing Cannabis

Health Canada has taken a scientific, evidenced-based approach for the oversight of health products containing cannabis that are approved with health claims, including prescription and non-prescription drugs, natural health products, veterinary drugs and veterinary health products, and medical devices.

Prior to the coming into force of the Cannabis Act on October 17, 2018, cannabis was regulated as both a controlled substance under the Controlled Drugs and Substances Act, as well as a drug under the Food and Drugs Act ("**FDA**"). Under that legislative framework, activities with cannabis were generally prohibited, unless authorized under certain regulations such as the ACMPR, NCR, IHR and Food and Drug Regulations.

When the Cannabis Act came into force, cannabis was removed from the CDSA, and is now subject to restrictions under the new legislative framework while maintaining a partnership with the FDA for regulating health products in a coordinated way. Health products containing cannabis or for use with cannabis will remain subject to a number of requirements under the FDA to ensure appropriate controls for safety, efficacy, and quality, while separate requirements under the Cannabis Act will protect against risks to public health and safety, including diversion to the illegal market.

The Cannabis Exemption (Food and Drugs Act) Regulations exempt cannabis from the FDA unless, among other things, therapeutic claims are made in association with such products. For many of these products, such as drugs, natural health products and most classes of medical devices, pre-market approval is required. In addition, when the Cannabis Act and the Cannabis Regulations were enacted, the Natural Health Products Regulations under the FDA were amended to effectively prohibit cannabis products from being regulated as a natural health product. Instead, cannabis, if not exempt from the FDA, will be treated as a drug product.

With respect to cosmetic products, under the Cannabis Regulations, the use of cannabis and hemp derived ingredients (other than certain hemp seed derivatives containing no more than 10 parts per million THC) in cosmetics, are permitted, subject to the provisions of Health Canada's Cosmetic Ingredient Hotlist and the IHR.

Provincial and Territorial Developments

While the Cannabis Act provides for the regulation by the Federal Government of, among other things, the commercial cultivation and processing of cannabis and the sale of medical cannabis, it also provides that the provinces and territories of Canada have authority to regulate certain aspects of adult-use cannabis, such as distribution and sale, minimum age requirements, places where cannabis can be consumed, and a range of other matters.

The governments of every Canadian province and territory have implemented their regulatory regimes for the distribution and sale of cannabis for adult-use purposes. Most provinces and territories have announced a minimum age of 19 years old, except for Alberta, where the minimum age is 18, and Québec, where the minimum age is 21. A summary of the legislative framework in each province and territory is set out below.

British Columbia

The distribution and sale of recreational cannabis in British Columbia is primarily governed by the Cannabis Control and Licensing Act, the Cannabis Distribution Act and the related regulations. The British Columbia Liquor Distribution Branch is the province's wholesale distributor of cannabis and operates retail and online sales. Private retail stores are also permitted and are licensed by the Liquor and Cannabis Regulation Branch.

Alberta

The distribution and sale of recreational cannabis in Alberta is primarily governed by the Gaming, Liquor and Cannabis Act and the related regulations. The Alberta Gaming, Liquor and Cannabis Commission (the "**AGLC**") is the sole wholesale distributor of cannabis in the province. Sales of cannabis are permitted through privately run retail stores and online by the AGLC.

Saskatchewan

The distribution and sale of recreational cannabis in Saskatchewan is primarily governed by The Cannabis Control (Saskatchewan) Act and the related regulations. Both the wholesale and retail sale of cannabis (both in store and online) is conducted by private companies in Saskatchewan, which is in turn regulated by the Saskatchewan Liquor and Gaming Authority.

Manitoba

The distribution and sale of recreational cannabis in Manitoba is primarily governed by the Liquor, Gaming and Cannabis Control Act and the related regulations. Cannabis in the province is distributed by Manitoba Liquor and Lotteries Corporation. Retail and online sales of cannabis are conducted by private retailers under the regulation of the Liquor, Gaming and Cannabis Authority of Manitoba.

Ontario

The distribution and sale of recreational cannabis in Ontario is primarily governed by the Cannabis Control Act, 2017, the Cannabis Licence Act, 2018 and the related regulations. The Ontario Cannabis Retail Corporation is the wholesale distributor of cannabis and conducts all online sales in the province.

Québec

The distribution and sale of recreational cannabis in Quebec is primarily governed by the Cannabis Regulation Act and the related regulations. The Société Québécoise du Cannabis is the exclusive distributor of cannabis in the province and is the sole retail and online vendor.

New Brunswick

The distribution and sale of recreational cannabis in New Brunswick is primarily governed by the Cannabis Control Act and the related regulations. The distribution and sale of cannabis, both online and instore, is exclusively conducted by the New Brunswick Cannabis Management Corporation.

Nova Scotia

The distribution and sale of recreational cannabis in Nova Scotia is primarily governed by the Cannabis Control Act and the related regulations. Recreational cannabis is distributed and sold at retail locations and online by the Nova Scotia Liquor Corporation.

Newfoundland and Labrador

The distribution and sale of recreational cannabis in Newfoundland and Labrador is primarily governed by the Cannabis Control Act and the related regulations. Recreational cannabis is sold through private stores, with the Newfoundland and Labrador Liquor Corporation ("**NLC**") conducting online sales and regulating distribution. The NLC also has the option to open public stores in areas that do not attract private retailers.

Prince Edward Island

The distribution and sale of recreational cannabis in Prince Edward Island is primarily governed by the Cannabis Control Act and the related regulations. Cannabis is distributed and sold at retail locations and online by the PEI Cannabis Management Corporation.

Yukon

The distribution and sale of recreational cannabis in Yukon is primarily governed by the Cannabis Control and Regulation Act and the related regulations. The Yukon Liquor Corporation is responsible for distributing cannabis in 37 the territory. Sales of cannabis are permitted through privately run retail stores and online by the Yukon Liquor Corporation.

The Northwest Territories

The distribution and sale of recreational cannabis in the Northwest Territories is primarily governed by the Cannabis Products Act and related regulations. The Northwest Territories Liquor Commission is responsible for the distribution and sale of cannabis through existing liquor stores and online sales, with private retail contemplated in the future.

Nunavut

The distribution and sale of recreational cannabis in Nunavut is primarily governed by the territorial Cannabis Act. At this time, the Nunavut Liquor and Cannabis Commission has designated two agents to provide cannabis in the territory through online sales but has issued a request for proposals for other potential suppliers. There is no guarantee that the provincial and territorial frameworks supporting the legalization of cannabis for recreational use in Canada will continue on the terms outlined above or at all or will not be amended or supplemented by additional legislation.

Compliance

In the US, the Company is in compliance with all state laws and the related cannabis licensing framework of Maryland, Pennsylvania, New Jersey and California. In Canada, the Company is in compliance with all applicable federal, provincial and territorial laws and regulations, including the Cannabis Act and the Cannabis Regulations. There are no current incidences of noncompliance, citations or notices of violations outstanding which may have an impact on the Company's licenses, business activities or operations in these states. Notwithstanding the foregoing, like all businesses, the Company may from time-to-time experience incidences of noncompliance with applicable rules and regulations in the states in which the Company operates, and such non-compliance may have an impact on the Company's licenses, business activities or operations in the applicable states. However, the Company takes steps to minimize, disclose and remedy all incidences of non-compliance which may have an impact on the Company's licenses, business activities or operations in all states in which the Company operates.

Available Information

The Company's website address is www.terrascend.com. Through this website, the Company's filings with the SEC, including annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports, will be accessible (free of charge) as soon as reasonably practicable after materials are electronically filed with or furnished to the SEC. The information provided on the Company's website is not part of this Registration Statement.

The SEC maintains an Internet site (http://www.sec.gov) that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC.

ITEM 1A. RISK FACTORS

The following risks should be carefully considered when deciding whether to make an investment in TerrAscend. Some of the following factors are interrelated and, consequently, investors and readers should treat such risk factors as a whole. These risks and uncertainties are not the only ones that could affect TerrAscend, and additional risks and uncertainties not currently known to TerrAscend, or that it currently considers not to be material, may also impair the business, financial condition and results of operations of TerrAscend and/or the value of its securities. If any of the following risks or other risks occur, they could have a material adverse effect on TerrAscend business, financial condition and results of operations and/or the value of TerrAscend's securities. There is no assurance that any risk management steps taken by TerrAscend will avoid future loss due to the occurrence of the risks described below, or other unforeseen risks.

Regulatory and Legal Risks to the Company's Business Due to the Nature of the Industry

There is a substantial risk of regulatory or political change with respect to cannabis, which could have a material adverse effect on TerrAscend's business.

In the US, the operations of TerrAscend and its subsidiaries are subject to a variety of laws, including, among other things, state and local regulations and guidelines relating to the cultivation, manufacture, management, transportation, distribution, sale, storage and disposal of cannabis. Changes to such laws, regulations and guidelines due to matters beyond the control of TerrAscend may cause adverse effects to TerrAscend's business, financial condition and result of operations. Local, state and federal laws and regulations governing cannabis for medicinal and recreational purposes are broad in scope and are subject to evolving interpretations, which could require TerrAscend to incur substantial costs associated with bringing TerrAscend's operations into compliance. In addition, violations of these laws, or allegations of such violations, could disrupt TerrAscend's operations and result in a material adverse effect on its financial performance. It is beyond TerrAscend's scope to predict the nature of any future change to the existing laws, regulations, policies, interpretations or applications, nor can TerrAscend determine what effect such changes, when and if promulgated, could have on TerrAscend's business.

The Cannabis Act came into force in Canada on October 17, 2018 along with various related regulations. The cultivation, processing, distribution and sale of cannabis, among other things, remains subject to extensive regulatory oversight under the Cannabis Act. It is possible that these statutory requirements, including any new regulations that are subsequently issued, could significantly and adversely affect the business, financial condition and results of operations of TerrAscend.

While the foregoing activities in respect of cannabis are under the regulatory oversight of the Government of Canada, the distribution of recreational use cannabis is the responsibility of the respective provincial and territorial governments. These jurisdictions have chosen varying retail frameworks with private, public and hybrid models being implemented. There is no guarantee that provincial and territorial legislation regulating the distribution and sale of cannabis for recreational purposes will be continued according to their current terms, that they will not be materially amended or that such regimes will create the growth opportunities that TerrAscend currently anticipates.

In addition, government policy changes or public opinion may also result in a significant influence over the regulation of the cannabis industry in Canada, the US or elsewhere. A negative shift in the public's perception of medical or recreational cannabis in Canada, the US or any other applicable jurisdiction could affect future legislation or regulation. Among other things, a shift could cause state and local jurisdictions to abandon initiatives or proposals to legalize medical or recreational cannabis, thereby limiting the number of new state jurisdictions into which TerrAscend could expand. Any inability to fully implement TerrAscend's expansion strategy may have a material adverse effect on TerrAscend's business, financial condition and results of operations.

Compliance with regulations regarding cannabis is difficult, because the regulation of cannabis is uncertain and frequently changes. The Company's failure to comply with applicable laws regarding cannabis may adversely affect the Company's business.

Achievement of TerrAscend's business objectives is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. TerrAscend cannot predict the impact of the compliance regime, the applicable regulatory bodies in the US and Canada are implementing that effect the business of TerrAscend. Similarly, TerrAscend cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. The impact of governmental compliance regimes, any delays in obtaining, or failure to obtain regulatory approvals may significantly delay or impact the development of markets, products and sales initiatives and could have a material adverse effect on the business, results of operations and financial condition of TerrAscend.

TerrAscend will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or restrictions on TerrAscend's operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to TerrAscend's operations, result in increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of TerrAscend.

The cannabis industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the control of TerrAscend and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce TerrAscend's earnings and could make future capital investments or TerrAscend's operations uneconomic. The industry is also subject to numerous legal challenges, which may significantly affect the financial condition of market participants and which cannot be reliably predicted.

TerrAscend's business relies heavily on its ability to obtain and maintain required licenses, and failure to do so may adversely affect TerrAscend's business.

TerrAscend's ability to grow, store and sell medical and adult-use cannabis and cannabis oil in certain US states and Canada is dependent on TerrAscend maintaining licenses with applicable regulators for both oil and dried cannabis production and the sale of dried cannabis. Failure to comply with the requirements of its licenses or any failure to maintain its licenses would have a material adverse impact on the business, financial condition and operating results of TerrAscend.

TerrAscend and its subsidiaries, as applicable, will apply for, as the need arises, all necessary licenses and permits to carry on the activities it expects to conduct in the future. However, the ability of TerrAscend or its subsidiaries to obtain, maintain or renew any such licenses and permits on acceptable terms is subject to changes in regulations and policies and to the discretion of the applicable authorities or other governmental agencies in foreign jurisdictions.

In certain states, the cannabis laws and regulations limit, not only the number of cannabis licenses issued, but also the number of cannabis licenses that one person may own. TerrAscend believes that, where such restrictions apply, it may still capture significant share of revenue in the market through wholesale sales, exclusive marketing relations, provision of management or support services, franchising and similar arrangement with other operators. Nevertheless, such limitations on the acquisition of ownership of additional licenses within certain states or enforcement by regulators in certain states against such services arrangements may limit TerrAscend's ability to grow organically or to increase its market share in such states.

As a cannabis business, TerrAscend is subject to unfavorable tax treatment under the Internal Revenue Code.

Tax risk is the risk of changes in the tax environment that would have a material adverse effect on TerrAscend's business, results of operations, and financial condition. Currently, state licensed marijuana businesses are assessed a comparatively high effective federal tax rate due to Section 280E of the Internal Revenue Code of 1986, as amended, which prohibits businesses from deducting certain expenses associated with trafficking controlled substances (within the meaning of Schedule I and II of the CSA). The IRS has invoked Section 280E in tax audits against various cannabis businesses in the US that are permitted under applicable state laws. Although the IRS issued a clarification allowing the deduction of certain expenses, the scope of such items is interpreted very narrowly, and the bulk of operating costs and general administrative costs are not permitted to be deducted. While there are currently several pending cases before various administrative and federal courts challenging these restrictions, there is no guarantee that these courts will issue an interpretation of Section 280E favorable to cannabis businesses. Given these facts, the impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial condition and/or the overall operations of TerrAscend.

If the Company's tax positions were to be challenged by federal, state, local or foreign tax jurisdictions, the Company may not be wholly successful in defending its tax filing positions. TerrAscend records reserves for unrecognized tax benefits based on its assessment of the probability of successfully sustaining tax filing positions. Management exercises significant judgment when assessing the probability of successfully sustaining the Company's tax filing positions, and in determining whether a contingent tax liability should be recorded and, if so, estimating the amount. If the Company's tax filing positions are successfully challenged, payments could be required that are in excess of reserved amounts, or the Company may be required to reduce the carrying amount of its net deferred tax asset, either of which could be significant to the Company's financial condition or results of operations.

Cannabis remains illegal under US federal law, and enforcement of cannabis laws could change. TerrAscend may be subject to action by the US federal government due to its involvement with cannabis, and such action could materially adversely affect the Company's business.

While some states in the US have authorized the use and sale of cannabis in some form, it remains illegal under US federal law. On January 4, 2018, then-US Attorney General Jeff Sessions issued a memorandum to US Attorneys which rescinded previous guidance from the US Department of Justice specific to cannabis enforcement in the US, including the Cole Memorandum, which stated that the US Department of Justice would not prioritize the prosecution of cannabis-related violations of US federal law in jurisdictions that had enacted laws legalizing medical cannabis in some form and had implemented strong and effective regulatory and enforcement systems. With the Cole Memorandum rescinded, US federal prosecutors have greater discretion in determining whether to prosecute medical cannabis-related violations of US federal law; there was never such a policy statement in relation to US state and territories with adult use cannabis programs. Because TerrAscend engages in cannabis-related activities in the US, an increase in federal enforcement efforts with respect to current US federal laws applicable to cannabis could cause financial damage to TerrAscend. In addition, TerrAscend is at risk of being prosecuted under US federal law and having its assets seized.

TerrAscend's exposure to US marijuana related activities for the years ended December 31, 2020 and December 31, 2019 is as follows:

	At December 31, 2020	At December 31, 2019
Current assets	$ 52,968	$ 20,872
Non-current assets	288,063	232,312
Current liabilities	81,494	100,549
Non-current liabilities	149,452	158,599

	At December 31, 2020	At December 31, 2019
Revenue, net	$ 125,207	$ 26,684
Gross profit (loss)	85,520	10,250
Income (loss) from operations	38,702	(6,976)
Net loss attributable to controlling interest	(5,582)	(114,674)

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

Unlike in Canada which has federal legislation uniformly governing the cultivation, distribution, sale and possession of cannabis under the Cannabis Act, investors are cautioned that in the US, cannabis is largely regulated at the state level. Notwithstanding the permissive regulatory environment of cannabis at the state level, cannabis continues to be categorized as a controlled substance under the CSA in the US and as such, is in violation of federal law in the US. Further, there can be no assurance that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. It is also important to note that local and city ordinances may strictly limit and/or restrict the distribution of cannabis in a manner that will make it extremely difficult or impossible to transact business in the cannabis industry.

As stated above, Congress has passed appropriations bills each of the last several years, since 2014, to prevent the federal government from using congressionally appropriated funds to enforce federal marijuana laws against regulated medical marijuana actors operating in compliance with state and local law. Most recently, on September 30, 2021 President Biden signed a short-term continuing resolution to extend current appropriations through December 3, 2021. The continuing resolution contains, among other things, the RBA, which prevents the federal government from using congressionally appropriated funds to enforce federal marijuana laws against regulated medical marijuana actors operating in compliance with state medical cannabis laws.

One US federal appellate court construed these appropriations bills to prevent the federal government from prosecuting individuals when those individuals comply with state medical cannabis laws, vacated numerous convictions and sent the cases back to the trial courts for further determination. However, because this conduct continues to violate federal law, American courts have observed that should Congress at any time choose to appropriate funds to fully prosecute the CSA, any individual or business—even those that have fully complied with state law—could be prosecuted for violations of federal law. If Congress restores funding, for example by declining to include the RBA in a budget resolution, or by failing to pass necessary budget legislation and causing another government shutdown, the government will have the authority to prosecute individuals for violations of the law before it lacked funding under the five-year statute of limitations applicable to non-capital CSA violations. Additionally, it is important to note that the appropriations protections only apply to medical cannabis operations and provide no protection against businesses operating in compliance with a state's recreational cannabis laws.

Although the 2018 Farm Bill, among other things, generally removes hemp from the controlled substances list under the CSA, it does not legalize CBD generally. In particular, the 2018 Farm Bill preserves the FDA's authority to regulate products containing cannabis or cannabis-derived compounds. Pursuant to a statement released December 20, 2018, *Frequently Asked Questions* on the FDA's website, and numerous public

statements, the FDA has taken the position that all CBD is a drug ingredient and therefore illegal to add to food or health products without its approval or further action by the FDA. The FDA considers products containing CBD or other cannabis-derived compounds the same as any other FDA-regulated products and takes the position that they are subject to the same authorities and requirements as similarly regulated products, including but not limited to required approvals for food ingredients and dietary supplements based on safety standards. Importantly, the FDA has taken the position that it is unlawful under the FDCA to introduce food containing added CBD into interstate commerce, or to market CBD products as, or in, food or dietary supplements, regardless of whether the substances are hemp derived. The FDA has however indicated that it will work towards providing ways for companies to seek approval from the FDA to market CBD products. Further, many state criminal laws and food and drug laws prohibit or restrict the production and/or sale of hemp-derived CBD products. TerrAscend's US hemp operations will be subject to FDA oversight. There is no guarantee that TerrAscend will be able to obtain necessary approval from regulatory authorities for its products in the US.

TerrAscend's activities and operations in the US are, and will continue to be, subject to evolving regulation by governmental authorities. The approach to the enforcement of cannabis laws may be subject to change or may not proceed as previously outlined. The USDA will promulgate additional rules governing the production of hemp in the US, with many states in the process of amending state laws to regulate hemp production and the sale of hemp-derived products within their borders. In addition, the FDA is expected to make determinations as to how CBD products will be regulated and is expected to issue a substantial change in its regulation of dietary supplements generally. Accordingly, there are significant changes in both federal and state law that may materially impact TerrAscend's operations.

The Company's business is subject to applicable anti-money laundering laws and regulations and have restricted access to capital markets, banking and other financial services, which may adversely affect TerrAscend's business.

Since the use of cannabis is currently illegal under US federal law, and in light of considerations related to money laundering and other federal financial crime related to cannabis in the US banking industry, US banks have been reluctant to accept or deposit funds from businesses involved with the cannabis industry. Consequently, businesses involved in the cannabis industry often have difficulty finding a bank willing to accept its business. Likewise, cannabis businesses have limited access, if any, to credit card processing services. As a result, cannabis businesses in the US are largely cash-based. This complicates the implementation of financial controls and increases security issues.

While TerrAscend is not able to obtain financing in the US from banks or other US federally regulated entities, TerrAscend has been able to access equity financing through private markets in both the US and Canada. Commercial banks, private equity firms, and venture capital firms have approached the cannabis industry cautiously to date. However, there are increasing numbers of high-net-worth individuals and family offices that have made meaningful investments in companies and businesses similar to TerrAscend. Although there has been an increase in the amount of private funding available over the last several years to companies that are active in the cannabis industry in North America, there is neither a broad nor deep pool of institutional capital that is available to cannabis license holders and license applicants. There can be no assurance that additional financing, if raised privately, will be available to TerrAscend when needed or on terms which are acceptable to TerrAscend. TerrAscend's inability to raise financing to fund its capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon future profitability.

Under the federal money laundering statutes, unlicensed money transmitter statute and the Bank Secrecy Act, financial transactions in the US involving proceeds generated by cannabis-related conduct can form the basis for prosecution. The FinCEN division of the US Department of Treasury has provided guidance for how financial institutions can provide services to the cannabis-related businesses consistent with the obligations under the Bank Secrecy Act.

Previously, DOJ directed its federal prosecutors to consider the federal enforcement priorities enumerated in the Cole Memorandum when determining whether to charge institutions or individuals with any of the financial crimes described above based upon cannabis-related activity. In January 2018, the DOJ revoked the Cole Memorandum and related memorandum. While the impact remains unclear, the revocation has created uncertainty. For instance, federal prosecutors may increase enforcement activities against institutions or individuals who are engaged in financial transactions related to cannabis activities, or there may be a negative impact to the continuation of financial services in the US with regard to cannabis-related activities. Consequently, businesses involved in the regulated medical-use cannabis industry may experience difficulties establishing banking relationships, and such difficulties may increase over time. If TerrAscend were to experience any inability to access financial services in the US, including its current bank accounts, this would have a direct impact on the ability for TerrAscend to operate its businesses. This impact would increase TerrAscend's operating costs, and pose additional operational, logistical, and security challenges that could impede its inability to implement its business plans.

The US federal prohibitions on the sale of marijuana may result in TerrAscend and its partners being restricted from accessing the US banking system and they may be unable to deposit funds in federally insured and licensed banking institutions. Banking restrictions could be imposed due to TerrAscend's banking institutions not accepting payments and deposits. TerrAscend is at risk that any bank accounts it has could be closed at any time. Such risks increase costs to TerrAscend. TerrAscend's activities in the US, and any proceeds thereof, may be considered proceeds of crime due to the fact that cannabis remains federally illegal in the US. This may restrict the ability of TerrAscend to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada. Furthermore, while TerrAscend has no current intention to declare or pay dividends on its Common Shares in the foreseeable future, TerrAscend may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time. The guidance provided in the FinCEN Memorandum as described above may change depended on the position of the US government administration at any given time and is subject to revision or retraction in the future, which may restrict TerrAscend's access to banking services.

TerrAscend operates in a highly regulated sector and may not always succeed in complying fully with applicable regulatory requirements in all jurisdictions where the Company carries on business, which could negatively affect TerrAscend's business.

Given the complexity of the US regulation of the cannabis industry, certain requirements may prove to be excessively onerous or otherwise impractical for TerrAscend to comply with. This may result in the exclusion of certain business opportunities from the list of possible transactions that TerrAscend would otherwise consider. Further, US laws and regulations at the local, state, and federal levels which apply to the cannabis industry are continually changing, and it is difficult to determine if future changes could detrimentally affect the operations of TerrAscend. Given the broad scope of cannabis laws and regulations, these are subject to evolving interpretations. This continued evolution could require TerrAscend to incur substantial costs associated with compliance or alter its business plan. In addition, violations of these laws, or allegations of such violations, could disrupt TerrAscend's businesses and result in a material adverse effect on its operations.

TerrAscend's continued compliance with regulatory requirements enacted by government authorities and obtaining all regulatory approvals, where necessary, for the sale of its products, including maintain and renewing all applicable licenses, is crucial to the successful execution of TerrAscend's strategies. The commercial cannabis industry is an emerging industry in the US, and TerrAscend cannot forecast the impact of the compliance regime to which they will be subject. Similarly, TerrAscend cannot predict its ability to secure all appropriate regulatory approvals for any of its products, or the extent of testing or related documentation that may be required by governmental authorities. Delays in obtaining, or failure to obtain, regulatory approvals may significantly delay or impact the development of markets, products and sales initiatives and could have adverse effect on the business, financial condition, and operating results of TerrAscend. Without limiting the foregoing, TerrAscend's failure to comply with the requirements of any underlying licenses or any failure to maintain any underlying licenses would have a material adverse impact on its business, financial condition, and operating results. It is uncertain whether any required licenses for the operation of TerrAscend's business will be extended or renewed in a timely manner, if at all, or that if they are extended or renewed, that the licenses will be extended or renewed on the same or similar terms.

The Company's products may be subject to product recalls or returns, which may result in expense, legal proceedings, regulatory action, loss of sales and reputation, and management attention.

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

TerrAscend faces an inherent risk of product liability claims and other consumer protection claims as a manufacturer, processor and producer of products that are meant to be ingested by people, and dealing with such claims could cause the Company to incur substantial expenses and have a material adverse on the Company's business.

As a manufacturer of products designed to be ingested by humans, TerrAscend faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the manufacturing and sale of cannabis and other products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of cannabis products alone or in combination with other medications or substances could occur. TerrAscend may be subject to various product liability claims, including, among others, that the products produced by TerrAscend caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against TerrAscend could result in increased costs, could adversely affect TerrAscend's reputation with its clients and consumers generally, and could have a material adverse effect on the results of operations and financial condition of TerrAscend.

TerrAscend's products may be considered misbranded or adulterated, or otherwise unlawful under federal and state food and drug laws and could subject TerrAscend to local, federal, or state enforcement or private litigation. Some states permit advertising, labeling laws, false and deceptive trade practices, and other consumer-protection laws to be enforced by state attorney generals, who may seek relief for consumers, class action certifications, class wide damages and product recalls of products sold by TerrAscend. Private litigation may also seek relief for consumers, class action certifications, class wide damages and product recalls of products sold by TerrAscend in any of the markets in which it operates. Any actions against TerrAscend by governmental authorities or private litigants could have a material adverse effect on TerrAscend's business, financial condition and results of operations.

TerrAscend may be subject to constraints on and differences in marketing its products under varying regulatory restrictions.

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

The Company may be subject to heightened scrutiny by Canadian regulatory authorities, which could negatively affect its business.

TerrAscend's future investments, joint ventures and operations in the US may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. As a result, TerrAscend may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on TerrAscend's ability to invest in the US or any other jurisdiction, in addition to those described herein.

Although a memorandum of understanding signed by the Canadian Depository for Securities ("**CDS**") and the Canadian recognized exchanges (Aequitas NEO Exchange Inc., the CSE, the Toronto Stock Exchange and the TSX Venture Exchange) dated February 8, 2018, confirms that CDS relies on the exchanges to review the conduct of listed issuers, and therefore there is currently no CDS ban on the clearing of securities of issuers with cannabis-related activities in the US, there can be no guarantee that this approach to regulation will continue in the future. If such a ban were to be implemented, it would have a material adverse effect on the ability of holders of Common Shares to make and settle trades. In particular, Common Shares would become highly illiquid as and until an alternative was implemented, investors would have no ability to affect a trade of Common Shares through the facilities of a stock exchange.

The Company's investors and directors, officers and employees who are not US citizens may be denied entry into the US, which may negatively affect the Company's business.

Because cannabis remains illegal under US federal law, those employed at or investing in legal and licensed Canadian cannabis companies could face detention, denial of entry or lifetime bans from the US for their business associations with US cannabis businesses. Entry happens at the sole discretion of the US Customs and Border Protection officers on duty, and these officers have wide latitude to ask questions to determine the admissibility of a foreign national. The Government of Canada has started warning travelers on its website that previous use of cannabis, or any substance prohibited by US federal laws, could mean denial of entry to the US. Business or financial involvement in the legal cannabis industry in Canada or in the US could also be reason enough for US border guards to deny entry.

Because the Company's contracts involve cannabis and related activities, which are not legal under US federal law, the Company may face difficulties in enforcing its contracts.

It is a fundamental principle of law that a contract will not be enforced if it involves a violation of law or public policy. Because cannabis remains illegal at a federal level, judges may refuse to enforce contracts in connection with activities that violate US federal law, even if there is no violation of state law. There remains doubt and uncertainty that TerrAscend will be able to legally enforce contracts it enters into if necessary. TerrAscend cannot be assured that it will have a remedy for breach of contract, the lack of which may have a material adverse effect on TerrAscend's business, revenues, operating results, financial condition or prospects.

TerrAscend may encounter increasingly strict environmental health and safety regulations in connection with its operations, which may harm the Company's business.

TerrAscend's operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air and land, the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety. Changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to TerrAscend's operations or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of TerrAscend.

TerrAscend faces risks related to the loss of foreign private issuer status and becoming a US reporting company.

The Company has determined that it no longer meets the definition of a foreign private issuer ("**FPI**") as at the applicable reference date. As a public issuer, the Company is currently subject to the reporting requirements and rules and regulations under the applicable Canadian securities laws and rules of any stock exchange on which the Company's securities may be listed from time to time. Effective January 1, 2022, due to the loss of FPI status, the Company will become subject to the reporting requirements of the Exchange Act, and the regulations promulgated thereunder. Additional or new regulatory requirements may be adopted in the future. The loss of FPI status may have adverse consequences on the Company's ability to issue its securities to acquire companies and its ability to raise capital in private placements or prospectus offerings. In addition, the requirements of existing and potential future rules and regulations will increase the Company's legal, audit, accounting and financial compliance costs, make some activities more difficult, time consuming or costly and may also place undue strain on the Company's personnel, systems and resources, including the transition of the Company's financial reporting from IFRS to US GAAP, which could adversely affect TerrAscend's business, financial condition, and results of operations. Further, should the Company seek to list on a securities exchange in the US, the loss of FPI status may increase the cost and time required for such a listing.

Risks Related to TerrAscend's Business, Operations and Industry

The Company may require substantial additional financing to operate its business and it may face difficulties acquiring additional financing on terms acceptable to the Company, or at all.

The building and operation of TerrAscend's business, including its facilities, are capital intensive. In order to execute the anticipated growth strategy, TerrAscend may require additional equity and/or debt financing to support on-going operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to TerrAscend when needed or on terms which are acceptable. TerrAscend's inability to raise financing to support on-going operations or to fund capital expenditures or acquisitions could limit TerrAscend's growth and may have a material adverse effect upon future profitability. TerrAscend may require additional financing to fund its operations to the point where it is generating positive cash flows. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for TerrAscend to obtain additional capital and to pursue business opportunities, including potential acquisitions.

TerrAscend faces intense competition as a relatively new entrant in the cannabis industry, and its business could be adversely affected by other businesses in a better competitive position.

The introduction of an adult-use model for cannabis production and distribution may impact the medical cannabis market. The impact of this potential development may be negative for TerrAscend and could result in increased levels of competition in its existing medical market and/or the entry of new competitors in the overall cannabis market in which TerrAscend operates. There is potential that TerrAscend will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience than TerrAscend. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of TerrAscend.

If the number of users of medical cannabis in North America increases, the demand for products will increase and TerrAscend expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, TerrAscend will require a continued high level of investment in research and development, marketing, sales and client support. TerrAscend may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis, which could materially and adversely affect the business, financial condition and results of operations of TerrAscend.

The cannabis industry and market are relatively new, and this industry and market may not continue to exist or grow as expected.

TerrAscend is operating its business in a relatively new industry and market. Competitive conditions, consumer preferences, patient requirements and spending patterns in this new industry and market are relatively unknown and may have unique circumstances that differ from existing industries and markets. Accordingly, there are no assurances that this industry and market will continue to exist or grow as currently estimated or anticipated, or function and evolve in a manner consistent with management's expectations and assumptions. Any event or circumstance that affects the medical cannabis industry and market could have a material adverse effect on TerrAscend's business, financial condition and results of operations.

TerrAscend's success in North America is dependent on the market building out direct to consumer channels including but not limited to retail outlets. There are many factors which could impact TerrAscend's ability to gain market share and distribute its products, including but not limited to the continued growth and expansion of retail outlets in the North American market which may have a material adverse effect on TerrAscend's business, operating results and financial condition. TerrAscend's ability to continue to grow, process, store and sell medical cannabis and participate in the adult-use cannabis markets is dependent on the maintenance and validity of TerrAscend's licenses from regulatory authorities.

The cannabis industry and markets are relatively new in North America and in other jurisdictions, and this industry and market may not continue to exist or grow as anticipated or TerrAscend may ultimately be unable to succeed in this industry and market.

The Company has historically had negative cash flow from operating activities, and continued losses could have a material negative effect on the Company's business and prospects.

TerrAscend started sales in April 2018 and historically has had negative cash flow from operating activities. TerrAscend may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, TerrAscend expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If TerrAscend's sales do not increase to offset these expected increases in costs and operating expenses, TerrAscend will not be profitable.

Continued losses may have the following consequences:

- increasing TerrAscend's vulnerability to general adverse economic and industry conditions;
- limiting TerrAscend's ability to obtain additional financing to fund future working capital, capital expenditures, operating costs and other general corporate requirements; and
- limiting TerrAscend's flexibility in planning for, or reacting to, changes in its business and the industry.

Demand for the Company's products is difficult to forecast due to limited and unreliable market data.

As a result of recent and ongoing regulatory and policy changes in the medical and adult-use cannabis industry, the market data available is limited and unreliable. Federal and state laws prevent widespread participation and hinder market research. Therefore, TerrAscend must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the industry. Market research and projections by TerrAscend of estimated total retail sales, demographics, demand, and similar consumer research are based on assumptions from limited and unreliable market data, and generally represent the personal opinions of TerrAscend's management team as of the date of this Registration Statement. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations, financial condition or prospects of TerrAscend.

TerrAscend's inability to attract and retain key personnel could materially adversely affect its business.

The success of TerrAscend is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management, which are key personnel. Moreover, TerrAscend's future success depends on its continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand, and TerrAscend may incur significant costs to attract and retain them. The loss of the services of such key personnel, or an inability to attract other suitably qualified persons when needed, could have a material adverse effect on TerrAscend's ability to execute on its business plan and strategy, and TerrAscend may be unable to find adequate replacements on a timely basis, or at all. While employment agreements are customarily used as a primary method of retaining the services of such key personnel these agreements cannot assure the continued services of such employees.

There is no assurance that any of TerrAscend's existing personnel who presently or may in the future require a security clearance will be able to obtain or renew such clearances or that new personnel who require a security clearance will be able to obtain one. A failure by such key personnel to maintain or renew their security clearance would result in a material adverse effect on TerrAscend's business, financial condition and results of operations. In addition, if any key personnel leave TerrAscend, and TerrAscend is unable to find a suitable replacement that has a security clearance in a timely manner, or at all, it could have a material adverse effect on TerrAscend's business, financial condition and results of operations.

TerrAscend may face unfavorable publicity or consumer perception of the safety, efficacy and quality of its cannabis products.

TerrAscend believes the cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the cannabis distributed to such consumers. Consumer perception of TerrAscend's products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the medical cannabis market or any particular product, or consistent with earlier publicity.

Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for TerrAscend's products and the business, results of operations, financial condition of TerrAscend. In particular, adverse publicity reports or other media attention regarding the safety, efficacy and quality of medical cannabis in general, or TerrAscend's products specifically, or associating the consumption of medical cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed. For instance, the vape crisis that began in the summer of 2019 was ultimately linked to cutting agents almost exclusively found in the illicit market. Regardless, several states moved to ban the sale of vape products in legal markets, severely impacting entire revenue streams.

Although TerrAscend believes that it takes care in protecting its image and reputation, TerrAscend does not ultimately have direct control over how it is perceived by others. Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations and an impediment to TerrAscend's overall ability to advance its business, thereby having a material adverse impact on the financial condition and results of operations of TerrAscend.

The Company faces reputational risks, which may negatively impact its business.

Damage to TerrAscend's reputation can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. The increased usage of social media and other web-based tools used to generate, publish, and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views in regards to TerrAscend and its activities, whether true or not. Although TerrAscend believes that it operates in a manner that is respectful to all shareholders and that it takes care in protecting its image and reputation, TerrAscend does not ultimately have direct control over how it is perceived by others. Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations, and an impediment to TerrAscend's overall ability to advance its projects, thereby having a material adverse impact on financial performance, financial condition, cash flows, and growth prospects. Further, the parties with which TerrAscend does business may perceive that they are exposed to reputational risk as a result of TerrAscend's cannabis business activities. Failure to establish or maintain business relationships could have a material adverse effect on TerrAscend.

The Company is dependent on suppliers and key inputs for the cultivation, extraction and production of cannabis products.

The ability of TerrAscend to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to equipment, parts and components. No assurances can be given that TerrAscend will be successful in maintaining its required supply of equipment, parts and components. It is also possible that the final costs of the major equipment contemplated by TerrAscend's capital expenditure plans may be significantly greater than anticipated by TerrAscend's management and may be greater than funds available to TerrAscend, in which circumstance TerrAscend may curtail, or extend the timeframes for completing, its capital expenditure plans. This could have an adverse effect on the business, financial condition, results of operations or prospects of TerrAscend.

The cannabis business is dependent on a number of key inputs and their related costs including raw materials and supplies related to growing operations, as well as electricity, water and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition, results of operations or prospects of TerrAscend. In addition, any restrictions on the ability to secure required supplies or utility services or to do so on commercially acceptable terms could have a materially adverse impact on the business, financial condition and operating results. Some of these inputs may only be available from a single supplier or a limited group of suppliers. If a sole source supplier was to go out of business, TerrAscend might be unable to find a replacement for such source in a timely manner or at all. If a sole source supplier were to be acquired by a competitor, that competitor may elect not to sell to TerrAscend in the future. Any inability to secure required supplies and services or to do so on appropriate terms and/or agreeable terms could have a materially adverse impact on the business, financial condition, results of operations or prospects of TerrAscend.

TerrAscend's business is subject to the risks inherent in agricultural operations.

TerrAscend's business involves the cultivation of the cannabis plant. The cultivation of this plant is subject to agricultural risks related to insects, plant diseases, unstable growing conditions, water and electricity availability and cost, and force majeure events. Although TerrAscend cultivates its cannabis plants in indoor, climate controlled rooms staffed by trained personnel and in the future plans to cultivate cannabis plants in greenhouses, there can be no assurance that agricultural risks will not have a material adverse effect on the cultivation of its cannabis. TerrAscend may in the future cultivate cannabis plants outdoors, which would also subject it to related agricultural risks.

The Company may be adversely impacted by rising or volatile energy costs.

TerrAscend's cannabis growing and manufacturing operations consume considerable energy, which make TerrAscend vulnerable to rising energy costs. Accordingly, rising or volatile energy costs may adversely impact the business of TerrAscend and its ability to operate profitably.

TerrAscend's intellectual property may be difficult to protect, and failure to do so may negatively impact its business.

The ownership and protection of trademarks, patents, trade secrets and intellectual property rights are significant aspects of TerrAscend's future success. TerrAscend has no patented technology or trademarked business methods at this time, nor has it registered any patents. TerrAscend has filed trademark applications in the US and Canada. Even if TerrAscend moves to protect its technology with trademarks, patents, copyrights or by

other means, TerrAscend is not assured that competitors will not develop similar technology, business methods or that TerrAscend will be able to exercise its legal rights. Other countries may not protect intellectual property rights to the same standards as does the US or Canada. Actions taken to protect or preserve intellectual property rights may require significant financial and other resources which may have a significant impact on TerrAscend's ability to successfully grow the business.

In addition, other parties may claim that TerrAscend's products infringe on their proprietary and perhaps patent protected rights. Such claims, whether or not meritorious, may result in TerrAscend's expenditure of significant financial and managerial resources, legal fees, result in injunctions, temporary restraining orders and/or require the payment of damages.

The Company and investors may have difficulty enforcing their legal rights.

In the event of a dispute arising from TerrAscend's US operations, TerrAscend may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of courts in Canada. Similarly, to the extent that TerrAscend's assets are located outside of Canada, investors may have difficulty collecting from TerrAscend any judgments obtained in the Canadian courts and predicated on the civil liability provisions of securities provisions. TerrAscend may also be hindered or prevented from enforcing its rights with respect to a governmental entity or instrumentality because of the doctrine of sovereign immunity.

TerrAscend faces physical security risks, as well as risks related to its information technology systems, potential cyber-attacks, and privacy breaches.

If there was a breach in security systems and TerrAscend becomes victim to a robbery or theft, the loss of cannabis plants, cannabis oils, cannabis flowers and cultivation and processing equipment or if there was a failure of information systems or a component of information systems, it could, depending on the nature of any such breach or failure, adversely impact TerrAscend's reputation, business continuity and results of operations. A security breach at one of TerrAscend's facilities could expose TerrAscend to additional liability and to potentially costly litigation, increase expenses relating to the resolution and future prevention of these breaches and may deter potential customers from choosing TerrAscend's products. Given the nature of TerrAscend's products and its lack of legal availability outside of channels approved by the government of the US, as well as the concentration of inventory in its facilities, there remains a risk of shrinkage as well as theft. TerrAscend also collects and stores personal information about its patients and is responsible for protecting that information from privacy breaches. A privacy breach may occur through procedural or process failure, information technology malfunction, or deliberate unauthorized intrusions.

Furthermore, Internet websites are visible by people everywhere, not just in jurisdictions where the activities described therein are considered legal. As a result, to the extent that TerrAscend sells services or products via web-based links targeting only jurisdictions in which such sales or services are compliant with state law, TerrAscend may face legal action in other jurisdictions which are not the intended object of any of TerrAscend's marketing efforts for engaging in any web-based activity that results in sales into such jurisdictions deemed illegal under applicable laws.

TerrAscend has entered into agreements with third parties for hardware, software, telecommunications and other information technology (or "**IT**") services in connection with its operations. TerrAscend's operations depend, in part, on how well it and its suppliers protect networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. TerrAscend's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact TerrAscend's reputation and results of operations.

Theft of data for competitive purposes is an ongoing risk whether perpetrated via employee collusion or negligence or through deliberate cyber-attack. Any such theft or privacy breach would have a material adverse effect on TerrAscend's business, financial condition and results of operations. In addition, there are a number of federal, state, and provincial laws protecting the confidentiality of certain patient health information, including patient records, and restricting the use and disclosure of that protected information. If TerrAscend was found to be in violation of the applicable laws protecting the confidentiality of patient health information, it could be subject to sanctions and civil or criminal penalties, which could increase its liabilities, harm its reputation and have a material adverse effect on the business, results of operations and financial condition of TerrAscend.

TerrAscend faces exposure to fraudulent or illegal activity by employees, contractors and consultants, which may subject the Company to investigations or other actions.

TerrAscend is exposed to the risk that its employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to TerrAscend that violates: (i) government regulations; (ii) manufacturing standards; (iii) federal and provincial healthcare fraud and abuse laws and regulations; or (iv) laws that require the true, complete and accurate reporting of financial information or data. It may not always be possible for TerrAscend to identify and deter misconduct by its employees and other third parties, and the precautions taken by TerrAscend to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting TerrAscend from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against TerrAscend, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on TerrAscend's business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of TerrAscend's operations, any of which could have a material adverse effect on TerrAscend's business, financial condition, results of operations or prospects.

Directors and officers of the Company have faced, and may in the future face, conflicts of interests regarding the business strategy of the Company.

Certain of the directors and officers of TerrAscend are also directors and officers of other companies or are engaged and will continue to be engaged in activities that may put them in conflict with the business strategy of TerrAscend. Consequently, there exists the possibility for such directors and officers to be in a position of conflict.

In particular, TerrAscend may also become involved in other transactions which conflict with the interests of its directors and officers, who may from time to time deal with persons, firms, institutions or companies with which TerrAscend may be dealing, or which may be seeking investments similar to those desired by it. All decisions to be made by directors and officers of TerrAscend are required to be made in accordance with their duties and obligations to act honestly and in good faith with a view to the best interests of TerrAscend. In addition, the directors and officers are required to declare their interests in, and such directors are required to refrain from voting on, any matter in which they may have a material conflict of interest.

The Company's internal controls over financial reporting may not be effective, and the Company's independent auditors may not be able to certify as to their effectiveness, which could have a significant and adverse effect on the Company's business.

Upon the Effective Date, TerrAscend will be subject to SEC reporting and other regulatory requirements. The Company will incur expenses and, to a lesser extent, diversion of Company management's time in its efforts to comply with Section 404 of the Sarbanes-Oxley Act regarding internal controls over financial reporting. Effective internal controls over financial reporting are necessary for the Company to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation could cause TerrAscend to fail to meet its reporting obligations. In addition, any testing by the Company conducted in connection with Section 404 of the Sarbanes-Oxley Act, or the subsequent testing by the Company's independent registered public accounting firm when required, may reveal deficiencies in TerrAscend's internal controls over financial reporting that are deemed to be material weaknesses or that may require prospective or retrospective changes to the Company's consolidated financial statements or identify other areas for further attention or improvement. Inferior internal controls could also cause investors to lose confidence in the Company's reported financial information, which could have a negative effect on the trading price of the Company's Common Shares.

The COVID-19 pandemic may continue to have an impact on the Company's business and financial results.

On March 12, 2020, the World Health Organization declared a global pandemic known as COVID- 19. The impacts on global commerce have been far reaching. To date, the COVID-19 pandemic has had an immaterial impact on TerrAscend's products and supply chains. The production and sale of cannabis have been recognized as essential services across the US and Canada and TerrAscend has not experienced production delays or prolonged retail closures to date as a result.

Due to the continued uncertainty surrounding COVID-19, it is not possible to predict the impact that COVID- 19 will have on TerrAscend's business, financial position and operating results in the future. In addition, it is possible that estimates in TerrAscend's financial statements will change in the near term as a result of COVID-19 and the effect of any such changes could be material, which could result in, among other things, impairment of long-lived assets including intangibles and goodwill. An impairment test was performed as of December 31, 2020 for TerrAscend's goodwill and intangible assets. Management is closely monitoring the impact of the pandemic on all aspects of its business. As at December 31, 2020 management had not observed any material impairments of TerrAscend's assets or a significant change in the fair value of assets due to the COVID-19 pandemic.

The development of the Company's products is complex and requires significant investment. Failure to develop new technologies and products could adversely affect the Company's business.

The introduction of new products embodying new technologies, including new manufacturing processes, and the emergence of new industry standards may render TerrAscend's products obsolete, less competitive or

less marketable. The process of developing TerrAscend's products is complex and requires significant continuing costs, development efforts and third-party commitments. TerrAscend's failure to develop new technologies and products and the obsolescence of existing technologies could adversely affect the business, financial condition and operating results of TerrAscend. TerrAscend may be unable to anticipate changes in its potential customer requirements that could make TerrAscend's existing technology obsolete.

The development of TerrAscend's proprietary technology entails significant technical and business risks. TerrAscend may not be successful in using its new technologies or exploiting its niche markets effectively or adapting its businesses to evolving customer or medical requirements or preferences or emerging industry standards.

Risks Related to the Company's Investment and Acquisition Business Strategies

The success of TerrAscend's business depends, in part, on its ability to successfully integrate recently acquired businesses and to retain key employees of acquired businesses. If the Company is unsuccessful in doing so, it may negatively affect TerrAscend's business.

TerrAscend may not be able to successfully integrate and combine the operations, personnel and technology infrastructure of any such acquired company with its existing operations. If integration is not managed successfully by TerrAscend's management, TerrAscend may experience interruptions to its business activities, deterioration in its employee and customer relationships, increased costs of integration and harm to its reputation, all of which could have a material adverse effect on TerrAscend's business, financial condition and results of operations. TerrAscend may experience difficulties in combining corporate cultures, maintaining employee morale and retaining key employees. The integration of any such acquired companies may also impose substantial demands on management. There is no assurance that these acquisitions will be successfully integrated in a timely manner.

There can be no assurance that the Company's current and future strategic alliances will have a beneficial impact on the Company's business, financial condition and results of operations.

TerrAscend currently has, and may in the future, enter into strategic alliances with third parties that it believes will complement or augment its existing business. TerrAscend's ability to complete strategic alliances is dependent upon, and may be limited by, the availability of suitable candidates and capital. In addition, strategic alliances could present unforeseen integration obstacles or costs, may not enhance TerrAscend's business, and may involve risks that could adversely affect TerrAscend, including significant amounts of management time that may be diverted from operations in order to pursue and complete such transactions or maintain such strategic alliances. Future strategic alliances could result in the incurrence of additional debt, costs and contingent liabilities, and there can be no assurance that future strategic alliances will achieve, or that TerrAscend's existing strategic alliances will continue to achieve, the expected benefits to TerrAscend's business or that TerrAscend will be able to consummate future strategic alliances on satisfactory terms, or at all. Any of the foregoing could have a material adverse effect on TerrAscend's business, financial condition and results of operations.

The Company's use of joint ventures may expose the Company to risks associated with jointly owned investments.

TerrAscend currently operates parts of its business through joint ventures with other companies, and it may enter into additional joint ventures in the future. Joint venture investments and partnerships may involve risks not otherwise present for investments made solely by TerrAscend, including: (i) TerrAscend may not control the joint ventures;(ii) TerrAscend's joint venture partners may not agree to distributions that it believe are appropriate; (iii) where TerrAscend does not have substantial decision-making authority, it may experience impasses or disputes with TerrAscend's joint venture partners on certain decisions, which could require it to expend additional resources to resolve such impasses or disputes, including litigation or arbitration; (iv) TerrAscend's joint venture partners may become insolvent or bankrupt, fail to fund their share of required capital contributions or fail to fulfil their obligations as a joint venture partner; (v) the arrangements governing TerrAscend's joint ventures may contain certain conditions or milestone events that may never be satisfied or achieved; (vi) TerrAscend's joint venture partners may have business or economic interests that are inconsistent with TerrAscend's and may take actions contrary to TerrAscend's interests; (vii) TerrAscend may suffer losses as a result of actions taken by TerrAscend's joint venture partners with respect to TerrAscend's joint venture investments; and (viii) it may be difficult for TerrAscend to exit a joint venture if an impasse arises or if TerrAscend desires to sell its interest for any reason. Any of the foregoing risks could have a material adverse effect on TerrAscend's business, financial condition and results of operations. In addition, TerrAscend may, in certain circumstances, be liable for the actions of its joint venture partners.

Risks Related to the Pending Transaction with Gage

If the Transaction with Gage is completed, TerrAscend shareholders will be diluted.

If the Transaction is completed, the current holdings of TerrAscend shareholders will be significantly diluted. It is expected that the Transaction will involve the issuance of approximately50 million Common Shares to Gage shareholders and the reservation of approximately an additional 27 million Common Shares pursuant to the convertible securities of Gage which will be exchanged for convertible securities of the Company.

While the Transaction is pending, the Company is restricted from taking certain actions, which may negatively impact its business.

During the period between the execution of the Arrangement Agreement and the completion of the Transaction, the Company has agreed to certain covenants, including restriction on the issuance of Common Shares or securities convertible into Common Shares in certain circumstances, its ability to reduce the stated capital of the Common Shares, and restrictions on the amendment of any material contract.

These restrictions may require the prior consent of Gage to undertake such actions, and if not granted, may prevent the Company from pursuing attractive business opportunities that may arise prior to completion of the Transaction.

The Company may not realize the benefits of its growth strategy, which could have an adverse effect on the Company's business.

The Company believes that the completion of the Transaction will allow it to accelerate its strategic efforts to capitalize on significant growth opportunities by gaining exposure to the Michigan market. As part of its growth strategy, the Company will continue in its existing efforts and initiate new efforts to expand its footprint, and brand and marketing capabilities. Such expansion is dependent on availability of capital funding, achieving satisfactory returns on the acquisition of Gage, continuing to enter into successful business arrangements and certain assumptions about being able to achieve Gage's projected growth strategy. The failure to successfully implement either its own strategic initiatives, or those with respect to Gage, could have a material adverse effect on the Company's business and results of operations.

If the Company is unable to complete the Transaction, or the Transaction is delayed, there could be an adverse effect on the Company's business and the market price of its Common Shares.

If the Transaction is not completed, the market price of the Common Shares could be adversely affected and may decline to the extent that the current market price reflects an assumption the Transaction will be completed. Certain costs of the Transaction, including legal, accounting and financial advisory fees, must be paid by the Company regardless of whether the Transaction is completed. The Company has also incurred and expects to incur additional material non-recurring expenses in connection with the Transaction, including costs related proxy solicitation. Additional unanticipated costs or expenses may be incurred by TerrAscend in the course of coordinating the businesses of the combined company following the completion of the Transaction, as well as a $30 million termination fee in certain circumstances.

The Company and Gage may not integrate successfully, which may prevent the realization of the benefits of the Transaction and may have a material adverse effect on the Company.

If consummated, the Transaction will involve the integration of companies that previously operated independently. As a result, the Transaction will present challenges to management, including the integration of the operations, systems and personnel of the two companies, and special risks, including possible unanticipated liabilities, unanticipated costs, diversion of management's attention and the potential loss of key employees. The difficulties management encounters in the transition and integration process could have an adverse effect on the revenues, level of expenses and operating results of the Company post-closing. As a result of these factors, it is possible that any benefits expected from the Transaction to the Company may not ultimately be realized.

Issuance of a significant number of Common Shares and a resulting "market overhang" could adversely affect the market price of Common Shares after completion of the Transaction.

The issuance of a significant number of Common Shares and a resulting "market overhang" could adversely affect the market price of Common Shares after completion of the Transaction. On completion of the Transaction, a significant number of additional Common Shares will be available for trading in the public market. The increase in the number of Common Shares may lead to sales of such shares or the perception that such sales may occur, either of which may adversely affect the market for, and the market price of, Common Shares. The potential that TerrAscend shareholders may sell their Common Shares in the public market (commonly referred to as "market overhang"), as well as any actual sales of such Common Shares in the public market, could adversely affect the market price of the Common Shares.

The Company will incur costs even if the Transaction is not completed and may have to pay various expenses incurred in connection with the Transaction.

All out-of-pocket third-party transaction expenses incurred by the Company in connection with the Transaction, including costs of legal, accounting and financial advisors, must be paid by the Company whether or not the Transaction is completed.

The Company has also incurred and expects to incur additional material non-recurring expenses in connection with the Transaction, including costs related proxy solicitation. Additional unanticipated costs or expenses may be incurred by TerrAscend in the course of coordinating the businesses of the combined company following the completion of the Transaction.

TerrAscend and Gage may be the target of securities class actions and derivative lawsuits, which could result in substantial costs to TerrAscend and may divert the attention of TerrAscend's management, which may have a material adverse effect on the Company.

TerrAscend and Gage may be the target of securities class actions and derivative lawsuits which could result in substantial costs andmay divert the attention of TerrAscend's management, which may have a material adverse effect on the Company. Securities class action lawsuits and derivative lawsuits are often brought against companies that have entered into an agreement to acquire a public company or to be acquired. Third parties may also attempt to bring claims against TerrAscend and Gage seeking to restrain the Transaction or seeking monetary compensation or other remedies. Even if the lawsuits are without merit, defending against these claims can result in substantial costs and divert management time and resources. Additionally, if a plaintiff is successful in obtaining an injunction prohibiting consummation of the Transaction, then that injunction may delay or prevent the Transaction from being completed.

In addition, political and public attitudes towards the Transaction could result in negative press coverage and other adverse public statements affecting TerrAscend and Gage. Adverse press coverage and other adverse statements could lead to investigations by regulators, legislators and law enforcement officials or in legal claims or otherwise negatively impact the ability of TerrAscend to take advantage of various business and market opportunities. The direct and indirect effects of negative publicity, and the demands of responding to and addressing it, may have a material adverse effect on TerrAscend's business, financial condition and results of operations.

The pending Transaction could cause the attention of TerrAscend's management to be diverted from the day-to-day operations of TerrAscend, which may adversely affect the Company's business.

The pending Transaction could cause the attention of TerrAscend's management to be diverted from the day-to-day operations of TerrAscend. These disruptions could be exacerbated by a delay in the consummation of the Transaction and could result in lost opportunities or negative impacts on performance, which could have a material and adverse effect on the business, financial condition and results of operations or prospects of TerrAscend if the Transaction is not completed, and on the business of TerrAscend thereafter.

Risks Related to the Company's Common Shares

The Company's voting control is concentrated.

Mr. Jason Wild, TerrAscend's Executive Chairman and Chairman of the Company's Board of Directors (the "**Board of Directors**" or the "**Board**"), owns, directly or indirectly, or exercises control or direction over shares representing approximately 40% of Common Shares. As a result, he exerts significant control over matters that may be put forth for the consideration of all TerrAscend shareholders, including for example, the approval of a potential business combination or consolidation, a liquidation or sale of all or substantially all of TerrAscend's assets, electing members to TerrAscend's Board, and adopting amendments to TerrAscend's constating documents, including its articles of incorporation, as amended (the "**Articles**") and by-laws.

An investor may face liquidity risks with an investment in the Common Shares.

TerrAscend's Common Shares are listed on the CSE and also trade over the counter in the US on the OTCQX® Best Market, however, there can be no assurance that an active and/or liquid market for Common Shares will develop or be maintained and an investor may find it difficult to resell any securities of TerrAscend.

The price of the Company's Common Shares may be volatile, and may be adversely affected by the price of cannabis.

The market price of Common Shares may be subject to wide price fluctuations, and the price of TerrAscend's shares and its financial results may be significantly and adversely affected by a decline in the price of cannabis. There is currently no established market price for cannabis and the price of cannabis is affected by several factors beyond TerrAscend's control. For example, price fluctuations may be in response to many factors, including variations in the operating results of TerrAscend and its subsidiaries, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for TerrAscend and its subsidiaries, general economic conditions, legislative changes, community support for the medical cannabis industry and other events and factors outside of TerrAscend's control. In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the Company's Common Shares.

Additional issuances of the Company's securities may result in dilution.

TerrAscend may issue additional securities in the future, which may dilute a TerrAscend shareholder's holdings in TerrAscend. TerrAscend's articles permit the issuance of an unlimited number of Common Shares, and TerrAscend shareholders will have no pre-emptive rights in connection with such further issuance. The directors of TerrAscend have discretion to determine the price and the terms of issue of further issuances. Moreover, additional Common Shares will be issued by TerrAscend on the exercise of options under TerrAscend's stock option plan and upon the exercise of outstanding warrants.

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

Sales of a substantial number of Common Shares in the public market could occur at any time. These sales, or the market perception that the holders of a large number of Common Shares intend to sell Common Shares, could reduce the market price of Common Shares.

Risks related to potential disqualification of equity holders by regulatory authorities.

An individual with an ownership interest in TerrAscend could become disqualified from having such ownership interest in TerrAscend under a US state cannabis agency's interpretation of the relevant state laws and regulations if such owner is convicted of a certain type of felony or fails to meet the residency requirements, if any, for owning equity in a company like TerrAscend. The loss of such equity holder could potentially have a material adverse effect on TerrAscend.

TerrAscend does not intend to pay dividends on its Common Shares for the foreseeable future and, consequently, your ability to achieve a return on your investment will depend on appreciation in the price of the Company's Common Shares.

TerrAscend's policy is to retain earnings to finance the development and enhancement of its products and to otherwise reinvest in TerrAscend's businesses. Therefore, TerrAscend does not anticipate paying cash dividends on Common Shares in the foreseeable future. Any decision to declare and pay dividends in the future will be made at the discretion of the Company's Board and will depend on, among other things, financial results, cash requirements, contractual restrictions and other factors that the Company's Board may deem relevant. As a result, investors may not receive any return on investment in Common Shares unless they sell them for a share price that is greater than that at which such investors purchased them.

General Risk Factors

TerrAscend may not be able to obtain necessary permits and authorizations.

TerrAscend may be required to obtain and maintain certain permits, licenses and approvals in the jurisdictions where its products are manufactured and/or sold. There can be no assurance that TerrAscend will be able to obtain or maintain any necessary licenses, permits or approvals. Any material delay or inability to receive these items is likely to delay and/or inhibit TerrAscend's ability to conduct its business, and would have an adverse effect on its business, financial condition and results of operations.

TerrAscend may be subject to litigation, which could divert the attention of management and cause the Company to expend significant resources.

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

The Company needs to attract and retain customers and patients in order to succeed, and failure to do so may have a material adverse effect on the Company's business.

TerrAscend's success depends on its ability to attract and retain customers and patients. There are many factors which could impact TerrAscend's ability to attract and retain customers and patients, including but not limited to TerrAscend's ability to continually produce desirable and effective products and, the successful implementation of a customer and patient-acquisition plan. TerrAscend's failure to acquire and retain customers and patients would have a material adverse effect on TerrAscend's business, operating results and financial condition.

TerrAscend has a limited operating history, which makes it difficult to evaluate its prospects and predict future operating results.

TerrAscend has a limited operating history and, accordingly, potential investors will have a limited basis on which to evaluate its ability to achieve its business objectives. The future success of TerrAscend is dependent on management's ability to implement its strategy, there is no certainty that anticipated outcomes and sustainable revenue streams will be achieved and there is no certainty that TerrAscend will successfully produce commercial medical cannabis, establish a market for and sell its product, maintain its licenses or obtain other necessary licenses and/or approvals.

TerrAscend faces risks frequently encountered by early-stage companies. In particular, its future growth and prospects will depend on its ability to expand its operation and gain additional revenue streams while at the same time maintaining effective cost controls. Any failure to expand is likely to have a material adverse effect on TerrAscend's business, financial condition and results. As such, there is no assurance that TerrAscend will be successful in achieving a return on TerrAscend shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

The Company may be subject to growth-related risks, which could negatively affect its business.

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

The Company faces risks and hazards that may not be covered by insurance.

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

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

ITEM 2. FINANCIAL INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with, and is qualified in its entirety by, the Consolidated Financial Statements and the accompanying notes presented in Item 13 – "Financial Statements and Supplementary Data," of this registration statement. Readers are cautioned that the MD&A contains forward-looking statements and that actual events may vary from management's expectations. This discussion addresses matters the Company considers important for an understanding of its financial condition and results of operations.

This Management's Discussion and Analysis ("**MD&A**") of the financial condition and results of operations of TerrAscend is for the six months ended June 30, 2021 and June 30, 2020 and for the years ended December 31, 2020, December 31, 2019 and December 31, 2018 and the accompanying notes for each respective period.

This MD&A contains certain "forward-looking statements" and certain "forward-looking information" as defined under applicable United States securities laws. Please refer to the discussion of forward-looking statements and information set out under the heading "*Cautionary Note Regarding Forward-Looking Statements*" at the forepart of this Registration Statement. As a result of many factors, the Company's actual results may differ materially from those anticipated in these forward-looking statements and information. This MD&A should be read in conjunction with the risk factors set forth in Item 1A – "*Risk Factors.*"

Business Overview

TerrAscend is a leading North American cannabis operator with vertically integrated operations in Pennsylvania, New Jersey, and California, licensed cultivation and processing operations in Maryland, and licensed processing operations in Canada. TerrAscend operates an award-winning chain of Apothecarium dispensary retail locations, as well as scaled cultivation, processing, and manufacturing facilities on both the east and west coasts of the United States. TerrAscend's best-in class cultivation and manufacturing practices yield consistent, high-quality cannabis, providing industry-leading product selection to both the medical and legal adult-use market.

TerrAscend operates under one operating segment for the cultivation, production and sale of cannabis products.

TerrAscend's portfolio of operating businesses and brands include:

- Ilera Healthcare, a vertically integrated cannabis cultivator, processor and dispensary operator in Pennsylvania;
- TerrAscend NJ LLC, a majority owned subsidiary that holds a permit to operate up to three alternative treatment centers in New Jersey with the ability to cultivate and process;
- The Apothecarium, consisting of Architectural Digest award-winning retail dispensaries in California, Pennsylvania and New Jersey;
- Valhalla, a leading provider of premium edible products;
- State Flower, a California-based cannabis producer operating a licensed cultivation facility in San Francisco, California;
- HMS Health, LLC and HMS Processing, LLC, a producer and seller of dried flower and oil products for the wholesale medical cannabis market in Maryland;
- Arise Bioscience, a manufacturer and distributor of hemp-derived products, located in Boca Raton, Florida; and
- TerrAscend Canada Inc., a Licensed Producer (as such term is defined in the Cannabis Act) of cannabis, whose principal business activities include processing and sale of cannabis flower and oil products in Canada.

TerrAscend also entered into the Arrangement Agreement on August 31, 2021 to acquire Gage, a company which provides support services to licensed Gage-branded cannabis cultivators, processors and provisioning centers, and Cookies-branded provisioning centers, in Michigan. For more information regarding the Transaction with Gage, please see Item 1 – "*Business*" – "*Recent Developments*" – "*The Transactions with Gage.*"

Results from Operations - Six months ended June 30, 2021 and June 30, 2020

The following tables represent the Company's results from operations for the six months ended June 30, 2021 and June 30, 2020.

Revenue, net

	For the six months ended	
	June 30, 2021	**June 30, 2020**
Revenue	$ 118,473	$ 64,510
Excise and cultivation taxes	(6,396)	(4,421)
Revenue, net	**112,077**	**60,089**
$ change	51,988	
% change	87%	

The increase in revenue at June 30, 2021 as compared to June 30, 2020 was due to an increase in production and branded manufacturing capacity in Pennsylvania and California, as well as the initial ramp up in New Jersey. Also, during the second quarter of 2021, the Company acquired KCR and HMS, which resulted in an increase in revenue as compared to the prior year period. Additionally, retail dispensaries across Pennsylvania, California, and New Jersey increased from five in the second quarter of 2020 to thirteen during the second quarter of 2021.

Cost of Sales

	For the six months ended	
	June 30, 2021	June 30, 2020
Cost of sales	$ 42,300	$ 28,004
Impairment of inventory	-	1,363
Total cost of sales	**42,300**	**29,367**
$ change	12,933	
% change	44%	
Cost of sales as a % of revenue	36%	43%

The increase in cost of sales for the six months ended June 30, 2021 as compared to June 30, 2020 was a result of increased volume of sales. The improvement in the ratio of cost of sales relative to net sales is a result of the Company becoming more cost efficient throughout its production process as it continues to gain scale and leverage fixed costs.

General and Administrative Expense (G&A)

	For the six months ended	
	June 30, 2021	June 30, 2020
General and administrative expense	$ 32,927	$ 31,494
$ change	1,433	
% change	5%	
G&A as a % of revenue	28%	52%

The increase in G&A expenses was primarily a result of payments of one-time legal settlements of $2,121 which consists of $561 in fees related to US filer preparation and IFRS to US GAAP conversion, and $535 in executive severance during the six months ended June 30, 2021. The increase in general and administrative expenses for the current period was partially reduced by a decrease in professional fees from the six months ended June 30, 2020 as a result of payments made of $7,500 related to amounts payable to an entity controlled by the minority shareholders of TerrAscend NJ pursuant to services surrounding the granting of certain licenses. Excluding this payment, professional fees increased primarily due to third party fees for US filer preparation.

Share-based compensation

	For the six months ended	
	June 30, 2021	June 30, 2020
Share-based compensation	$ 8,215	$ 2,187
$ change	6,028	
% change	276%	

The increase in share-based payments expense was primarily due to options granted to new employees during the third quarter of 2020, resulting in higher expense during the six months ended June 30, 2021 as compared to the six months ended June 30, 2020. Additionally, during the six months ended June 30, 2021, the Company recorded additional expense of $667 related to acceleration of options related to severance.

Amortization and Depreciation Expense

	For the six months ended	
	June 30, 2021	June 30, 2020
Amortization and depreciation	$ 3,717	$ 2,619
$ change	1,098	
% change	42%	

The increase in amortization and depreciation expense for the six months ended June 30, 2021 as compared to June 30, 2020 is primarily related to additions of property and equipment due to the Company's cultivation expansions and increase in dispensaries in Pennsylvania, New Jersey and California.

Revaluation of contingent considerations

	For the six months ended	
	June 30, 2021	June 30, 2020
Revaluation of contingent consideration	$ 2,990	$ 8,620
$ change	(5,630)	
% change	-65%	

The decrease in the revaluation of contingent consideration for the six months ended June 30, 2021 as compared to June 30, 2020 is a result of a reduction in the liability as compared to June 30, 2020 due to payments for the earnout of Ilera of $156,187 reducing the amount outstanding. This decrease is partially offset by the accretion of the contingent consideration payable for Ilera and State Flower which were recorded at the present value of future payments upon initial recognition.

Loss on fair value of warrants

	For the six months ended	
	June 30, 2021	June 30, 2020
Loss on fair value of warrants	$ 25,301	$ -
$ change	25,301	
% change	100%	

For the six months ended June 30, 2021, the preferred share warrant liability has been remeasured to fair value at June 30, 2021 using the Black Scholes model. In addition, warrants were exercised during the six months ended June 30, 2021. The combined impact resulted in a loss on fair value of warrants of $25,301 for the six months ended June 30, 2021.

Finance and other expenses (income)

	For the six months ended	
	June 30, 2021	June 30, 2020
Finance and other expenses (income)	$ 15,309	$ 3,594
$ change	11,715	
% change	326%	

Finance expense in the current period increased primarily due to interest expense of $8,503 related to the Ilera term loan issued in December 2020. In addition, during the six months ended June 30, 2021, the Company recorded a reduction to the indemnification asset related to the Apothecarium tax audit settlement and statute expirations for tax years ended September 30, 2014 and September 30, 2015 in the amount of $3,796 included in finance and other expenses, with an offset recorded to reduce the Company's income tax provision (refer to – "*Provision for income taxes*" below). During the current period, finance expense is partially offset by $766 of other income related to the forgiveness of the Company's Paycheck Protection Program (PPP) loan received by the Company's Arise business. The finance expense in the prior year period was primarily related to borrowings on the $75,000 credit facility with JW Asset Management LLC, as well as the RIV Capital loan entered into in the latter half of 2019, and the Canopy Growth financing received in the first quarter of 2020.

Transaction and restructuring costs

	For the six months ended

	June 30, 2021	June 30, 2020
Transaction and restructuring costs	$ 432	$ 1,816
$ change	(1,384)	
% change	-76%	

The decrease in transaction and restructuring costs during the six months ended June 30, 2021 as compared to June 30, 2020 was primarily due to higher personnel related reorganization and severance costs in Canada during the six months ended June 30, 2020. In the current period, transaction and restructuring costs include legal costs related to the acquisitions of KCR and HMS.

Impairment of goodwill

	For the six months ended	
	June 30, 2021	June 30, 2020
Impairment of goodwill	$ 5,007	$ -
$ change	5,007	
% change	100%	

The impairment recorded for the six months ended June 30, 2021 related to the Company's Florida reporting unit as the Company determined that the estimated cash flows of its Arise business did not support the carrying value of the intangible assets and goodwill. As a result, the company recorded impairment to reduce the balance of goodwill at its Florida reporting unit to $nil. The Company did not record any impairment during the six months ended June 30, 2020.

Impairment of intangible assets

	For the six months ended	
	June 30, 2021	June 30, 2020
Impairment of intangible assets	$ 3,633	$ 734
$ change	2,899	
% change	395%	

The impairment recorded during the six months ended June 30, 2021 relates to the write-off of intellectual property at the Company's Arise business. The impairment recorded in the six months ended June 30, 2020 related to the write-off of intellectual property in Canada and the termination of a distribution agreement at the Company's Arise business during the first quarter of 2020.

Unrealized foreign exchange loss

	For the six months ended	
	June 30, 2021	June 30, 2020
Unrealized foreign exchange loss	$ 5,838	$ 77
$ change	5,761	
% change	7482%	

The increase in unrealized foreign exchange for the six months ended June 30, 2021 as compared to June 30, 2020 is a result of the remeasurement of USD denominated cash and other assets recorded in C$ functional currency at its Canadian operations.

Unrealized and realized (gain) loss on investments and notes receivable

	For the six months ended	
	June 30, 2021	June 30, 2020
Unrealized and realized (gain) loss on investment and notes receivable	$ (6,192)	$ 244
$ change	(6,436)	
% change	-2638%	

The Company recognized a (gain) of $6,192 for the six months ended June 30, 2021 as compared to a loss of $244 for the six months ended June 30, 2020. The increase in the unrealized gain in the current period relates to the acquisition of the remaining 90% investment in Guadco LLC and KCR Holdings LLC during the first half of 2021.

Provision for income taxes

	For the six months ended	
	June 30, 2021	June 30, 2020
Provision for income taxes	$ 16,373	$ 11,390
$ change	4,983	
% change	44%	

The increase in provision for income taxes was due to operational scale up and from the Company's acquisitions. The Company's provision for income taxes for the six months ended June 30, 2021 was reduced by a $3,766 recovery resulting from the Apothecarium tax audit settlement for tax years ended September 30, 2014 and September 30, 2015 and statute expirations.

Results from Operations - Years ended December 31, 2020, December 31, 2019 and December 31, 2018

The following tables represent the Company's results from operations for the twelve months ended December 31, 2020, December 31, 2019 and December 31, 2018:

Revenue, net

	For the years ended		
	December 31, 2020	December 31, 2019	December 31, 2018
Revenue	$ 157,906	$ 66,164	$ 5,521
Excise and cultivation taxes	(10,073)	(2,351)	(253)
Revenue, net	**147,833**	**63,813**	**5,268**
$ change	84,020	58,545	
% change	132 %	1,111 %	

The increase for the year ended December 31, 2020 was primarily due to operational scale up as well as a full year of operations from the Company's acquisitions. The Company acquired the Apothecarium in June 2019, Ilera in September 2019, and State Flower in January 2020. The Company continued to expand organically through an increase in production and branded manufacturing capacity in Pennsylvania and store expansions in Pennsylvania and California. In addition, the Company opened its first alternative treatment center in Phillipsburg, New Jersey during the year ended December 31, 2020.

The increase for the year ended December 31, 2019 as compared to the year ended December 31, 2018 was driven by revenue in the United States as a result of the acquisitions of Arise, Apothecarium and Ilera during 2019.

Cost of Sales

	For the years ended		
	December 31, 2020	December 31, 2019	December 31, 2018
Cost of sales	$ 62,557	$ 54,299	$ 5,518
Impairment of inventory	4,111	6,956	1,918
Total cost of sales	**66,668**	**61,255**	**7,436**
$ change	5,412	53,819	
% change	9%	724%	
Cost of sales as a % of revenue	42%	93%	141%

The increase in cost of sales from December 31, 2019 to December 31, 2020 was due to operational scale up as well as a full year of operations as a result of the Company's acquisitions of The Apothecarium in June 2019, Ilera in September 2019 and State Flower in January 2020. In addition, the Company has continued to expand production capacity and branded manufacturing and retail sales presence. The Company's production facility in Pennsylvania tripled production capacity in the first quarter of 2020. The improvement in the ratio of cost of sales relative to net sales is a result of the Company becoming more cost efficient throughout its production process.

The increase in cost of sales for the year ended December 31, 2019 as compared to December 31, 2018 was driven by the increase in the United States as a result of the additions of Arise and Apothecarium in the first half of 2019 and Ilera in the third quarter of 2019.

The impairment charges of $4,111, $6,596, and $1,918 for the years ended December 31, 2020, 2019, and 2018, respectively, were due to the carrying value of inventory exceeding the estimated net realizable value of inventory held in Canada. Of the impairment charges during the twelve months ended December 31, 2020, $1,795 of the charges were related to write down of inventory purchased from a third-party supplier, during the current period, at prices per prior signed agreements. The impairment charges for the year ended December 31, 2019 were due to the carrying value of inventory exceeding the estimated net realizable value. In addition, during the year ended December 31, 2019, management wrote off $3,847 of inventory that it deemed unsaleable or spoiled in Canada.

General and Administrative Expense (G&A)

	For the years ended		
	December 31, 2020	December 31, 2019	December 31, 2018
General and administrative expense	$ 55,604	$ 39,160	$ 13,979
$ change	16,444	25,181	
% change	42%	180%	
G&A as a % of revenue	35%	59%	253%

The increase in G&A expenses for the year ended December 31, 2020 as compared to December 31, 2019 was primarily driven by an increase in professional fees related to payments made to an entity controlled by the minority shareholders of TerrAscend New Jersey. The first payment of $3,750 was due upon NJ being granted an alternative treatment center license in the state of New Jersey and was settled in shares on March 25, 2020. The second payment of $3,750 was due upon TerrAscend New Jersey making its first sale of medical cannabis to a patient in compliance with the New Jersey Compassionate Use Marijuana Act. The increase was also partially driven by the full year impact of the acquisitions of The Apothecarium, Ilera and State Flower in 2019 and the organic expansion of dispensaries in California and Pennsylvania.

The increase in G&A expense for the year ended December 31, 2019 as compared to December 31, 2018 was primarily driven by an increase in salary and wages and lease expense as a result of US acquisitions of The Apothecarium, Ilera and State Flower in June 2019, September 2019, and January 2020, respectively.

Share-based compensation

	For the years ended		
	December 31, 2020	December 31, 2019	December 31, 2018
Share-based compensation	$ 10,075	$ 6,738	$ 2,827
$ change	3,337	3,911	
% change	50%	138%	

The increase in share-based compensation for the year ended December 31, 2020 as compared to December 31, 2019 was due to options granted to new employees in 2020 and vesting of restricted stock unit (**RSU**") grants (none during the twelve months ended December 31, 2019).

The increase in share-based compensation for the year ended December 31, 2019 as compared to December 31, 2018 was primarily driven by options granted to new employees.

Amortization and Depreciation Expense

	For the years ended		
	December 31, 2020	December 31, 2019	December 31, 2018
Amortization and depreciation	$ 5,562	$ 3,067	$ 411
$ change	2,495	2,656	
% change	81%	646%	

The increase in amortization and depreciation expense for the year ended December 31, 2020 as compared to December 31, 2019 was primarily driven by a full year of US operations as a result of the acquisitions that occurred during the year ended December 31, 2019. Additionally, the Company completed construction of the cultivation facility in New Jersey during the year ended December 31, 2020.

Amortization and depreciation expense increased $2,656 for the year ended December 31, 2019 as compared to December 31, 2018. The increase was mainly due to increased capital investment in Canada and the acquisitions of the Apothecarium, Ilera and State Flower in June 2019, September 2019 and January 2020, respectively.

Revaluation of contingent considerations

	For the years ended		
	December 31, 2020	December 31, 2019	December 31, 2018
Revaluation of contingent consideration	$ 18,709	$ 46,857	$ -
$ change	(28,148)	46,857	
% change	-60%	100%	

The decrease in the revaluation of contingent consideration for the year ended December 31, 2020 as compared to December 31, 2019 is a result of a reduction in the liability as compared to December 31, 2019 due to payments of $147,184, reducing the amount outstanding. This decrease was partially offset by the accretion of the contingent consideration payable for Ilera and State Flower which were recorded at the present value of future payments upon initial recognition.

Loss on fair value of warrants

	For the years ended		
	December 31, 2020	December 31, 2019	December 31, 2018
Loss on fair value of warrants	$ 110,518	$ -	$ -
$ change	110,518	-	
% change	100%	0%	

For the year ended December 31, 2020, the preferred share warrant liability was remeasured to fair value. In addition, warrants were exercised during the year ended December 31, 2020. The combined impact resulted in a loss on fair value of warrants of $110,518, including effects of the foreign exchange of the US denominated preferred share warrants. The loss on fair value of warrants is mainly the result of the increase in the

Company's share price.

Finance and other expenses (income)

	For the years ended		
	December 31, 2020	December 31, 2019	December 31, 2018
Finance and other expenses (income)	$ 8,193	$ 3,524	$ (469)
$ change	4,669	3,993	
% change	132%	-851%	

The increase in finance and other expenses during the year ended December 31, 2020 as compared to December 31, 2019 was due to the Ilera term loan, Canopy Growth Arise loan, RIV Capital loan, and convertible debt entered into during the year ended December 31, 2020. The finance expense for the year ended December 31, 2019 was primarily related to borrowings on the $75,000 credit facility with JW Asset Management LLC, which was fully paid off in the first quarter of 2020 using proceeds received from the Canopy Growth financing.

The Company incurred finance and other expenses of $3,524 during the year ended December 31, 2019 as compared to income of $469 for the year ended December 31, 2018. The increase in finance expense for the year ended December 31, 2019 is a result of the interest expense incurred on borrowings. The finance income during the year ended December 31, 2018 is primarily a result of the interest income on term deposits.

Transaction and restructuring costs

	For the years ended		
	December 31, 2020	December 31, 2019	December 31, 2018
Transaction and restructuring costs	$ 2,093	$ 8,444	$ -
$ change	(6,351)	8,444	
% change	-75%	100%	

Transaction and restructuring costs decreased for the year ended December 31, 2020 from the year ended December 31, 2019 mainly due to the acquisitions of Grander, Apothecarium and Ilera during the year ended December 31, 2019. Transaction and restructuring costs during the twelve months ended December 31, 2020 are related to acquisition costs for State Flower and preferred share issuance costs.

Impairment of goodwill

	For the years ended		
	December 31, 2020	December 31, 2019	December 31, 2018
Impairment of goodwill	$ -	$ 45,802	$ -
$ change	(45,802)	45,802	
% change	-100%	100%	

During the year ended December 31, 2019, it was determined that the fair values of TerrAscend's Canada and California reporting units were more likely than not less than their carrying amounts and as such a one-step impairment test was performed. The following significant assumptions are applied in the determination of the fair value of the reporting units:

- Cash flows: estimated cash flows were projected based on actual operating results form internal sources, as well as industry and market trends. The forecasts were extended to a total of five years (with a terminal value thereafter);
- Terminal value growth rate: the terminal growth rate was based on historical and projected consumer price inflation, historical and projected economic indicators and projected industry growth;
- Post-tax discount rate: the post-tax discount rate is reflective of the reporting units weighted average cost of capital ("**WACC**"). The WACC was estimated based on the risk-free rate, equity risk premium, beta premium, and after-tax cost of debt based on corporate bond yields; and
- Tax rate: the tax rate used in determining the future cash flows were those substantively enacted at the respective valuation date.

As a result of the impairment tests performed, the Company determined that the carrying values of the reporting units were greater than their fair values. As such, the Company recorded impairment of $1,824 related to its Canada reporting unit, and $43,977 related to its California reporting unit.

Impairment of intangible assets

	For the years ended		
	December 31, 2020	December 31, 2019	December 31, 2018
Impairment of intangible assets	$ 766	$ 3,309	$ 146
$ change	(2,543)	3,163	
% change	-77%	2,166%	

During the year ended December 31, 2020, the Company recorded impairment of $423 of intellectual property in Canada related to packaging designs that were written down to its recoverable amount, as well as impairment of $342 related to its customer relationships at Arise as a result of its termination of an agreement with one of its wholesale distributors. For the year ended December 31, 2019, the Company recorded impairment of $2,928 related to the brand intangible assets at its California business as a result of the annual impairment test performed as it was determined that the carrying value exceeded its fair value.

During the year ended December 31, 2018, the Company recorded impairment loss of $146 related to the Company's patient list in Canada.

Impairment of property and equipment

	For the years ended		
	December 31, 2020	December 31, 2019	December 31, 2018
Impairment of property and equipment	$ 823	$ 1,746	$ -
$ change	(923)	1,746	
% change	-53%	100%	

The impairment losses for the year ended December 31, 2020 were a result of the Company's strategic decision to cease the growing and cultivation of cannabis in Canada. The Company performed an impairment analysis over the assets that could not be sold. As a result of the impairment analysis, the Company wrote down the net book value of the lighting and irrigation assets previously used in the Canadian cultivation business to $nil. During the year ended December 31, 2019, the Company shut down its proposed Drug Preparation Premises business as management deemed that market conditions could not support this business and was determined to be no longer commercially viable. As a result, the Company recorded an impairment of $1,746 during the year ended December 31, 2019.

Unrealized and realized (gain) loss on investments and notes receivable

	For the years ended		
	December 31, 2020	December 31, 2019	December 31, 2018

Unrealized and realized (gain) loss on investment and notes receivable	$ (186)	$ 4,394	$ (3,996)
$ change	(4,580)	8,390	
% change	-104%	-210%	

The Company recognized an unrealized and realized gain on investments and notes receivable of $(186) for the year ended December 31, 2020 as compared to a loss of $4,394 for the year ended December 31, 2019. The unrealized gain for the year ended December 31, 2020 relates to the equity income pick-up from the Company's 10% investment in Guadco LLC and KCR Holdings LLC. The unrealized loss on investments during the year ended December 31, 2019 primarily relates to the unrealized loss on the Company's investment in Solace Rx as the Company obtained 65% ownership in Solace Rx on June 3, 2019. As a result it was determined that the Company controls Solace Rx and consolidated the financial results from June 3, 2019 onward.

The Company recognized a gain of $3,996 for the year ended December 31, 2018. The income during the year ended December 31, 2018 was a result of the unrealized gain on the Company's investment in common shares and warrants at its Canada operations.

Provision for income taxes

	For the years ended		
	December 31, 2020	**December 31, 2019**	**December 31, 2018**
Provision for income taxes	$ 10,769	$ 1,769	$ 544
$ change	9,000	1,225	
% change	509%	225%	

The increase in tax expense is related to operational scale up and from the Company's acquisitions. The Company acquired The Apothecarium in June 2019, Ilera in September 2019 and State Flower in January 2020. The provision for income taxes was impacted by a recovery resulting from the expiration of the statute of limitations to assess tax as well as a deferred tax recovery related to convertible debt.

Liquidity and Capital Resources

	June 30,2021	**December 31, 2020**	**December 31, 2019**	**December 31, 2018**
	$	**$**	**$**	**$**
Cash and cash equivalents and restricted cash	**154,181**	59,226	9,162	15,960
Current assets	**207,787**	95,546	64,817	42,327
Non-current assets	**432,109**	331,698	280,307	22,126
Current liabilities	**73,261**	93,484	109,831	22,276
Non-current liabilities	**363,893**	347,076	180,543	504
Working capital	**134,526**	2,062	(45,014)	20,051
Total shareholders' equity (deficit)	**202,742**	(13,316)	54,750	41,673

The calculation of working capital provides additional information and is not defined under GAAP. The Company defines working capital as current assets less current liabilities. This measure should not be considered in isolation or as a substitute for any standardized measure under GAAP.

At June 30, 2021, TerrAscend had cash and cash equivalents of $154,181, which is sufficient to fund the Company's ongoing operations. Any additional future requirements will be funded through the following sources of capital:

- Cash from ongoing operations,
- Market offerings - the Company has the ability to offer equity in the market for significant potential proceeds to a large investor base, as evidenced by oversubscriptions on previous recent private placements.
- Debt – the Company has the ability to obtain additional debt from additional creditors.
- Sale leaseback – the Company has the ability to sell and lease back its capital properties.
- Exercise of options and warrants – the Company would receive funds from exercise of options and warrants from the holders of such securities.

See Item 1A – "*Risk Factors*" – "*Regulatory and Legal Risks to the Company's Business Due to the Nature of the Industry*" – "*The Company's business is subject to applicable anti-money laundering laws and regulations and have restricted access to capital markets, banking and other financial services, which may adversely affect TerrAscend's business*" for further information.

The Company's objective with respect to its capital management is to ensure it has sufficient cash resources to maintain its ongoing operations and finance its research and development activities, corporate and administration expenses, working capital and overall capital expenditures. Since inception, the Company has primarily financed its liquidity needs through the issuance of shares and utilization of borrowings. The Company expects that its cash on hand and cash flows from operations, along with financing transactions, will be adequate to meet its capital requirements and operational needs for the next 12 months.

Cash Flows

Cash flows from operating activities

	For the six months ended		For the years ended		
	June 30,2021	**June 30,2020**	**December 31, 2020**	**December 31, 2019**	**December 31, 2018**
Net cash used in operating activities	$ (10,076)	$ (5,036)	$ (36,971)	$ (39,841)	$ (20,177)

The increase in cash flows used in operating activities for the six months ended June 30, 2021, as compared to six months ended June 30, 2020 is a result of the payment of contingent consideration for Ilera in excess of the amount of the fair value of the contingent consideration payable at the date of the Ilera acquisition on September 16, 2019. During the six months ended June 30, 2021, cash provided by operating activities was impacted by payments of contingent consideration of $11,394 as compared to $7,937 for the six months ended June 30, 2020. Excluding these amounts, the Company had positive cash provided by operating activities of $1,318 and $2,901 for the six months ended June 30, 2021 and June 30, 2020, respectively (refer to – "*Reconciliation of Non-GAAP Measures*" below). Additionally, the increase in the net cash used in operating activities is due to income tax payments of $16,381 during the six months ended June 30, 2021, as compared to $nil during the six months ended June 30, 2020, and interest payments on loans payable of $13,290 for the six months ended June 30, 2021, as compared to $1,958 during the six months ended June 30, 2020. The increase in interest payments is primarily due to the Ilera term loan in which the Company received proceeds during December 2020. Excluding these amounts, the Company incurred improvements to its operating cash flows primarily due to increased sales and improvements in the ratio of cost of sales as a percentage of net sales.

The increase in the net cash used in operating activities for the year ended December 31, 2020 as compared to December 31, 2019, is a result of the payment of contingent consideration for Ilera in excess of the amount of the fair value of the contingent consideration payable at the date of acquisition. During the year ended December 31, 2020, cash provided by operating activities was impacted by payments of contingent consideration of $56,527. Excluding this amount, the Company had positive cash provided by operating activities of $19,556 (refer to – "*Reconciliation of Non-GAAP Measures*" below), which is primarily due to the ramp up of the US operations, partially offset by income tax payments of $11,204.

The increase in outflows during the year ended December 31, 2019, as compared to December 31, 2018, is primarily due to a $23,729 increase in loss from operations excluding non-cash amounts partially offset by a $4,065 increase in changes in working capital items.

Cash flows from investing activities

	For the six months ended	For the years ended

	June 30, 2021	June 30, 2020	December 31, 2020	December 31, 2019	December 31, 2018
Net cash used in investing activities	$ (63,387)	$ (17,666)	$ (45,890)	$ (104,218)	$ (17,155)

The net cash used in investing activities for the six months ended June 30, 2021 primarily relates to cash consideration paid for the acquisitions of KCR and HMS totaling $42,736. Additionally, the Company had investments in property and equipment of $10,856 primarily related to the buildout of the New Jersey operations and expansions in Pennsylvania cultivation and $10,583 related to deposits paid for expansion of the cultivation premises in Pennsylvania.

In comparison, the cash outflow from investing activities during the six months ended June 30, 2020 was primarily related to investments in property and equipment of $17,943, primarily relating to the buildout of the New Jersey operations and expansions in Pennsylvania and California cultivation.

The net cash used in investing activities for the year ended December 31, 2020 was primarily due to investments in property and equipment of $44,621 primarily relating to the buildout of the New Jersey operations and expansions in Pennsylvania and California cultivation.

The cash used in investing activities for the twelve months ended December 31, 2019 was primarily due to cash consideration paid of $67,540 on the acquisitions of Arise, Ilera and the Apothecarium, as well as investments in property and equipment of $32,834 and investments in notes receivable of $10,456.

The cash used in investing activities during the year ended December 31, 2018 was due to investments in property and equipment of $8,629, primarily due to the start of construction on the Mississauga facility, as well as the investment in the joint venture of Solace Rx of $2,011 and advances to Solace Rx of $2,115.

Cash flows from financing activities

	For the six months ended		For the years ended		
	June 30, 2021	June 30, 2020	December 31, 2020	December 31, 2019	December 31, 2018
Net cash provided by financing activities	$ 168,507	$ 69,965	$ 133,406	$ 136,934	$ 12,846

Net cash provided by financing activities for the six months ended June 30, 2021, was mainly a result of the private placement on January 28, 2021, in which the Company issued 18,115,656 Common Shares at a price of $9.64 (C$12.35) per Common Share for total proceeds of $173,477, net of share issuance costs of $1,643. Additionally, during the six months ended June 30, 2021, 2,590,178 Common Share warrants were exercised for total proceeds of $6,777 and 699,009 stock options were exercised at $0.67-$6.93 (C$0.85-$8.52) per unit for total gross proceeds of $2,385. In addition, 1,900 preferred share warrants were exercised at $3,000 per unit for total gross proceeds of $3,759. The cash provided by financing activities was offset by payments of contingent consideration related to the acquisition of Ilera of $18,274.

Net cash provided by financing activities for the six months ended June 30, 2020 was related to loan proceeds received in the amount of $65,769 from Canopy Growth and management of Ilera and total private placements net of share issuance proceeds amounted to $70,817. The cash inflow from financing activities was partially offset by loan principal paid in the amount of $54,153 and payments of contingent consideration of $12,729 related to Ilera.

Net cash provided by financing activities during the year ended December 31, 2020 was primarily due to loan proceeds in the amount of $201,496 and proceeds from private placements net of share issuance costs of $71,023. Additionally, 829,050 Common Share warrants were exercised for total gross proceeds of $2,075 and 1,816,496 stock options were exercised at $0.43-$6.52 per unit for total gross proceeds of $4,462. In addition, 625 preferred share warrants were exercised at $3,000 per unit for total gross proceeds of $750. The cash provided by financing activities was partially offset by payments of contingent consideration of $90,657 to the sellers of Ilera, as well as payments of principal on the Company's outstanding loans of $53,886 to pay off the remaining balance of the JW Asset Management credit facility, a financing loan in Canada, and the loans from management of Ilera.

During the year ended December 31, 2019, the Company received loan proceeds in the amount of $38,000 from JW Asset Management and management of Ilera, as well as proceeds from a mortgage assumed on the Canadian facility of $4,843. Additionally, the Company received proceeds from convertible debt in the amount of $15,336 from RIV Capital. Total private placement net of shares issuance proceeds amounted to $49,955. Additionally, 959,772 Common Share warrants and 28,636 proportionate share warrants were exercised for total gross proceeds of $24,927 and 1,117,936 stock options were exercised at a weighted average exercise price of $1.79 per unit for gross proceeds of $1,967.

During the year ended December 31, 2018, the Company received loan proceeds of $10,000 related to its JW Asset Management credit facility. Additionally, 3,193,138 warrants were exercised for total gross proceeds of $2,146 and 1,225,613 stock options were exercised at a weighted average exercise price of $3.14 for gross proceeds of $622.

Reconciliation of Non-GAAP Measures

In addition to reporting the financial results in accordance with GAAP, the Company reports certain financial results that differ from what is reported under GAAP. Non-GAAP measures used by management do not have any standardized meaning prescribed by GAAP and may not be comparable to similar measures presented by other companies. The Company believes that certain investors and analysts use these measures to measure a company's ability to service debt and to meet other payment obligations or as a common measurement to value companies in the biopharmaceutical industry. Such information is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

The Company calculates Adjusted EBITDA as EBITDA adjusted for material non-cash items and certain other adjustments management believes are not reflective of the ongoing operations and performance. The Company believes this definition is suited to measure the Company's ability to service debt and to meet other payment obligations.

The table below reconciles net loss to EBITDA and Adjusted EBITDA for the six months ended June 30, 2021 and June 30, 2020 and the years ended December 31, 2020, December 31, 2019, and December 31, 2018.

		For the six months ended		For the years ended		
Summary of EBITDA and Adjusted EBITDA	Notes	June 30, 2021	June 30, 2020	December 31, 2020	December 31, 2019	December 31, 2018
Net loss		$ (43,773)	**$** (32,328)	$ (142,256)	$ (163,147)	$ (15,700)
Add (deduct) the impact of:						
Provision for income taxes		16,373	11,390	10,769	1,769	544
Finance expense		11,783	3,802	8,416	3,694	(386)
Amortization and depreciation		7,050	4,780	10,433	4,444	710
EBITDA	(a)	$ **(8,567)**	**$ (12,356)**	$ **(112,638)**	$ **(153,240)**	$ **(14,832)**
Add (deduct) the impact of:						
Non-cash write downs of inventory	(b)	$ 449	$ 1,418	$ 3,668	$ 6,956	$ —
Relief of fair value of inventory upon acquisition	(c)	567	(230)	(230)	2,677	—
Share-based compensation	(d)	8,215	2,512	10,475	7,661	3,101
Impairment of goodwill and intangible assets	(e)	8,640	734	766	49,111	146
Impairment of property and equipment	(f)	—	—	823	1,746	—
Revaluation of contingent consideration	(g)	2,990	8,620	18,709	46,857	—
Restructuring costs and executive severance	(h)	467	825	1,023	121	—
Legal settlements	(i)	2,121	—	—	—	—
Fees for services related to NJ licenses	(j)	—	7,500	7,500	—	—
Other one-time items	(k)	1,122	991	1,070	8,323	—
Loss on fair value of warrants	(l)	25,301	—	110,518	—	—
Indemnification asset release	(m)	3,796	—	—	—	—
Unrealized and realized (gain) loss on investments and notes receivable	(n)	(6,192)	244	(186)	4,394	(3,996)
Unrealized foreign exchange loss (gain)	(o)	5,838	77	178	313	(19)
Adjusted EBITDA		$ **44,747**	**$ 10,335**	$ **41,676**	$ **(25,081)**	$ **(15,600)**

(a) EBITDA is a non-GAAP measure and is calculated as earnings before interest, tax, depreciation and amortization.

(b) Represents inventory write downs outside the normal course of operations.

(c) In connection with the Company's acquisitions, inventory was acquired at fair value, which included a markup or markdown for profit. Recording inventory at fair value in purchase accounting has the effect of increasing or decreasing inventory and thereby increasing or decreasing cost of sales as compared to the amounts the Company would have recognized if the inventory was sold through at cost. The write-up or write-down of acquired inventory represents the incremental cost of sales that were recorded during purchase accounting.

(d) Represents non-cash share-based compensation expense.
(e) Represents impairment charges taken on the Company's intangible assets and goodwill.
(f) Represents impairment charges taken on the Company's property and equipment.
(g) Represents the loss on period end revaluation of the Company's contingent consideration liabilities.
(h) Represents costs associated with severance and restructuring of business units.
(i) Represents one-time legal settlement charges.
(j) Represents amounts payable to an entity controlled by the minority shareholders of TerrAscend NJ due upon TerrAscend NJ being granted an alternative treatment center license in the state of New Jersey and TerrAscend NJ making its first sale of medical cannabis to a patient in compliance with the New Jersey Compassionate Use Marijuana Act.
(k) Includes one-time fees incurred in connection with the Company's acquisitions, such as expenses related to professional fees, consulting, legal and accounting, that would otherwise not have been incurred. In addition, includes one-time charges for work completed in preparation of becoming a US filer. These fees are not indicative of the Company's ongoing costs and are expected to be incurred only as additional acquisitions are completed.
(l) Represents the loss on fair value of warrants, including effects of the foreign exchange of the US denominated preferred share warrants.
(m) Represents the reduction to the indemnification asset related to the Apothecarium tax audit settlement and statute expirations for tax years ended September 30, 2014 and September 30, 2015.
(n) Represents unrealized and realized loss and gains on fair value changes on strategic investments and note receivables held.
(o) Represents the remeasurement of USD denominated cash and other assets recorded in C$ functional currency.

The increase in Adjusted EBITDA for the six months ended June 30, 2021 and the year ended December 31, 2020 was primarily due to operational scale up as well as a full year of operations from the Company's acquisitions. The Company acquired the Apothecarium in June 2019, Ilera in September 2019, and State Flower in January 2020. The Company continued to expand in the US organically through an increase in production and branded manufacturing capacity in Pennsylvania, store expansions in Pennsylvania and California, and operations in New Jersey. The growth in the US was offset by the reduction of operations in Canada in 2020, which was driven by a shift in focus towards more profitable and sustainable sales.

The table below reconciles net cash used in operating activities to adjusted net cash used in operating activities for the six months ended June 30, 2021 and June 30, 2020 and the years ended December 31, 2020, December 31, 2019, and December 31, 2018.

	For the six months ended		For the years ended		
	June 30, 2021	June 30, 2020	December 31, 2020	December 31, 2019	December 31, 2018
Net cash used in operating activities	$ (10,076)	$ (5,036)	$ (36,971)	$ (39,841)	$ (20,177)
Add the impact of:					
Contingent consideration payments in excess of fair value on acquisition	11,394	7,937	56,527	—	—
Adjusted net cash provided by (used in) operating activities	**$ 1,318**	**$ 2,901**	**$ 19,556**	**$ (39,841)**	**$ (20,177)**

The amount of contingent consideration paid in excess of the liability recognized at the date of acquisition is reflected as net cash used in operating activities in the Statements of Cash Flows. Excluding this amount, the Company had positive cash provided by operating activities of $1,318, $2,901 and $19,556 for the six months ended June 30, 2021, the six months ended June 30, 2020 and the year ended December 31, 2020, respectively and net cash used in operating activities of $39,841, and $20,177 for the years ended December 31, 2019 and 2018, respectively.

OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this Registration Statement, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the Company's results of operations or financial condition, including, and without limitation, such considerations as liquidity and capital resources.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The following represents the Company's significant contractual obligations at June 30, 2021:

	2021	2022	2023	2024	2025	Thereafter	Total
Contractual Obligations							
Loans payable	16,444	25,213	26,213	151,265	5,182	107,591	**331,908**
Operating lease liabilities	2,183	4,598	4,614	4,698	4,829	43,932	**64,854**
Contingent consideration payable	3,028	8,441	-	-	-	6,300	**17,769**
Total	**21,655**	**38,252**	**30,827**	**155,963**	**10,011**	**157,823**	**414,531**

Loans payable represent the contractually required principal and interest payments payable on borrowings. The various borrowings bear interest rates at 6% to 12.875% per annum.

Lease liabilities include obligations due related to the company's leased premises and offices.

The contingent consideration payable relates to the Company's business acquisitions of Apothecarium and State Flower. Contingent consideration is based upon the potential earnout of the underlying business unit and is measured at fair value using a projection model for the business and the formulaic structure for determining the consideration under the agreement. The contingent consideration is revalued at the end of each reporting period using a probability weighted model based on the likelihood of achieving certain revenue and EBITDA scenario outcomes.

Pending and Subsequent Transactions

On August 31, 2021, the Company entered into the Arrangement Agreement with Gage Growth Corp. pursuant to which the Company will acquire all of the issued and outstanding securities of Gage. Under the terms of the Arrangement Agreement, Gage shareholders will receive Common Shares based upon the exchange ratio, representing total consideration of approximately $545,000 million based on the closing price of the Common Shares on the CSE on August 31, 2021. On September 17, 2021, the Company received pre-qualification approval for cultivation, processing, and retail licenses from Michigan's Marijuana Regulatory Agency pursuant to the Medical Marihuana Facilities Licensing Act. The pre-qualification approval represents the Company's successful completion of the most comprehensive portion of the state's licensing and regulatory approval process.

Changes in or Adoption of Accounting Principles

New standards, amendments and interpretations adopted:

(i) In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) ("**ASU 2016-02**"), which amended the FASB Accounting Standards Codification ("**ASC**") by creating ASC 842 to replace ASC 840. ASU 2016-02 requires lessees to recognize a right-of-use asset and a lease liability on the balance sheet for substantially all leases. Leases are classified as either financing or operating, with classification affecting the pattern of expense recognized in the statement of operations. In July 2018, the FASB issued ASU 2018-11, Leases (Topic 842) to provide entities with relief from the costs of implementing certain aspects of the new leasing standard. In March 2019, the FASB issued ASU 2019-01, Leases (Topic 842): Codification Improvements ("**ASU 2019-01**") which clarifies certain items regarding lessor accounting. It also clarifies the interim disclosure requirements during transition.

Effective January 1, 2019, the Company adopted ASU 2016-02 (ASC 842) and applied the modified retrospective method of adoption, which allows the Company to recognize a cumulative effect adjustment to the opening balance of accumulated earnings in the period of adoption. Prior period amounts have not been adjusted in connection with this standard. Upon adoption, the Company made the accounting policy election, as permitted by the standard, to rely on previous assessments of whether leases are onerous immediately before the date of initial application. The Company excluded initial direct costs from the measurement of the right of use asset at the initial date of application.

The Company elected not to reassess whether a contract contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the previous determinations pursuant to ASC 840 of whether a contract is a lease has been maintained. Additionally, the Company elected to not apply hindsight in determining the lease term of the right of use assets at the adoption date.

As of January 1, 2019, the Company recorded right of use assets and lease obligations on the Consolidated Balance Sheets for operating leases of $308 and $308, respectively. The weighted average incremental borrowing rate for lease liabilities initially recognized as of January 1, 2019 was 8.75%.

(ii) In June 2016, the FASB issued ASC Topic 326, Financial Instruments – Credit Losses ("**CECL**"), which replaces the incurred loss model with a current expected credit loss model and requires consideration of a broader range of reasonable and supportable information to explain credit loss estimates. This standard applies to financial assets, measured at amortized cost, including loans, held-to-maturity investments, net investments, and trade account receivables. The application of this new guidance did not have a material impact on the Company's financial statements or disclosures.

(iii) In January 2017, the FASB issued ASU No. 2017-04 "Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment" ("**ASU 2017-04**"), which simplifies the accounting for goodwill impairment. ASU 2017-04 requires entities to record an impairment charge based on the excess of a reporting unit's carrying amount over its fair value (Step 1 under the current impairment test). The standard eliminates Step 2 from the current goodwill impairment test, which included determining the implied fair value of goodwill and comparing it with the carrying amount of that goodwill. ASU 2017-04 must be applied prospectively and is effective beginning January 1, 2020. Early adoption is permitted. The adoption of the standard did not have a material impact on the Company's consolidated financial statements.

(iv) In July 2017, the FASB issued ASU 2017-11, Earnings Per Share (Topic 260), Distinguishing Liabilities from Equity (Topic 480), Derivatives and Hedging (Topic 815). The amendments in Part I of this update change the classification analysis of certain equity-linked financial instruments (or embedded features) with down round features. When determining whether certain financial instruments should be classified as liabilities or equity instruments, a down round feature no longer precludes equity classification when assessing whether the instrument is indexed to an entity's own stock. The amendments also clarify existing disclosure requirements for equity-classified instruments. As a result, a freestanding equity-linked financial instrument (or embedded conversion option) no longer would be accounted for as a derivative liability at fair value as a result of the existence of a down round feature. For freestanding equity classified financial instruments, the amendments require entities that present EPS in accordance with Topic 260 to recognize the effect of the down round feature when it is triggered. That effect is treated as a dividend and as a reduction of income available to common shareholders in basic EPS. Convertible instruments with embedded conversion options that have down round features are now subject to the specialized guidance for contingent beneficial conversion features (in Subtopic 470-20, Debt—Debt with Conversion and Other Options), including related EPS guidance (in Topic 260). The amendments in Part II of this Update recharacterize the indefinite deferral of certain provisions of Topic 480 that now are presented as pending content in the Codification, to a scope exception. Those amendments do not have an accounting effect. For public business entities, the amendments in Part I of this Update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. Early adoption is permitted for all entities, including adoption in an interim period. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period.

The Company evaluated the anti-dilutive price protection features embedded in the conversion option associated with its convertible preferred share instruments and determined that, although the price protections do not meet the definition of a down-round feature, the existence of the down-round feature does not preclude the convertible instruments from being indexed to the Company's own stock. As such, and given that the conversion feature (which has the ability to adjust on the occurrence of a triggering event) has been deemed to be clearly and closely related to the host contract, the Company did not bifurcate nor apply separate accounting treatment to the embedded derivatives attached to its convertible preferred shares.

(v) In January 2017, the FASB issued ASU No. 2017-04 "Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment" ("**ASU 2017-04**"), which simplifies the accounting for goodwill impairment. ASU 2017-04 requires entities to record an impairment charge based on the excess of a reporting unit's carrying amount over its fair value (Step 1 under the current impairment test). The standard eliminates Step 2 from the current goodwill impairment test, which included determining the implied fair value of goodwill and comparing it with the carrying amount of that goodwill. ASU 2017-04 must be applied prospectively and is effective beginning January 1, 2020. Early adoption is permitted. The adoption of the standard did not have a material impact on the Company's consolidated financial statements.

Critical Accounting Policies and Estimates

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

Inventory

The net realizable value of inventory represents the estimated selling price in the ordinary course of business less the reasonably predictable costs of completion, disposal and transportation. The Company estimates the net realizable value of inventories, taking into account the most reliable evidence available at each reporting date. The determination of net realizable value requires significant judgment, including consideration of factors such as shrinkage, the aging of and future demand for inventory, expected future selling price the Company expects to realize by selling the inventory, and the contractual arrangements with customers. Reserves for excess and obsolete inventory are based upon quantities on hand, projected volumes from demand forecasts and net realizable value. The future realization of these inventories may be affected by market-driven changes that may reduce future selling prices. A change to these assumptions could impact the Company's inventory valuation and gross profit. The impact of inventory reserves is reflected in cost of sales.

Revenue recognition

Revenue is recognized by the Company in accordance with ASU 2014-09 Revenue from Contracts with Customers (Topic 606). The standard requires sales to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services. This is achieved by applying the following five steps: i) identify the contract with a customer; ii) identify the performance obligations in the contract; iii) determine the transaction price; iv) allocate the transaction price to the performance obligations in the contract; and v) recognize sales when (or as) the entity satisfies a performance obligation.

Revenues consist of branded manufacturing and retail sales, which are recognized when control of the goods has transferred to the purchaser and the collectability is reasonably assured. This is generally when goods have been delivered, which is also when the performance obligations have been fulfilled under the terms of the related sales contract. Revenue from retail sales of cannabis to customers for a fixed price is recognized when the Company transfers control of the goods to the customer at the point of sale and the customer has accepted and paid for the goods. Revenue for branded manufacturing sales for a fixed price is recognized upon delivery to the customer. Sales are recorded net of returns and discounts and incentives, but inclusive of freight. Payment is typically due upon transferring the goods to the customer or within a specified time period permitted under the Company's credit policy. All shipping and handling activities are performed before the customers obtain control of products and accounted for as cost of sales.

Local authorities will often impose excise or cultivation taxes on the sale or production of cannabis products. Excise and cultivation taxes are effectively a production tax which become payable when a cannabis product is delivered to the customer and are not directly related to the value of sales. The excise is borne by the Company and is included in revenue. The subtotal "net revenue" on the statements of operations and consolidated loss represents the revenue as defined by ASC 606, minus the excise or cultivation taxes.

Share-based compensation

In calculating share-based compensation, key estimates are used such as, the rate of forfeiture of options granted, the expected life of the option, the volatility of the Company's stock price, the vesting period of the option and the risk-free interest rate.

Warrant Liability

In calculating the fair value of warrants issued, the Company includes key estimates such as the volatility of the Company's stock price and the risk-free interest rate. The Company uses judgment to select methods used and in performing the fair value calculations at the initial measurement at issuance, as well as for subsequent measurement on a recurring basis.

Depreciation and amortization of property and equipment and intangible assets

Depreciation and amortization rates are dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates

of recoverable amounts that consider factors such as economic and market conditions and the useful lives of assets.

Leases

The Company's leases are primarily operating leases for corporate offices, retail dispensaries, and cultivation and manufacturing facilities. The operating lease periods generally range from 1 to 20 years. The Company has one finance lease at December 31, 2020 and December 31, 2019, respectively with a period of 8 years.

The Company's leases include fixed payments, as well as in some cases, scheduled base rent increases over the term of the lease. Certain leases require variable payments of common area maintenance, operating expenses, and real estate taxes applicable to the property.

The Company determines if an arrangement is a lease at the inception of the contract. Lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term for those arrangements where there is an identified asset and the contract conveys the right to control its use. The right-of-use ("**ROU**") asset is measured at the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, and initial direct costs. For operating leases, right-of-use assets are reduced over the lease term by the straight-line expense recognized, less the amount of accretion of the lease liability determined using the effective interest rate method. Finance leases are included in property and equipment in the Consolidated Balance Sheets. Net and accrued obligations on the Company's finance leases is included in accounts payable and accrued liabilities.

Operating lease expense is recognized on a straight-line basis over the lease term and is included in G&A expense in the Company's Consolidated Statements of Operations and Comprehensive Loss. Finance lease cost includes amortization, which is recognized on a straight-line basis over the expected life of the lease asset, and interest expense, which is recognized following an effective interest rate method and is included in finance and other expenses in the Company's Consolidated Statements of Operations.

Income taxes

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company generating future taxable income against which the deferred tax assets can be utilized. In addition, significant judgment is required in classifying transactions and assessing probable outcomes of tax positions taken, and in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. It is possible, however, that at some future date, an additional liability could result from audits by taxing authorities. If the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Impairment of intangible assets and goodwill

Goodwill and indefinite lived intangible assets are reviewed for impairment annually and whenever there are events or changes in circumstances that indicate the carrying amount has been impaired. Definite lived intangible assets are tested for impairment when there are indications that an asset may be impaired. If it is determined that it is more likely than not that the fair value of a reporting unit exceeds its carrying value, additional quantitative impairment testing is performed which compares the carrying value of the reporting unit to its estimated fair value.

The Company uses an income-based approach as necessary to assess the fair values of intangible assets and its reporting units for goodwill testing purposes. Under the income approach, fair value is based on the present value of estimated cash flows. An impaired asset is written down to its estimated fair value based on the most recent information available.

Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Determining the value in use requires the Company to estimate expected future cash flows associated with the assets and a suitable discount rate in order to calculate present value. A number of factors, including historical results, business plans, forecasts, and market data are used to determine the fair value of the reporting unit and intangible assets.

Impairment of long-lived assets

The Company evaluates the recoverability of long-lived assets, including property and equipment, ROU assets, and definite lived intangible assets, whether events or changes in circumstances indicate that the carrying value of the asset, or asset group, may not be recoverable.

When the Company determines that the carrying value of the long-lived asset may not be recoverable based upon the existence of one or more of the indicators, the assets are assessed for impairment based on the estimate of future undiscounted cash flows expected to result from the use of the asset and its eventual disposition. If the carrying value of an asset exceeds its estimated future undiscounted cash flows, an impairment loss is recorded for the excess of the asset's carrying value over its fair value.

Business combinations

Classification of an acquisition as a business combination or an asset acquisition depends on whether the asset acquire constitutes a business, which can be a complex judgement. The Company has determined that its acquisitions in Note 4 are business combinations under ASC 805 Business Combinations.

In a business combination, substantially all identifiable assets, liabilities and contingent liabilities acquired are recorded at the date of acquisition at their respective fair values. One of the most significant areas of judgment and estimation relates to the determination of the fair value of these assets and liabilities, including the fair value of contingent consideration, if applicable. If any intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, the Company may utilize an independent external valuation expert to develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. These valuations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied. The Company elected to measure each NCI at its fair value as of the acquisition date based on an appraisal of the real estate acquired using the market approach, specifically the direct comparison approach of comparable properties.

Contingent Consideration

Contingent consideration payable as the result of a business combination is recorded at the date of acquisition at fair value. The fair value of contingent consideration is subject to significant judgement and estimates, such as projected future revenue. Subsequent changes to the fair value of contingent consideration are measured at each reporting date, with changes recognized through profit or loss.

Fair value of financial instruments

The Company applies fair value accounting for certain financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities that are recorded at fair value, the Company considers the principal or most advantageous market in which the Company would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as risks inherent in valuation techniques, transfer restrictions, and credit risk.

Financial instruments recorded at fair value are estimated by applying a fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement.

Incremental borrowing rates

Lease payments are discounted using the rate implicit in the lease if that rate is readily available. If that rate cannot be easily determined, the lessee is required to use its incremental borrowing rate. The incremental borrowing rate is the rate of interest that the Company estimates it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms. The Company calculates its incremental borrowing rate as the interest rate the Company would pay to borrow funds necessary to obtain an asset of similar value over similar terms taking into consideration the economic factors and the credit risk rating at the commencement date of the lease.

In addition, the Company utilizes a discount rate to determine the appropriate fair value of convertible debentures and loans issued with warrants attached. The discount rate applied reflects the interest rate that the Company would have to pay to borrow a similar amount at a similar term and with a similar security.

Sales returns and price adjustments

In Canada, government customers typically have a right of product return, and in some cases, the right to pricing adjustments for products that are subsequently discounted or sold for a lower price in another jurisdiction. The estimation of potential future returns and pricing adjustments includes the use of management estimates and assumptions that may not be certain given the evolving nature of the industry. The Company considers factors such as historical experience, credit quality, age of balances, and current and future economic condition that may affect the Company's expectation of the collectability in determining the allowance for credit losses.

Control, joint control or level of influence

When determining the appropriate basis of accounting for the Company's interests in affiliates, the Company makes judgments about the degree of influence that it exerts directly or through an arrangement over the investees' relevant activities.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Financial Instruments and Risk Management

Financial instruments recorded at fair value are estimated by applying a fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement. The hierarchy is summarized as follows:

Level 1- quoted prices (unadjusted) in active markets for identical assets and liabilities

Level 2- inputs other than quoted prices that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices) from observable market data

Level 3- inputs for assets and liabilities not based upon observable market data

Risk Management

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash and cash equivalents, accounts receivable, net and notes receivable. Company assesses the credit risk of trade receivables by evaluating the aging of trade receivables based on the invoice date. The carrying amounts of trade receivables is reduced through the use of an allowance account and the amount of the loss is recognized in the consolidated statements of operations and comprehensive loss. When a trade receivable balance is considered uncollectible, it is written off against the allowance for expected credit losses.

The Company has reviewed the items comprising the accounts receivable balance and determined that the majority of accounts are collectible; accordingly, an allowance for doubtful accounts has been recorded. Subsequent recoveries of amounts previously written off are credited against operating expenses in the consolidated statements of operations. The Company regularly monitors credit risk exposure and takes steps to mitigate the likelihood of these exposures resulting in actual loss. The Company has no customers whose balance is greater than 10% of total trade receivables as of December 31, 2020.

(b) Liquidity risk

The Company is exposed to liquidity risk, or the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages liquidity risk through ongoing review of its capital requirements. The Company's objective with respect to its capital management is to ensure it has sufficient cash resources to maintain its ongoing operations.

(c) Market Risk

The significant market risk exposures to which the Company is exposed are foreign currency risk and interest rate risk.

i) Foreign currency risk:

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and US dollar and other foreign currencies will affect the Company's operations and financial results.

The Company and its subsidiaries do not hold significant monetary assets or liabilities in currencies other than their functional currency and as a result the Company is not exposed to significant currency risk. Therefore, the Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

ii) Interest rate risk:

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. In respect of financial assets, the Company's policy is to invest excess cash at floating rates of interest in cash equivalents, in order to maintain liquidity, while achieving a satisfactory return. Fluctuations in interest rates impact the value of cash equivalents. The Company's investments in guaranteed investment certificates bear a fixed rate and are cashable at any time prior to maturity date.

The company does not have significant cash equivalents at year end. The Company's loans payable have fixed interest rates from 6% to 12.875% per annum. The mortgage payable bears interest at a fixed rate of 5.5% per annum. All other financial liabilities are non-interest-bearing instruments.

ITEM 3. PROPERTIES

The following tables set forth the Company's principal physical properties.

Corporate Properties

Type	Location	Leased / Owned
Headquarters	TerrAscend Canada Inc. Mississauga, Ontario, Canada	Owned*
Office	Ilera Healthcare / TerrAscend Corp. Office. King of Prussia, PA	Leased*
Office	Corporate Office (West) Healdsburg, CA	Leased
Office	Corporate Office Boca Raton, FL	Leased*
Office	KCR Corporate Office Allentown, PA	Leased

Production and Storage Properties

Type	Location	Leased / Owned

Manufacturing	TerrAscend Canada Inc. Mississauga, Ontario, Canada	Owned*
Manufacturing	V Products Santa Rosa, CA	Leased
Manufacturing, Warehouse	Warehouse Boca Raton, FL	Leased*
Manufacturing, Cultivation	Ilera Healthcare – Grow PA Waterfall, PA	Owned* †
Manufacturing, Cultivation	TerrAscend New Jersey Boonton, NJ	Owned
Cultivation	HMS Health LLC Frederick, MD	Leased
Cultivation	ABI LLC (State Flower) San Francisco, CA	Leased

Retail Properties

Type	Location	Leased / Owned
Dispensary	Apothecarium Dispensary – Plymouth Plymouth Meeting, PA	Leased*
Dispensary	Apothecarium Dispensary – Lancaster Lancaster, PA	Leased*
Dispensary	Apothecarium Dispensary – Thorndale Thorndale, PA	Leased*
Dispensary	KCR Dispensary – Allentown Allentown, PA	Owned*
Dispensary	KCR Dispensary – Bethlehem Bethlehem, PA	Leased*
Dispensary	KCR Dispensary – Stroudsburg Stroudsburg, PA	Leased*
Dispensary	Apothecarium Dispensary – Phillipsburg St. Phillipsburg, NJ	Owned
Dispensary	Apothecarium Dispensary – Maplewood Maplewood, NJ	Leased
Dispensary	Apothecarium Dispensary – Lodi Lodi, NJ	Leased
Dispensary	Apothecarium Dispensary – Castro San Francisco, CA	Leased
Dispensary	Apothecarium Dispensary – Marina San Francisco, CA	Leased
Dispensary	Apothecarium Dispensary – Soma San Francisco, CA	Leased
Dispensary	Apothecarium Dispensary – Berkeley Berkeley, CA	Leased
Dispensary	Apothecarium Dispensary – Capitola Capitola, CA	Leased

* Property or lease on the property is subject to an encumbrance as described below.

† The Company owns the production property at the Ilera Healthcare property in Waterfall, PA, but the land is leased from another entity.

Properties Subject to an Encumbrance

The TerrAscend Canada property located in Mississauga, Ontario, Canada has been pledged as collateral to secure TerrAscend Canada's obligations under (i) a loan agreement entered into on June 19, 2020 by and between TerrAscend Canada and KingSett Mortgage Corporation, for a loan in the principal amount of C$7.25 million bearing interest of 8.25% and a balance due date of July 1, 2023 and (ii) a debenture entered into on March 10, 2020 by and between TerrAscend Canada and Canopy Growth in the amount of $58.6 million pursuant to a secured debenture. The secured debenture bears interest at a rate of 6.10% per annum, with an effective interest rate of 14.15% and matures on March 10, 2030. The debenture is secured by the assets of TerrAscend Canada, is not convertible and is not guaranteed by TerrAscend Corp.

The interests of Arise in the leases for the Warehouse and Corporate Office properties in Boca Raton, FL have been pledged as collateral to secure Arise's obligations under a debenture, entered into on December 10, 2020 by and between Arise and Canopy Growth, in the principal amount of $20 million pursuant to a secured debenture. The secured debenture bears interest at a rate of 6.10% per annum commencing four years from the effective date, with an effective interest rate of 15.61% and matures on December 9, 2030. The debenture is secured by the assets of Arise, is not convertible and is not guaranteed by the Company.

The following properties have been pledged as collateral to secure obligations of the Company's subsidiary, WDB Holding PA, under a senior secured term loan, entered into on December 18, 2020, by and between WDB Holding PA and a syndicate of lenders, in the amount of $120 million, bearing an interest rate of 12.875% per annum and maturing on December 17, 2024: (i) Ilera Healthcare – Grow PA, Waterfall, Pennsylvania and (ii) KCR Dispensary – Allentown, Allentown, Pennsylvania. The interests of WDB Holding PA in the leases for the following properties have been pledged as collateral to secure the obligations WDB Holding PA under the same loan: (i) Ilera Healthcare / TerrAscend Corp. Office., King of Prussia, Pennsylvania, (ii) Apothecarium Dispensary – Plymouth, Plymouth Meeting, Pennsylvania, (iii) Apothecarium Dispensary – Lancaster, Lancaster, Pennsylvania, (iv) Apothecarium Dispensary – Thorndale, Thorndale, Pennsylvania, (v) KCR Dispensary – Bethlehem, Bethlehem, Pennsylvania, (vi) KCR Dispensary – Stroudsburg, Stroudsburg, Pennsylvania. The loan is secured by the assets of TerrAscend's Pennsylvania business.

ITEM 4. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth the beneficial ownership of the Company's securities as of October 25, 2021 for (i) each member of the Board of Directors, (ii) each named executive officer (as defined below), (iii) each person known to the Company and expected to be the beneficial owner of more than 5% of the Company's securities and (iv) the members of the Board of Directors and the executive officers of the Company as a group. Beneficial ownership is determined according to the rules of the SEC. Generally, a person has beneficial ownership of a security if the person possesses sole or shared voting or investment power of that security, including any securities that a person has the right to acquire beneficial ownership within 60 days. Except as indicated, all shares of the Company's securities will be owned directly, and the person or entity listed as the beneficial owner has sole voting and investment power. The address for each director and executive officer is c/o TerrAscend Corp., 3610 Mavis Road Mississauga, Ontario, L5C 1W2.

	Common Shares		Proportionate Voting Shares		Preferred Shares		Total		Voting
Name, Position and Address of Beneficial Owner	**Number Beneficially Owned**	**% of Total Common Shares**	**Number Beneficially Owned**	**% of Total Proportionate Voting Shares**	**Number Beneficially Owned**	**% of Total Preferred Shares**	**Total Number of Capital Stock Beneficially Owned (10)**	**% of Total Capital Stock**	**% of Voting Capital Stock**
Directors and Named Executive Officers									
Craig Collard (1)									
Director	205,878	*	–	–	–	–	205,878	*	*
Richard Mavrinac (2)									
Director	316,326	*	–	–	–	–	316,326	*	*
Ed Schutter (3)									
Director	187,112	*	–	–	–	–	187,112	*	*
Lisa Swartzman (4)									
Director	436,630	*	–	–	–	–	436,630	*	*
Jason Wild (5)									
Executive Chairman, Chairman of the Board and Director	79,966,121	42.0%	8,591	100%	20,000	65.8%	108,557,029	37.8%	46.5%
Jason Ackerman (6)									
Former Chief Executive Officer, Former Executive Chairman and Former Director	4,713,710	2.5%	–	–	–	–	4,713,710	2.1%	2.5%
Keith Stauffer (7)									
Chief Financial Officer	333,333	*	–	–	–	–	333,333	*	*
Greg Rochlin (8)									
Former CEO, Ilera Health	1,385,444	*	–	–	–	–	1,385,444	*	*
Dr. Michael Nashat (9)									
Former Director, Former Chief Executive Officer and Chief Operating Officer	6,498,571	3.5%	–	–	–	–	6,498,571	2.9%	3.5%
All Executive Officers and Directors as a Group (6 persons)	81,445,400	42.8%	8,591	100%	20,000	65.8%	110,036,308	38.5%	47.3%

*Less than 1%

Notes:

(1) Mr. Collard owns 52,939 Common Shares and 52,939 Common Share purchase warrants exercisable for one Common Share ("**Common Share Warrants**") at a price of C$3.25, exercisable until January 14, 2022. Mr. Collard also owns 150,000 options to purchase Common Shares pursuant to the Stock Option Plan and 20,574 RSUs pursuant to the RSU Plan. Mr. Collard also has economic exposure to the Company's securities through a non-controlling investment in one of the entities controlled by Jason Wild, JW Partners, LP, that has a significant investment in the Company (*See* footnote 5).

(2) Mr. Mavrinac owns 28,163 Common Shares. 10,000 of those Common Shares are held by Mary Mavrinac, the spouse of Mr. Mavrinac. Mr. Mavrinac also owns 360,000 options to purchase Common Shares pursuant to the Stock Option Plan, 8,163 Common Share Warrants with an exercise price of C$3.25, exercisable until January 14, 2022, and 21,732 RSUs pursuant to the RSU Plan.

(3) Mr. Schutter owns 174,512 Common Shares and 12,600 Common Share Warrants with an exercise price of C$6.49, exercisable until November 6, 2024, and 21,014 RSUs pursuant to the RSU Plan.

(4) Ms. Swartzman owns 45,815 Common Shares and 40,815 Common Share Warrants with an exercise price of C$3.25, exercisable until January 14, 2022. Ms. Swartzman also owns 400,000 options to purchase Common Shares pursuant to the Stock Option Plan and 19,856 RSUs pursuant to the RSU Plan.

(5) Mr. Wild controls 73,236,975 Common Shares, which include 300,000 Common Shares held by Jason Wild personally, 35,157 Common Shares held by Howard Wild 2012 Grandchildren's Trust, 130,890 Common Shares held by Insight Wellness Fund, LLC, 970,790 Common Shares held by JW Growth Fund, LLC, 17,656,828 Common Shares held by JW Opportunities Master Fund, Ltd., 46,206,586 Common Shares held by JW Partners, LP, 7,936,724 Common Shares held by Pharmaceutical Opportunities Fund, LP, 3,000 Preferred Shares held by JW Opportunities Master Fund, LLC and 7,000 Preferred Shares held by JW Partners, LP. Mr. Wild also controls 2,048 Proportionate Voting Share purchase warrants held by JW Opportunities Master Fund, Ltd., 6,145 Proportionate Voting Share purchase warrants held by JW Partners, LP and 398 Proportionate Voting Share purchase warrants held by JW Select Investments LP, each exercisable for 0.001 of a Proportionate Voting Share at a price of C$7.21 until August 23, 2022. Mr. Wild also controls 120,000 Common Share Warrants held by JW Growth Fund, LLC, 260,000 Common Share Warrants held by JW Opportunities Master Fund, Ltd., 620,000 Common Share Warrants held by JW Partners, LP and 4,729,146 Common Share Warrants held by JW Select Investments, LP, each with an exercise price of C$3.25, exercisable until January 14, 2022. Mr. Wild also controls 3,000 Preferred Share purchase warrants held by JW Opportunities Master Fund, Ltd. and 7,000 Preferred Share purchase warrants held by JW Partners, LP, each exercisable for one Preferred Share at a price of $3,000 until May 22, 2023. Lastly, Mr. Wild also owns 1,200,000 options to purchase Common Shares pursuant to the Stock Option Plan and 47,847 RSUs pursuant to the RSU Plan.

(6) Mr. Ackerman owns 3,651,852 options to purchase Common Shares issued pursuant to the Stock Option Plan. As of August 18, 2021, Mr. Ackerman also owns 530,929 Common Shares and 530,929 Common Share Warrants with an exercise price of C$3.25, exercisable until January 14, 2022.

(7) Mr. Stauffer owns 1,000,000 options to purchase Common Shares pursuant to the Stock Option Plan and 13,004 RSUs under the RSU Plan.

(8) Mr. Rochlin owns 402,778 options to purchase Common Shares issued pursuant to the Stock Option Plan. As of May 17, 2021, Mr. Rochlin also owns 982,666 Common Shares.

(9) As of August 18, 2021, Dr. Nashat owns 6,488,571 Common Shares and 10,000 Common Share Warrants with an exercise price of C$3.25, exercisable until January 14, 2022.

(10) Includes Proportionate Voting Shares and Preferred Shares on an as converted basis.

ITEM 5. DIRECTORS AND EXECUTIVE OFFICERS

The Articles of the Company provide that the number of directors should not be fewer than one director. Each director shall hold office until the close of the next annual general meeting of the Company, or until his or her successor is duly elected or appointed, unless his or her office is earlier vacated. The Board currently consists of five directors, of whom two are considered to be independent persons. See Item 7 – "*Director Independence*" for details on the independence of the Company's directors.

The following table provides information regarding TerrAscend's directors and executive officers and their respective positions as of October 18, 2021.

Name	Age	Position
Craig Collard	55	Lead Independent Director
Richard Mavrinac	68	Director
Ed Schutter	70	Director
Lisa Swartzman	51	Director
Jason Wild	49	Executive Chairman, Chairman of the Board of Directors and Director
Keith Stauffer	52	Chief Financial Officer

The Articles provide that the directors may, from time to time, appoint such officers as the directors determine. The directors may, at any time, terminate any such appointment. All members of management devote full time to the business of the Company and have entered into a non-competition or non-disclosure agreement with the Company.

Director and Executive Officer Biographies

Craig Collard

Craig A. Collard has served as the Chief Executive Officer of Veloxis Pharmaceuticals, Inc. ("**Veloxis**") since December 2015. Prior to joining Veloxis, he served as the Chief Executive Officer and the Chairman of the Board of Directors of Cornerstone Therapeutics, Inc. ("**Cornerstone**") until February 2014, when Cornerstone was purchased by Chiesi Pharmaceuticals, Inc. Mr. Collard also served as Cornerstone's Interim Chief Financial Officer from July 2010 through January 2011 and its President from October 2008 to September 2011. In March 2004, Mr. Collard founded Cornerstone BioPharma Holdings, Ltd. (the assets and operations of which were restructured as Cornerstone BioPharma Inc. in May 2005) and served as its President and Chief Executive Officer and a director from March 2004 to October 2008. Before founding Cornerstone BioPharma Inc., Mr. Collard's principal occupation was serving as President and Chief Executive Officer of Carolina Pharmaceuticals, Inc., a specialty pharmaceutical company he founded in May 2003. Mr. Collard is a member of the board of directors of Opiant Pharmaceuticals, Inc., a specialty pharmaceutical company in Santa Monica, California developing therapies to treat substance use disorders and drug overdoses, Biomark Pharmaceuticals, Inc., a biopharmaceutical company in Durham, North Carolina, Hilltop Home Foundation, a Raleigh, North Carolina, non-profit corporation, as well as the Triangle Chapter of the Cystic Fibrosis Foundation. Mr. Collard holds a Bachelor of Science in Engineering from the Southern College of Technology (now Southern Polytechnic State University) in Marietta, Georgia. The Company believes Mr. Collard is qualified to serve on the Board of Directors because of his extensive public company pharmaceutical experience, his healthcare-oriented capital markets expertise and his entrepreneurial drive.

Richard Mavrinac

Richard Mavrinac served as the Chief Financial Officer of George Weston Limited ("**GWL**") and the Executive Vice-President of Loblaw Companies Limited from 2003 to 2007. As Chief Financial Officer of GWL, Mr. Mavrinac's experience covered all aspects of finance, including responsibility for financial reporting. Mr. Mavrinac began his career with Loblaw Companies Limited in 1982 and he held a variety of senior financial positions with the company. In 1996, Mr. Mavrinac assumed the role of Senior Vice-President, Finance for GWL and Loblaw Companies Limited. Mr. Mavrinac has been retired since 2007 but has served as a director on a number of boards. Mr. Mavrinac is currently a member of the board of Roots Corporation, RIV Capital and Gage. Mr. Mavrinac received his Bachelor of Commerce degree from the University of Toronto in 1975 and began his career with Peat Marwick Mitchell Chartered Accountants after receiving his Chartered Accountant designation in 1978. The Company believes Mr. Mavrinac is qualified to serve on the Board of Directors because of his extensive experience as a C-suite finance executive for one of Canada's largest and most reputable public companies.

Ed Schutter

Ed Schutter served as Chief Executive Officer and Director of Arbor Pharmaceuticals, LLC ("**Arbor**") from 2010 to 2021. Prior to joining Arbor, Mr. Schutter served as President of Sciele (Shionogi) Pharmaceuticals. Prior to Sciele, he served as Vice President of Global Business development at Solvay Pharmaceuticals based in Basel, Switzerland. He has also held several senior management roles at the US subsidiary of Solvay during his 20 years with the organization. He began his pharmaceutical career with Reid-Provident Labs, a small entrepreneurial pharmaceutical company based in Atlanta, GA. Mr. Schutter is a registered pharmacist with a degree in Pharmaceutical Sciences from Mercer University and an MBA from Kennesaw State University. He is currently a board member of Vitruvias Therapeutics, and Establishment Labs (ESTA) and has been a previous board member of other public, private and non-profit organizations. The Company believes Mr. Schutter is qualified to serve on the Board of Directors because of his tremendous amount of relevant board experience and his experience in the US and global pharmaceutical industry which will serve TerrAscend well as it continues to build scale and accelerate its growth.

Lisa Swartzman

Lisa Swartzman currently operates BGO Advisory which provides strategic advisory and turnaround management to small and mid-market companies. Ms. Swartzman previously held various senior roles at AirBoss of America Corp. (TSX: BOS) from 2014 to 2019, including EVP Corporate Affairs, President and Vice Chair. Prior to joining AirBoss of America Corp., Ms. Swartzman spent five years providing advisory work, both independently and located in New York with a UK-based firm, advising private equity sponsors, their portfolio companies and other mid-market privately held companies in both the US and Canada. Prior to that, Ms. Swartzman held executive positions Loblaw Companies Limited, George Weston Limited and President's Choice Bank, culminating as Vice President, Treasurer. Ms. Swartzman is currently on the board of directors of Sol Cuisine (TSXV: VEG) and Distress Centres of Greater Toronto. Ms. Swartzman holds a Bachelor of Arts (Economics) from Western University and an MBA from Queen's University and also holds the Institute of Corporate Directors ICD.D (Certified Director) designation. The Company believes Ms. Swartzman is qualified to serve on the Board of Directors because of her business and financial acumen and experience as a senior executive at various public companies.

Jason Wild

Jason Wild is the President and Chief Investment Officer of JW Asset Management, LLC. Mr. Wild received his license as a pharmacist in 1997, and subsequently founded JW Asset Management, LLC in 1998, where he has worked as a professional portfolio manager for the past 20 years. Mr. Wild previously served as a Director of Arbor. Mr. Wild is a graduate of the Arnold and Marie Schwartz College of Pharmacy, where he received a bachelor's degree in Pharmacy. The Company believes Mr. Wild is qualified to serve on the Board of Directors because of his extensive M&A experience and cannabis industry knowledge.

Keith Stauffer

Keith Stauffer joined TerrAscend as Chief Financial Officer in April 2020. Mr. Stauffer has over 25 years of experience as a business executive holding various senior finance and leadership roles across multiple industries. Most recently, Mr. Stauffer served from August 2018 until March 2020 as Senior Vice President of Finance and Chief Financial Officer of the Global Consumer Beauty Division at Coty, Inc. (" **Coty**"), a $3B+ global division based in New York. In this role, Mr. Stauffer led a global finance team and partnered with division leadership and the Coty executive team to formulate and drive a business turnaround. Prior to his role at Coty, Mr. Stauffer spent 10 years at The Hershey Company holding various senior financial positions, including Vice President of Finance and Chief Financial Officer of the international business. Prior to Hershey, Mr. Stauffer held various positions at Dell Technologies and Procter & Gamble. Mr. Stauffer received a Bachelor of Science in Industrial Engineering from Purdue University and a Master of Business Administration from Purdue's Krannert Graduate School of Management.

Involvement in Certain Legal Proceedings

The Company is not aware of any of its directors or officers being involved in any legal proceedings in the past ten years relating to any matters in bankruptcy, insolvency, criminal proceedings (other than traffic and other minor offenses), or being subject to any of the items set forth under Item 401(f) of Regulation S-K.

Board Committees

The Company currently has an audit committee and compensation committee. A brief description of each committee is set forth below.

Audit Committee

Composition of the Audit Committee.

The audit committee of the Board of Directors (the "**Audit Committee**") is currently comprised of Ms. Lisa Swartzman, Mr. Richard Mavrinac (Chair), and Mr. Craig Collard. Mr. Mavrinac and Mr. Collard have been determined by the Board of Directors to be independent under the corporate governance rules of the Nasdaq Stock Market ("**Nasdaq**"). Ms. Lisa Swartzman has been determined by the Board of Directors not to be independent as she has accepted a consulting, advisory or other compensatory fee from the Company, other than as remuneration for acting in her capacity as a member of the Board of Directors. Based on the education and breadth of experience of each member of the Audit Committee, the Board of Directors has determined each such member to be financially literate under the corporate governance rules of Nasdaq. As of the date of this Registration Statement, the following are the members of the Audit Committee:

Name of Member	Independent(1)	Financially Literate(2)
Lisa Swartzman	No	Yes
Richard Mavrinac	Yes	Yes
Craig Collard	Yes	Yes

Notes:

(1) A member of the Audit Committee is independent if he or she has no direct or indirect 'material relationship' with the Company. A material relationship is a relationship which could, in the view of the Company's Board of Directors, reasonably interfere with the exercise of a member's independent judgment. Among other criteria, an individual who is, or has been within the last three years, an employee or executive officer of the Company, such as the President or Secretary, is deemed to have a material relationship with the Company.

(2) A member of the Audit Committee is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

Audit Committee's Charter

The Board of Directors has adopted a written charter for the Audit Committee, which sets out the Audit Committee's responsibilities. The Audit Committee's principal duties and responsibilities include assisting the Board of Directors in discharging the oversight of: (i) the integrity of the Company's financial statements, (ii) the Company's compliance with legal and regulatory requirements, as they relate to the Company's financial statements, (iii) the qualifications, independence and performance of the external auditor, (iv) internal controls and disclosure controls, (v) the performance of the Company's internal audit function, (vi) performing the additional duties set out in the charter or otherwise delegated to the Audit Committee by the Board of Directors. The Audit Committee has access to all books, records, facilities and personnel and may request any information about the Company as it may deem appropriate. It will also have the authority to retain and compensate special legal, accounting, financial and other consultants or advisors to advise the Audit Committee.

Compensation Committee

The Company established the Compensation Committee in March 2021 which is governed by a charter defining its responsibilities, powers and operations. The Compensation Committee is currently comprised of Mr. Schutter (Chair), Mr. Collard and Mr. Mavrinac. Mr. Mavrinac and Mr. Collard have been determined by the Board of Directors to be independent under the corporate governance rules of Nasdaq.

For additional details on the Compensation Committee, see Item 6 – "*Executive Compensation*" – "*Compensation Governance*."

ITEM 6. EXECUTIVE COMPENSATION

Overview of Executive Compensation

The following discussion and analysis of compensation arrangements should be read with the compensation tables and related disclosures set forth below. This discussion contains forward looking statements that are based on the Company's current plans and expectations regarding future compensation programs. The actual compensation programs that the Company adopts may differ materially from the programs summarized in this discussion.

This section describes the material elements of the compensation awarded to, earned by, or paid to (i) the Company's chief executive officer, Jason Ackerman; (ii) Company's two most highly compensated executive officers (other than its chief executive officer) who were serving as executive officers at the end of 2020, Keith Stauffer, the Company's Chief Financial Officer, and Greg Rochlin, the chief executive officer of TerrAscend's subsidiary, Ilera; and (iii) the Company's former chief executive officer, Dr. Michael Nashat. These executives are collectively referred to as TerrAscend's " **named executive officers**" or the Company's "**NEOs.**" Messrs. Ackerman and Rochlin's employment with the Company terminated following the end of 2020 and Dr. Nashat's employment with the Company terminated at the beginning of 2020.

TerrAscend's Board makes decisions regarding all forms of compensation, including salaries, bonuses and equity incentive compensation, paid or provided to its named executive officers and approves the corporate goals and objectives relevant to their compensation. TerrAscend's Board also administers employee incentive compensation, including the Stock Option Plan and the RSU Plan, each as described below.

Fiscal 2020 Summary Compensation Table

The following table sets forth the compensation paid to, received by, or earned during 2020 by the Company's named executive officers:

Name and Principal Position	Fiscal Year	Salary ($) (1)	Bonus ($)	Stock Awards ($) (2)	Nonequity Incentive Plan Compensation ($)	All Other Compensation ($) (3)	Total ($)
Jason Ackerman, Former Chief Executive Officer	2020	$ 333,333	$ 578,630	$ 10,330,382	$ –	$ 160,034	$ 11,402,379
Keith Stauffer, Chief Financial Officer	2020	$ 272,820	$ 122,301	$ 1,962,655	$ –	$ 34	$ 2,357,810
Greg Rochlin, Chief Former Executive Officer, Ilera Health	2020	$ 500,000	$ –	$ 6,503,070	$ 1,582,202	$ 18,000	$ 8,603,272
Dr. Michael Nashat, Former Chief Executive Officer (4)	2020	$ 17,183	$ –	$ –	$ –	$ 153,220	$ 170,403

(1) For Messrs. Ackerman and Stauffer and Dr. Nashat, amounts reflect salary paid for the portion of 2020 that they were employed by the Company.

(2) Amounts reflect the aggregate grant date fair value of stock option awards granted to its NEOs under the Stock Option Plan, as defined below, during fiscal year 2020, computed in accordance with ASC Topic 718, disregarding the effects of estimated forfeitures. For information regarding the assumptions used in valuing these option grants, see Note 12 to the Company's financial statements included in this Registration Statement.

(3) For Mr. Ackerman, the amounts reflect consulting fees received for services provided to the Company prior to his commencement of employment as chief executive officer ($160,000) and the premiums paid for certain life and accidental death and dismemberment insurance ($34). For Mr. Stauffer, the amount reflects the premiums paid for certain life and accidental death and dismemberment insurance. For Mr. Rochlin, the amount reflects car allowance payments. For Dr. Nashat, the amounts represent salary continuation payments ($123,719) and pay in lieu of notice ($9,517), as well as car allowance payments ($522) and the premiums paid for certain life and accidental death and dismemberment insurance ($38).

(4) Amounts paid to Dr. Nashat were converted from CAD to USD using an average exchange rate of CAD/USD of $0.7461.

Narrative Disclosure to Summary Compensation Table

Compensation of the Company's Named Executive Officers

The compensation paid to the Company's NEOs consists primarily of three elements: base salary, annual bonuses and long-term equity incentives. The Board conducts reviews with respect to officer compensation at least once a year.

Base Salary

Base salaries for executive officers are established based on the scope of their responsibilities and their prior relevant experience, taking into account compensation paid by other companies in the industry for similar positions, the overall market demand for such executives and the executive officers' other compensation to determine whether total compensation is in line with the Company's overall compensation philosophy. The Company has not historically benchmarked its compensation against that of other companies, but it has reviewed the public disclosure available for other comparable cannabis companies to assist in determining the competitiveness of the base salary, bonuses, benefits and stock options paid or provided to the executive officers of the Company. The Company's compensation committee may, but is not obligated to, benchmark compensation against that of similar companies as the Company matures.

Base salaries are reviewed annually and are increased for merit reasons, based on the executive's success in meeting or exceeding individual objectives and/or for market competitiveness. Additionally, base salaries can be adjusted as warranted throughout the year to reflect promotions or other changes in the scope or breadth of an executive's role or responsibilities, as well as for market competitiveness.

Bonus Plans

The Company's employee compensation program includes eligibility for annual cash incentive bonuses. The range of potential bonuses for executives of the Company is currently determined at the Board's sole discretion within parameters set out in each executive's employment agreement. See – "*Agreements with the Company's Named Executive Officers*" below for details related to each NEO's bonus opportunity. The range of potential bonuses for employees of the Company (other than executives) is currently determined at the sole discretion of management of the Company.

Long-Term Equity Incentives

The Company currently has in place a Stock Option Plan and an RSU Plan. See – "*Equity Plans*" below for a description of the Stock Option Plan and RSU Plan.

Agreements with the Company's Named Executive Officers

The Company is party to an employment agreement with Mr. Stauffer and was party to employment agreements with Mr. Ackerman, Mr. Rochlin and Dr. Nashat. The material terms of the agreements are described below.

Mr. Stauffer. Pursuant to an employment agreement dated April 22, 2020, Mr. Stauffer is entitled to an annual salary of $400,000 and is eligible to participate in the Company's bonus plan whereby he will have an

annual bonus opportunity of 50% of his annual salary, payable in cash or restricted stock units (RSUs) that will vest immediately upon award. Mr. Stauffer is also eligible to participate in Company's long-term incentive program, which provides him with the opportunity to receive RSU awards equal to 100% of his base salary that vest annually over the three-year period following the date of grant. He received his first RSU award under this program in March 2021 in respect of 13,004 shares of the Company's Common Shares. In the event of a change of control (as defined in the employment agreement), Mr. Stauffer would be entitled to the accelerated vesting of unvested options granted under the Stock Option Plan. Pursuant to the terms of his employment agreement, Mr. Stauffer agreed that he will not engage in any activity which is in competition with the Company during his employment and for a period of twelve months thereafter. Mr. Stauffer is also precluded from soliciting the Company's customers or employees for a twelve-month period following his last day of active employment.

Mr. Ackerman. Pursuant to an employment agreement dated May 1, 2020, Mr. Ackerman was entitled to an annual salary of $500,000, grants of 5,800,000 options to vest on a schedule per the agreement and was eligible to participate in a bonus plan whereby his annual bonus was established by the Board in an amount to be not less than $600,000, payable in cash and/or RSUs that vested immediately upon award. Mr. Ackerman agreed that he will not engage in any activity which is in competition with the Company during his employment and for a period of twelve months thereafter. Mr. Ackerman is precluded from soliciting the Company's customers or employees for a six-month period following his last day of active employment.

Mr. Rochlin. Pursuant to an employment agreement dated December 3, 2020, Mr. Rochlin was entitled to an annual salary of $500,000 and was eligible to participate in a bonus plan whereby he had an annual bonus opportunity of a percentage of Ilera's Pennsylvania EBITDA (up to a certain maximum), as established by the Company from time to time, payable in cash and RSUs. Pursuant to the terms of his employment agreement, Mr. Rochlin agreed that he will not engage in any activity which is in competition with the Company during his employment and for a period of twelve months thereafter. Mr. Rochlin is also precluded from soliciting the Company's customers or employees for a twelve-month period following his last day of active employment.

Dr. Nashat. Pursuant to an employment agreement dated May 1, 2018, Dr. Nashat was entitled to an annual salary of C$200,000 (which had been increased to C$331,641) and was eligible to participate in bonus plans as established by the Board from time to time. Dr. Nashat's employment agreement states that he shall not engage in any activity which is in competition with the Company during his employment and for a period of twelve months thereafter. Dr. Nashat is also precluded from soliciting the Company's customers or employees for a twelve-month period following his last day of active employment.

Employee and Retirement Benefits and Perquisites

The Company currently provides broad-based health and welfare benefits that are available to the Company's full-time employees, including the Company's named executive officers, including health, life, vision, and dental insurance. In addition, the Company maintains a 401(k) retirement plan for its full-time employees located in the US. Other than the 401(k) plan, the Company does not provide any qualified or non-qualified retirement or deferred compensation benefits to its employees, including the Company's named executive officers.

The Company's named executive officers also receive limited perquisites, including car allowances and company payment of premiums for certain life and accidental death and dismemberment insurance, the value of which is included in the Summary Compensation Table above. Please see Item 4 – "*Security Ownership of Certain Beneficial Owners and Management.*"

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth information regarding equity awards held by the Company's named executive officers as of December 31, 2020.

	Option Awards			
Name	Number of securities underlying unexercised options (#) exercisable	Number of securities underlying unexercised options (#) unexercisable	Option Exercise Price (C$)	Option Expiration Date
Jason Ackerman	50,000	100,000 (1)	$4.40	11/05/24
	-	3,000,000 (2)	$2.42	01/09/25
	-	2,800,000 (2)	$2.96	01/09/30
Keith Stauffer	-	1,000,000 (3)	$2.96	04/27/25
Greg Rochlin	-	333,334 (4)	$3.40	11/27/24
	-	1,500,000 (5)	$5.02	01/01/26
Michael Nashat	-	-	-	-

(1) Stock option vests in equal installments on each of the 12-month, 24-month and 36-month anniversary of November 5, 2019, generally subject to the executive remaining in continuous employment with the Company on the applicable vesting date.

(2) Stock option vests in equal installments on each of the 12-month, 24-month and 36-month anniversary of January 9, 2020, generally subject to the executive remaining in continuous service as the Company's chief executive officer or a member of the Board on the applicable vesting date.

(3) Stock option vests in equal installments on each of the 12-month, 24-month and 36-month anniversary of April 27, 2020, generally subject to the executive remaining in continuous employment with the Company on the applicable vesting date.

(4) Stock option vests in equal installments on each of the 12-month, 24-month and 36-month anniversary of November 27, 2019, generally subject to the executive remaining in continuous employment with the Company on the applicable vesting date.

(5) Stock option vests in equal installments on each of January 1, 2022, January 1, 2023 and January 1, 2024, generally subject to the executive remaining in continuous employment with the Company on the applicable vesting date.

Potential Payments Upon Termination of Employment

Each of the Company's named executive officers is entitled to severance and other benefits upon a termination of his employment in certain circumstances, as described below. The terms "cause" and "good reason" referred to below are defined in the respective named executive officer's employment agreement.

Mr. Stauffer. In the event that the Company terminates Mr. Stauffer's employment without cause after October 27, 2020 or if Mr. Stauffer terminates his employment for good reason, Mr. Stauffer would be entitled to: (i) a lump sum payment of an amount equal to six months annual salary (nine months in the case of termination related to a non-performance issue), less applicable deductions; (ii) continuation of medical insurance coverage for the time of the severance period; and (iii) the accelerated vesting of unvested options (granted subject to the provisions of the Stock Option Plan) on a pro-rata basis.

Mr. Ackerman. Pursuant to his employment agreement, in connection with his termination of employment with the Company in 2021, Mr. Ackerman was entitled to: (i) a lump sum payment of an amount equal to nine months annual salary, less applicable deductions; (ii) a pro rated bonus for 2021 based on the number of days worked in such year; and (iii) the accelerated vesting of unvested options granted under the Stock Option Plan on a pro-rata basis.

Mr. Rochlin. Pursuant to his employment agreement, in connection with his termination of employment with the Company in 2021, Mr. Rochlin was entitled to: (i) a lump sum payment of an amount equal to six months annual salary, less applicable deductions; (ii) his second quarter 2021 bonus payment; and (iii) the accelerated vesting of unvested options granted under the Stock Option Plan on a pro-rata basis.

Dr. Nashat. In connection with his termination of employment with the Company in 2020, Dr. Nashat executed a separation agreement pursuant to which he received six months of salary continuation and company payment of benefit plan premiums for this six-month period.

Equity Plans

Stock Option Plan

The following information is intended as a brief description of the Company's stock option plan dated March 8, 2017, as amended on August 6, 2018, January 8, 2019 and April 27, 2020 (the '**Stock Option Plan**") and is qualified in its entirety by the full text of the Stock Option Plan.

The Company currently has in place a rolling 10% Stock Option Plan, pursuant to which approximately 17,363,348 options were outstanding as of December 31, 2020. The Board is responsible for administering the Stock Option Plan.

The purpose of the Stock Option Plan is to (i) provide directors, officers, consultants and key employees of the Company with additional incentives, (ii) encourage stock ownership by such persons, (iii) encourage such persons to remain an employee of the Company and (iv) attract new directors, employees and officers, among other purposes.

The Stock Option Plan provides that the aggregate number of Common Shares that may be issued upon the exercise of options cannot exceed 10% of the number of Common Shares (on a fully diluted basis) issued and outstanding from time to time. As a result, any increase in the issued and outstanding Common Shares, Proportionate Voting Shares, exchangeable shares or preferred shares will result in an increase in the number of Common Shares available for issuance under the Stock Option Plan.

RSU Plan

The following information is intended as a brief description of the Company's restricted stock unit plan dated November 19, 2019 (the "**RSU Plan**") and is qualified in its entirety by the full text of the RSU Plan.

The Company currently has in place an RSU Plan, pursuant to which 122,311 RSUs were outstanding as of December 31, 2020. The Board is responsible for administering the RSU Plan.

The purpose of the RSU Plan is to (i) provide directors, officers, consultants and key employees of the Company with additional incentives, (ii) encourage stock ownership by such persons, (iii) encourage such persons to remain an employee of the Company and (iv) attract new directors, employees and officers, among other purposes.

Pursuant to the RSU Plan, the number of Common Shares that may be reserved for issuance under the RSU Plan and under any other share compensation arrangement (including the Stock Option Plan) will not exceed, in the aggregate, 10% of the outstanding Common Shares (including the Common Shares issuable on exchange of the outstanding Proportionate Voting Shares and exchangeable shares of the Company, but otherwise on a non-diluted basis).

Director Compensation

The Company's five non-employee directors – Jason Wild, Craig Collard, Richard Mavrinac, Ed Schutter, and Lisa Swartzman – did not receive compensation in respect of their service as directors in 2020, other than Ms. Swartzman who received $205,667 in consulting fees with respect to the provision of various consulting services to the Company. All directors are reimbursed for the out-of-pocket expenses related to their attendance at Board and committee meetings. As of December 31, 2020, each of the Company's non-employee directors held stock options outstanding with respect to the following number of shares: Mr. Wild, 1,000,000; Mr. Collard, 150,000; Mr. Mavrinac, 360,000; and Ms. Swartzman 650,000. In June 2021, Ms. Swartzman entered into an amendment to her consulting agreement with the Company whereby she agreed to cancel 250,000 options granted under the terms of such agreement in exchange for the immediate vesting of the remaining 83,333 unvested options granted thereunder and a commitment by the Company to nominate her for appointment to the Board at the 2021 annual shareholder meeting.

Starting in 2021, the Company expects to look to market compensation data collected by Mercer, the Compensation Committee's compensation consultant, to determine the Company's non-employee director compensation program. For 2021, the annual compensation for directors will be in an aggregate of $200,000 per director, $50,000 of which will be paid in cash or in RSUs, at the sole election of the director, and the remaining $150,000 to be paid entirely in RSUs. The Board has made the determination that it will no longer grant stock options to directors on their start date. For chairs and members of the committees of the Board, there will be an additional remuneration of $19,600 for the Audit Committee Chair and $7,500 for committee members, in additional annual director remuneration.

ITEM 7. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, DIRECTOR INDEPENDENCE

The following is a summary of the related party transaction policy the Company intends to adopt, and of the transactions since January 1, 2018 to which the Company has been a party in which the amount involved exceeded $120,000 and in which any of TerrAscend's executive officers, directors, promoters or beneficial holders of more than 5% of the Company's capital stock had or will have a direct or indirect material interest, other than compensation arrangements which are described under the section of this Registration Statement captioned "*Executive Compensation.*"

Related Person Transaction Policy

The Company intends to adopt a related party transaction policy which will require that employees, officers and directors report any activity that would cause or appear to cause a conflict of interest on his or her part.

Transactions with Related Persons

The Reorganization

Certain funds managed by JW Asset Management, LLC (of which Jason Wild, the current chairman of the Company's Board of Directors, is President and Chief Executive officer) were party to the TerrAscend Reorganization, as described above.

Credit Facility

On December 14, 2018, TerrAscend USA, Inc., the Company's wholly owned subsidiary, entered into a $75 million credit facility (the "**Credit Facility**") with certain funds advised by JW Asset Management, LLC (of which Jason Wild, the current Chairman of the Company's Board of Directors, is the President and Chief Investment Officer and which funds are also the largest shareholders of the Company). The Credit Facility was intended to give TerrAscend access to non-dilutive capital for acquisitions in the United States, as well as for general corporate and working capital purposes. The facility matured on December 19, 2019 and bore interest at 8.75% per annum, with a 1% origination fee. Amounts drawn on the facility were guaranteed by the Company and one of the Company's wholly owned Canadian subsidiaries and was secured by certain of such subsidiary's inventory and trade receivables. On December 2, 2019, certain funds managed by JW Asset Management, LLC agreed to amend the terms of the Credit Facility to extend the maturity then due on December 18, 2019 for up to three months and to provide for an interest rate of 12.5% and executed a term sheet with certain funds managed by JW Asset Management, LLC to convert any amounts outstanding under the credit facility into a two-year term loan with an expected maturity of March, 2022. As of the date of this Registration Statement, there was no principal amount outstanding under the Credit Facility.

Private Placements

On May 15, 2019, Lisa Swartzman acquired 5,000 Common Shares; Matthew Johnson, then the President of the Company, acquired 8,814 Common Shares; and Brian Feldman, then the General Counsel of the Company, acquired 8,816 Common Shares at the price of C$7.64 per Common Share pursuant to a non-brokered private placement.

On May 27, 2019, Jason Wild, and his affiliates, acquired 3,235,547 Common Shares; Michael Nashat acquired 8,850 Common Shares; and Adam Kozak, then the Chief Financial Officer of the Company, acquired 4,000 Common Shares at the price of C$7.64 per Common Share pursuant to a non-brokered private placement.

On December 30, 2019, the Company closed the first of two tranches (with the second tranche closing on January 10, 2020) of a private placement of units (**Units**") (each Unit consisting of one Common Share and one warrant to purchase one Common Share at an exercise price of C$3.25 prior to January 14, 2022) at an issue price of C$2.45 per Unit. Pursuant to the private placement, Jason Wild acquired beneficial ownership of 4,883,744 Units.

As part of the private placements during the year ended December 31, 2020, the Company issued 1,159,805 Common Shares, 1,159,805 Common Share purchase warrants, 10,000 preferred shares and 10,000 preferred share warrants to entities controlled by Jason Wild, Chairman of the Board of TerrAscend.

On March 25, 2020, the Company issued 1,625,701 common shares to Regulatory Consulting Group Inc., an entity controlled by minority shareholders of TerrAscend NJ, pursuant to a success fee surrounding the granting of certain licenses in the New Jersey.

Loan Agreement with Ilera Sellers, Including Greg Rochlin

On November 4, 2019, TerrAscend entered into a loan agreement with former owners of Ilera, including Greg Rochlin, the Chief Executive Officer of Ilera, to borrow up to $4 million, bearing interest at 12% per annum, payable monthly, and due on or before June 30, 2020, with no prepayment penalty. Pursuant to this loan agreement, TerrAscend received loan proceeds of $1,000,000, $1,000,000, and $500,000 on November 6, 2019, November 12, 2019, and December 16, 2019, respectively. In January 2020, TerrAscend received additional proceeds of $1,500,000.

Ilera Term Loan

On December 18, 2020 the Company closed a $120,000,000 Senior Secured Term Loan with a syndicate of lenders. Three of the lenders were related persons and make up $3,550,000 of the total loan principal balance: 1) Keith Stauffer, Chief Financial Officer, $250,000, 2) James Dworkin, Former Strategic Consultant, $300,000 and 3) J&G Realty LLC, an entity controlled by Greg Rochlin, the Chief Executive Officer of Ilera, $3,000,000.

Warrant Exercise

On August 30, 2019 certain funds managed by JW Asset Management LLC, where Jason Wild is the President and Chief Investment Officer, exercised an aggregate of 28,636,361 warrants to acquire 28,636,361 Proportionate Voting Shares which are convertible into 28,636,361 Common Shares for an aggregate exercise price of approximately $31.5 million and in connection with such exercise acquired from the Company 8,590,908 Proportionate Voting Share incentive warrants at an exercise price of C$7.21 per Common Share on or before August 23, 2022.

Gage Growth Corp. Acquisition

Jason Wild is a control person of TerrAscend and a control person of Gage within the meaning of Rule 405 promulgated under the Securities Act, and Richard Mavrinac is a director of both TerrAscend and Gage. Pursuant to the Transaction, Mr. Wild, his respective affiliates and joint actors will receive 10,467,231 Common Shares for the Gage subordinate voting shares which are owned, held, controlled or directed, directly or indirectly by Mr. Wild, his respective affiliates and joint actors, representing 5.7% of the Company's current issued and outstanding Common Shares, and he will exercise control or direction, directly or indirectly, over 83,426,542 Common Shares, representing approximately 35.5% of the issued and outstanding Common Shares following completion of the Transaction. The total approximate dollar value involved in the Transaction is $545 million. The value of the interests of funds controlled directly or indirectly by Jason Wild in the Transaction is $123.6 million. The value of Mr. Mavrinac's interest in the transaction is $345,611.

Consulting Agreement with Lisa Swartzman

During the year ended December 31, 2020, the Company paid Lisa Swartzman, a current member of the Company's Board of Directors, a total of $136,000 and granted stock options totaling 500,000 for consulting services performed in the Canadian business on an interim basis. The consulting agreement ended on June 30, 2020.

Indemnification

Certain of TerrAscend's named executive officers are or were entitled to indemnification by the Company. The Company has entered into indemnity agreements with Jason Wild, Lisa Swartzman, Richard Mavrinac, Craig Collard, Jason Ackerman, Dr. Michael Nashat and Keith Stauffer, pursuant to which such individuals are entitled to indemnification by the Company. Please see Item 12 – "*Indemnification of Directors and Officers*" for additional information.

Hagerstown Purchase Agreement

On October 27, 2021 the Company through its wholly owned subsidiary WDB Holding MD, Inc. entered into a definitive agreement with all of the members of GB & J's, LLC, the members of which include Jason Ackerman (former Director, Executive Chairman and CEO of the Company), Greg Rochlin (former CEO of Ilera), and several entities affiliated with Jason Wild (Chairman of TerrAscend) (the "**GB & J Sellers**") for the purchase of a property in Hagerstown, Maryland. The purchase price for the property is $2.808 million, which WDB Holding MD will pay to the GB & J Sellers upon closing of the transaction. The value of Jason Ackerman's interest in the transaction is $401,144, the value of Greg Rochlin's interest in the transaction is $401,144, and the value of the interests of funds controlled directly or indirectly by Jason Wild in the transaction is $401,144.

Director Independence

For purposes of this Registration Statement, the independence of TerrAscend's directors is determined under the corporate governance rules of Nasdaq. The independence rules of Nasdaq include a series of objective tests, including that an "independent" person will not be employed by the Company and will not be engaged in various types of business dealings with the Company. In addition, the Company's board of directors is required to make a subjective determination as to each person that no material relationship exists with the Company either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company. It has been determined that two of TerrAscend's directors are independent persons under the independence rules of Nasdaq: Mr. Craig Collard and Mr. Richard Mavrinac. Please see Item 6 – "*Executive Compensation*" – "*Director Compensation*" for more information regarding agreements with the Company's directors.

ITEM 8. LEGAL PROCEEDINGS

Legal Proceedings

The Company is from time to time involved in various legal proceedings. Other than as noted below, TerrAscend believes that none of the litigation in which it is currently involved, or has been involved, in individually or in the aggregate, is material to the Company's consolidated financial condition or results of operations.

PharmHouse and 261 Matter

On October 15, 2018, the Company's wholly owned subsidiary TerrAscend Canada entered into a multi-year cultivation agreement (the '**PharmHouse Agreement**") with PharmHouse Inc. ("**PharmHouse**"), a joint venture between RIV Capital and 2615975 Ontario Inc., the operators of a leading North American greenhouse produce company ("**261**"). Under the terms of the PharmHouse Agreement, it was expected that PharmHouse would grow and supply cannabis to TerrAscend Canada from its existing 1.3 million square foot greenhouse located in Leamington, Ontario. Once fully licensed, the production of flower, trim and clones from up to 20% of the dedicated flowering space planted at the greenhouse was expected to be made available to TerrAscend Canada. To date, PharmHouse has not yet delivered product in accordance with the terms of the PharmHouse Agreement.

On September 11, 2020, the Company and TerrAscend Canada were informed that a statement of claim was issued on August 31, 2020 in the Ontario Superior Court of Justice by 261 against RIV Capital, Canopy Growth, the Company and TerrAscend Canada (the "**261 Claim**"). In the 261 Claim, 261 seeks damages from the defendants in the amount of $500 million and alleges certain causes of action, including bad faith, fraud, civil conspiracy, breach of the duty of honesty and good faith in contractual relations and breach of fiduciary duty.

On September 16, 2020, PharmHouse obtained an order from the Ontario Superior Court of Justice granting PharmHouse creditor protection under the Companies' Creditors Arrangement Act ("**CCAA**"). Pursuant to the CCAA order, the 261 Claim has been stayed. During a CCAA hearing in November, 261 objected to the stay of the 261 Claim. The judge presiding over the CCAA process agreed to allow 261 to discontinue the 261 Claim against the defendants "without prejudice" to its right to recommence the 261 Claim against all parties except PharmHouse Inc., provided that such recommenced claim can only be brought after January 1, 2021. This does not affect any of the defendants' ability to move for a stay of the recommenced 261 Claim. On February 10, 2021, 261 served the Company and TerrAscend Canada with the recommenced 261 Claim. On March 11, 2021, the Ontario Superior Court of Justice approved a settlement agreement (the "**Settlement Agreement**") between the Company, TerrAscend Canada and PharmHouse. The Settlement Agreement provides that the Company make a one-time purchase of a specific quantity of cannabis that was grown under the PharmHouse Agreement for a set price per gram, totaling C$1,166,669.93, and for a one-time cash payment of C$725,000 to PharmHouse for full and final satisfaction of any claims or obligations between the Company, TerrAscend Canada and PharmHouse. The Company paid all amounts due under the Settlement Agreement and plans to monetize the purchased cannabis. The Settlement Agreement does not affect the recommenced 261 Claim issued on February 10, 2021.

ITEM 9. MARKET PRICE OF AND DIVIDENDS ON THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

TerrAscend's Common Shares are listed on the CSE under the trading symbol "**TER**." The Common Shares also trade over the counter in the US on the OTCQX Best Market tier of the electronic over-the-counter marketplace operated by OTC Markets Group, Inc. under the trading symbol "**TRSSF**." Any over-the-counter market quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

Shareholders

TerrAscend had 76 shareholders of record as of October 4, 2021. This does not include shares held in the name of a broker, bank or other nominees (typically referred to as being held in "street name").

Dividends

The Company has not declared any dividends or made any distributions. Furthermore, the Company has no current intention to declare dividends on its Common Shares in the foreseeable future. Any decision to pay dividends on its Common Shares in the future will be at the discretion of the Board of Directors and will depend on, among other things, the Company's results of operations, current and anticipated cash requirements and surplus, financial condition, any future contractual restrictions and financing agreement covenants, solvency tests imposed by corporate law and other factors that the Board of Directors may deem relevant.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrant and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	12,599,561	4.67	20,789,905
Equity compensation plans not approved by security holders	0	0	0
Total	12,599,561	4.67	20,789,905

ITEM 10. RECENT SALES OF UNREGISTERED SECURITIES

The following information represents securities sold by the Company within the past three years through October 29, 2021, which were not registered under the Securities Act. Included are new issues, securities issued in exchange for property, services or other securities, securities issued upon conversion from other Company share classes and new securities resulting from the modification of outstanding securities. The Company sold all of the securities listed below pursuant to the exemption from registration provided by Section 4(a)(2) of the Securities Act, or Regulation D or Regulation S promulgated thereunder.

Common Shares

On January 15, 2019, 1,362,343 Common Shares were issued to the former owners of Grander Distribution, LLC (now Arise Bioscience, Inc.) at a price of $3.72 per share as consideration for the acquisition of this business.

Between May 15, 2019 and May 27, 2019, 9,023,684 Common Shares were issued in connection with a private placement at a price of C$7.64 per Common Share.

Between December 30, 2019 and January 10, 2020, the Company issued 16,418,452 units at an issue price of C$2.45 per unit in connection with a private placement. Each unit consists of one Common Share and one Common Share purchase warrant, exercisable into one Common Share prior to January 14, 2022, at an exercise price of C$3.25.

On January 27, 2020, the Company issued 1,863,659 units at an issue price of C$2.45 per unit in connection with a private placement. Each unit consists of one Common Share and one Common Share purchase warrant, exercisable into one Common Share prior to January 14, 2022, at an exercise price of C$3.25.

On March 25, 2020, the Company issued 1,625,701 Common Shares to Regulatory Consulting Group Inc., an entity controlled by the minority shareholders of TerrAscend NJ, pursuant to a success fee surrounding the granting of certain licenses in New Jersey.

In 2020, 157,788 Common Shares were issued to holders of the 2020 RSUs (as defined below) upon vesting at fair value prices on the dates of issuance between $2.18 and $10.11 per share.

On January 28, 2021, the Company issued 18,115,656 Common Shares at an issue price of $9.64 per share in connection with a non-brokered private placement announced on January 12, 2021, resulting in gross proceeds of $175 million.

On April 30, 2021, 3,464,870 Common Shares were issued to the former owners of Guadco, LLC and KCR Holdings LLC at a price of $9.94 per share as consideration for the acquisition of the remaining 90% of the equity of this business.

In 2021, 19,558 Common Shares were issued to holders of the 2021 RSUs (as defined below) upon vesting at fair value prices on the dates of issuance between $2.26 and $10.11 per share.

In 2021, 8,000 Common Shares were issued to an individual shareholder at price range between $6.58 and $11.50 per share as a result of a liability settlement.

Proportionate Voting Shares

On August 23, 2018, 8,590.908 Proportionate Voting Share ("**PVS**") purchase warrants were issued to entities controlled by Jason Wild, Chairman of the Board, as an incentive to accelerate the exercise of 28.6 million Common Share purchase warrants. Each PVS warrant is exercisable at C$7.21 per 0.001 share and expires on August 23, 2022.

On June 6, 2019, 6,700 Proportionate Voting Shares were issued to the sellers of Apothecarium Dispensaries as consideration for the acquisition of this business.

On September 16, 2019, 5,059.102 Proportionate Voting Shares were issued to the sellers of Ilera as consideration for the acquisition of this business.

Debt Securities

Between October 2, 2019 and November 26, 2019, as part of a non-brokered private placement of convertible debentures and warrants, the Company issued 20,660 units at a face value of $1,000, having a maturity date of five years from the date of issue, and bearing interest at 6% per annum.. Each unit comprises one convertible debenture and 25.2 Common Share purchase warrants. The convertible debentures were convertible at the holders' option into Common Shares of the Company at a conversion price of $4.48.

Preferred Shares

From May 22 to June 8, 2020, as part of a non-brokered private placement, the Company issued 18,679 units at an issue price of $2,000 per unit. Each unit is comprised of one convertible preferred share in the capital of the Company and one convertible preferred share purchase warrant. The preferred shares convert to 1,000 Common Shares (for non-US investors) at an issue price of $2.00 per Common Share and the economic equivalent in Proportionate Voting Shares (for US investors). Each warrant will entitle the holder thereof to purchase one preferred share in the capital of the Company for a period of 36 months at an exercise price of $3,000 per share, or the equivalent of $3.00 per Common Share, as adjusted from time to time pursuant to the terms of the warrants.

Other Issuances

In November and December of 2018, 1,505,000 options to purchase Common Shares were granted to certain Company employees as additional compensation pursuant to the Company's Stock Option Plan at various exercise prices between C$5.99-C$9.42 per share. These options vested annually over a period of three years.

On June 6, 2019, 175,000 stock options under the Company's Stock Option Plan were issued to a company as consideration for an additional 15% interest in that company to settle other managerial services.

On February 5, 2020, 2,225,714 Common Share purchase warrants were issued to RIV Capital, formerly Canopy Rivers Inc., at an exercise price of C$5.95. The warrants were issued such that they can be exercised upon maturity of the loan payable in a cashless exercise by offsetting the principal value of the loan payable.

On March 10, 2020, 17,808,975 Common Share purchase warrants were issued to Canopy Growth in connection with a loan financing agreement. The warrants are comprised of 15,656,242 Common Share purchase warrants entitling Canopy Growth to acquire one Common Share of the Company at an exercise price of C$5.14 per share, expiring on March 10, 2030, and 2,152,733 Common Share purchase warrants entitling Canopy Growth to acquire one Common Share of the Company at an exercise price of C$3.74 per share, expiring on March 10, 2031.

On December 10, 2020, 2,105,718 Common Share purchase warrants were issued to Canopy Growth in connection with a loan financing agreement. The warrants are comprised of 1,926,983 Common Share purchase warrants entitling Canopy Growth to acquire one Common Share of the Company at an exercise price of C$15.28 per share, expiring on December 9, 2030, and 178,735 Common Share purchase warrants entitling Canopy Growth to acquire one Common Share of the Company at an exercise price of C$17.19 per share, expiring on December 9, 2030.

In 2019, 6,844,000 options to purchase Common Shares were granted to certain Company employees as additional compensation pursuant to the Company's Stock Option Plan at various exercise prices between $2.56 to $6.24 per share. These options will vest annually over a period of three years.

In 2020, 12,861,050 options to purchase Common Shares were granted to certain Company employees as additional compensation pursuant to the Company's Stock Option Plan at various exercise prices between $1.85 to $7.68 per share. These options will vest annually over a period of three years.

In 2020, 280,099 RSUs (each, a "**2020 RSU**") were granted to various employees as compensation pursuant to the Company's RSU Plan at various grant prices between $2.18 to $10.11 per share. Each 2020 RSU entitles the holder to receive one Common Share. 191,521 of the 2020 RSUs vested immediately and 88,578 will vest annually over three to four years.

In 2021, 2,185,000 options to purchase Common Shares were granted to certain Company employees as additional compensation pursuant to the Company's Stock Option Plan at various exercise prices between $5.85 to $15.61 per share. These options vested annually over a period of three or four years.

In 2021, 174,408 RSUs (each, a "**2021 RSU**") were granted to various employees as compensation pursuant to the Company's RSU Plan at a grant price $10.79 per share. Each 2021 RSU entitles the holder to receive one Common Share. The 2021 RSUs vested annually over three to four years.

ITEM 11. DESCRIPTION OF THE REGISTRANT'S SECURITIES TO BE REGISTERED

Description of the Company's Securities

The Company is authorized to issue an unlimited number of Common Shares. As of October 4, 2021, there were a total of 184,540,757 Common Shares issued and outstanding.

The summary of the rights, privileges, restrictions and conditions attaching to the Common Shares set out below is qualified in its entirety by reference to TerrAscend's Articles, as amended, which are included as Exhibits 3.1 and 3.2 to this Registration Statement.

Common Shares

Voting Rights, Dividends and Dissolution

The holders of the Common Shares are entitled to one vote per share at all meetings of the shareholders of the Company, except for meetings at which only holders of another specified class or series of shares are entitled to vote separately as a class or series. The holders of the Common Shares are entitled to receive, subject to the rights of the holders of any other class of shares, any dividend declared by the Company. If, as and when dividends are declared by the directors of the Company, each Common Share is entitled to 0.001 times the amount paid or distributed per Proportionate Voting Share. In the event of a dissolution, liquidation or winding-up of the Company, the holders of the Common Shares are, subject to the rights of any other class of shares, entitled to receive the remaining property of the Company on the basis that each Common Share is entitled to 0.001 times the amount distributed per Proportionate Voting Share, but otherwise there is no preference or distinction among or between the Proportionate Voting Shares and the Common Shares.

Conversion at Option of Holder

Each issued and outstanding Common Share may at any time, at the option of the holder, be converted into 0.001 of a Proportionate Voting Share. The conversion right may be exercised at any time and from time to time in the manner specified in the articles of the Company. Exercise of the conversion right requires delivery of a written notice to the Company's transfer agent signed by the registered holder of the Common Shares (or by his, her or its duly authorized representative) and be accompanied by the certificate or certificates representing the Common Shares, or, if uncertificated, such other evidence of ownership as the transfer agent may require, in respect of which the holder wishes to exercise the right of conversion. If the directors of the Company, in good faith, determine that it is no longer advisable to maintain the Proportionate Voting Shares as a separate class of shares, then, effective on the date approved by the directors, all of the Proportionate Voting Shares shall, without any further action on the part of any holder of Proportionate Voting Shares, immediately and automatically be converted into Common Shares at the conversion ratio of 1,000 Common Shares for each Proportionate Voting Share.

Foreign Ownership of Common Shares

There is no limitation imposed by TerrAscend Articles or By-Laws on the right of non-Canadian residents to hold Common Shares or exercise voting rights on Common Shares. The following provides a brief summary of certain limitations imposed by Canadian laws on the rights of non-Canadian residents to hold Common Shares or exercise voting rights on Common Shares, but should not be deemed to be comprehensive or complete in any part, and any such holder or potential holder of Common Shares should undertake a more thorough review of such applicable laws, or consult the advice or services of a qualified expert or professional.

Competition Act

Limitations on the ability to acquire and hold Common Shares may be imposed by the Competition Act (Canada). The legislation permits the Commissioner of Competition of Canada (the "**Commissioner**"), to review any acquisition or establishment, directly or indirectly, including through the acquisition of shares, of control over or of a significant interest in the Company. This legislation grants the Commissioner jurisdiction, for up to one year after the acquisition has been substantially completed, to seek a remedial order, including an order to prohibit the acquisition or require divestitures, from the Canadian Competition Tribunal, which order may be granted where the Competition Tribunal finds that the acquisition prevents or lessens, or is likely to prevent or lessen, competition substantially.

This legislation also requires any person or persons who intend to acquire more than 20% of Common Shares or, if such person or persons already own more than 20% of Common Shares prior to the acquisition, more than 50% of Common Shares, to file a notification with the Canadian Competition Bureau if certain financial thresholds are exceeded. Where a notification is required, unless an exemption is available, the legislation prohibits completion of the acquisition until the expiration of the applicable statutory waiting period, unless the Commissioner either waives or terminates such waiting period.

Investment Canada Act

Under the Investment Canada Act an "acquisition of control" of a Canadian business by a "non-Canadian" (as determined pursuant to the Investment Canada Act) involving the "acquisition of control" are either (i) subject to review prior to completion (a "Reviewable Transaction") or (ii) subject to a requirement to submit a notification in prescribed form with the responsible Canadian federal government department or departments not later than 30 days after closing. An investment will be a Reviewable Transaction where the applicable financial threshold is met. Subject to certain exemptions, a Reviewable Transaction may not be implemented until an application for review has been filed and the responsible Minister or Ministers of the federal cabinet has determined that the investment is likely to be of "net benefit to Canada" taking into account certain factors set out in the Investment Canada Act.

The Investment Canada Act contains various rules to determine if there has been an "acquisition of control" by a non-Canadian. For example, for purposes of determining whether an investor has acquired control of a corporation by acquiring shares, the following general rules apply, subject to certain exceptions: the acquisition of a majority of the undivided ownership interests in the voting shares of the corporation is deemed to be acquisition of control of that corporation; the acquisition of less than a majority, but one third or more, of the voting shares of a corporation or of an equivalent undivided ownership interest in the voting shares of the corporation is presumed to be acquisition of control of that corporation unless it can be established that, on the acquisition, the corporation is not controlled in fact by the acquirer through the ownership of voting shares; and the acquisition of less than one third of the voting shares of a corporation or of an equivalent divided ownership interest in the voting shares of the corporation is deemed not to be acquisition of control of that corporation.

The Investment Canada Act, also includes a discretionary national security review regime which allows the federal government to review a much broader range of investments by a non-Canadian to "acquire, in whole or part, or to establish an entity carrying on all or any part of its operations in Canada" where the federal government believes that the investment by a non-Canadian could be "injurious to national security." No financial threshold applies to a national security review. The federal government has broad discretion to determine whether an investor is a non-Canadian and therefore subject to national security review. A national security review may occur on a pre- or post-closing basis.

Exchange Controls

There are no government laws, decrees or regulations in Canada which restrict the export or import of capital or which affect the remittance of dividends, interest or other payments to non-resident holders of Common Shares. Any remittances of dividends to United States residents and to other non-residents are, however, subject to withholding tax. See – "*Taxation*" below.

Certain Canadian Federal Income Taxation

The following general summary describes the principal Canadian federal income tax consequences applicable to a holder of Common Shares who is a resident of the US, who is not, will not be and will not be deemed to be a resident of Canada for purposes of the *Income Tax Act* (Canada) (the "**Tax Act**") and who does not use or hold, and is not deemed to use or hold, his, her or its Common Shares in the capital of the Company in connection with carrying on a business in Canada (a "**Non-Resident Holder**").

This summary is based on the current provisions of the Tax Act and the regulations thereunder, the Canada-United States Tax Convention as amended by the Protocols thereto (the "**Canada-US Treaty**") and the Company's understanding of the current publicly available administrative practices and assessing policies of the Canada Revenue Agency (the "**CRA**"). This summary also takes into account all specific proposals to amend the Tax Act and the regulations (the "**Proposed Amendments**") announced by or on behalf of the Minister of Finance (Canada) in writing prior to the date hereof and assumes that all Proposed Amendments will be enacted in the form proposed although there can be no assurance that the Proposed Amendments will be enacted in the form proposed or at all. Except for the Proposed Amendments, this summary does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial action or decision, nor does it take into account other federal or any provincial, territorial or foreign income tax considerations, which may differ from the Canadian federal income tax considerations discussed below. There can be no assurance that the CRA will not change its administrative policies or assessing practices. **This summary is of a general nature only and is not intended to be, and should not be construed to be, legal, business or tax advice to any particular holder or prospective holder of Common Shares, and no opinion or representation with respect to the tax consequences to any holder or prospective holder of Common Shares is made. Accordingly, holders and prospective holders of Common Shares should**

consult their own tax advisors with respect to the income tax consequences of purchasing, owning and disposing of Common Shares in their particular circumstances.

Dividends

Dividends paid or credited or deemed to be paid or credited by the Company to a Non-Resident Holder will generally be subject to Canadian withholding tax at the rate of 25%, subject to any reduction in the rate of such withholding to which the Non-Resident Holder is entitled under an applicable income tax treaty between Canada and the country where the Non-Resident Holder is resident. For example, under the Canada-US Treaty, the withholding tax rate in respect of a dividend paid to a Non-Resident Holder who is the beneficial owner of the dividend and is resident in the United States for purposes of, and entitled to full benefits under, the Canada-US Treaty, is generally reduced to 15% (or to 5% for a company that holds at least 10% of the voting stock of the corporation paying the dividend).

Capital Gains

A Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized on a disposition of Common Shares of the Company, nor will capital losses arising therefrom be recognized under the Tax Act, unless the Common Shares disposed of constitute "taxable Canadian property" of the Non-Resident Holder and the Non-Resident Holder is not entitled to relief under the Canada-US Treaty. Provided that, at the time of disposition, the Common Shares are listed on a "designated stock exchange", as defined in the Tax Act, the Common Shares generally will not constitute "taxable Canadian property" of a Non-Resident Holder at that time, unless, at any time in the sixty (60) month period preceding the disposition the following two conditions were met concurrently: (a) 25% or more of the issued shares of any class or series of the capital stock of the Company were owned by any combination of (i) the Non-Resident Holder, (ii) persons with whom the Non-Resident Holder did not deal at arm's length and (iii) partnerships in which persons referred to in (i) or (ii) hold a membership interest (directly or indirectly through one or more partnerships); and (b) more than 50% of the fair market value of the Common Shares was derived, directly or indirectly, from any combination of (i) real or immovable property situated in Canada, (ii) "Canadian resource properties" (as defined in the Tax Act), (iii) "timber resource properties" (as defined in the Tax Act), and (iv) options in respect of, or an interest in, or for civil law rights in, the property described in (i) to (iii), whether or not such property exists. Notwithstanding the foregoing, a Common Share may in certain circumstances be deemed to be taxable Canadian property of a Non-Resident Holder for purposes of the Tax Act.

ITEM 12. INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Company is subject to the provisions of Part IX "Directors and Officers" of the *Business Corporations Act* (*Ontario*) (the "**OBCA**").

Under 136 of the OBCA, the Company may indemnify a director or officer of the corporation, a former director or officer of the corporation or another individual who acts or acted at the corporation's request as a director or officer, or an individual acting in a similar capacity of another entity, (collectively, the "**Indemnified Persons**") against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other proceeding in which the individual is involved because of that association with the corporation or other entity.

Notwithstanding the foregoing, the OBCA provides that an Indemnified Person is entitled to indemnity from the Company in respectof all costs, charges and expenses reasonably incurred by the individual in connection with the defence of any civil, criminal, administrative, investigative or other proceeding to which the individual is subject because of the individual's association with the corporation or other entity as described in above, if the individual seeking an indemnity:

(a) was not judged by a court or other competent authority to have committed any fault or omitted to do anything that the individual ought to have done;

(b) the individual acted honestly and in good faith with a view to the best interests of the corporation or, as the case may be, to the best interests of the other entity for which the individual acted as a director or officer or in a similar capacity at the corporation's request; and

(c) if the matter is a criminal or administrative action or proceeding that is enforced by a monetary penalty, the individual had reasonable grounds for believing that the individual's conduct was lawful.

As contemplated by TerrAscend's by-laws and the OBCA the Company has acquired and maintain liability insurance for its directors and officers against any liabilities and in any amounts as determined by the Board, and as permitted by the OBCA. The Company may also advance funds to a director, officer or other individual for the costs, charges and expenses of a proceeding, however; the individual shall repay the funds if the individual does not fulfill conditions pursuant to the OBCA.

An individual may apply to the court for an order approving an indemnity under the OBCA, and the court may so order and make any further order it thinks fit. The court may order notice to be given to any interested person and such person is entitled to appear and be heard in person or by counsel.

The Company has entered into indemnification agreements with certain of its directors and executive officers. Under these indemnification agreements, each such director and executive officer is entitled, subject to the terms and conditions thereof, to the right of indemnification and contribution for certain expenses to the fullest extent permitted by applicable law. TerrAscend believes that these indemnification agreements are necessary to attract and retain qualified individuals to serve as directors.

ITEM 13. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements required to be included in this Registration Statement appear immediately following the signature page to this Registration Statement beginning on page F-1.

ITEM 14. CHANGES IN AND DISAGREEMENTS WITH AUDITORS ON ACCOUNTING AND FINANCIAL DISCLOSURE

TerrAscend appointed MNP LLP, Chartered Professional Accountants, Licensed Public Accountants, ("**MNP**") located at 111 Richmond Street West, Suite 300, Toronto, ON M5H 2G4, as the Company's independent registered public accounting firm effective 2017. The engagement of MNP was approved by the Audit Committee and the Board. In connection with this Registration Statement, MNP provided audits of the Company for the years ended December 31, 2018, December 31, 2019 and December 31, 2020.

MNP's reports on the Company's consolidated financial statements for the years ended December 31, 2018, December 31, 2019 and December 31, 2020 did not contain an adverse opinion or a disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principle.

ITEM 15. FINANCIAL STATEMENTS AND EXHIBITS

(a) Unaudited Interim Condensed Consolidated Financial Statements for the six months ended June 30, 2021 and 2020:

Unaudited Interim Condensed Consolidated Balance Sheets	F-1
Unaudited Interim Condensed Consolidated Statements of Operations and Comprehensive Loss	F-2
Unaudited Interim Condensed Consolidated Statements of Changes in Shareholders' Equity (Deficit)	F-3
Unaudited Interim Condensed Consolidated Statements of Cash Flows	F-5
Notes to the Unaudited Interim Condensed Consolidated Financial Statements	F-6

(b) Consolidated Financial Statements for the years ended December 31, 2020, 2019 and 2018:

Report of Independent Registered Public Accounting Firm	F-27
Consolidated Balance Sheets	F-28
Consolidated Statements of Operations and Comprehensive Loss	F-29
Consolidated Statements of Changes in Shareholders' (Deficit) Equity	F-30
Consolidated Statements of Cash Flows	F-32
Notes to the Consolidated Financial Statements	F-33

(c) A list of exhibits filed with this Registration Statement is included in the Exhibit Index immediately preceding the signature page to this Registration Statement and is incorporated herein by reference.

Unaudited Interim Condensed Consolidated Balance Sheets
(Amounts expressed in thousands of United States dollars, except for per share amounts)

	At June 30, 2021	At December 31, 2020
Assets		
Current Assets		
Cash and cash equivalents	**$ 154,181**	$ 59,226
Accounts receivable, net	**12,652**	10,856
Share subscriptions receivable	**878**	—
Inventory	**34,384**	20,561
Prepaid expenses and other assets	**5,692**	4,903
	207,787	95,546
Non-Current Assets		
Property and equipment, net	**118,845**	110,245
Operating lease right of use assets	**30,559**	23,229
Intangible assets, net	**176,742**	110,710
Goodwill	**89,255**	72,796
Indemnification asset	**4,676**	11,500
Investment in associate	**—**	1,379
Other assets	**12,032**	1,839
	432,109	331,698
Total Assets	**$ 639,896**	$ 427,244
Liabilities and Shareholders' Equity (Deficit)		
Current Liabilities		
Accounts payable and accrued liabilities	**$ 24,995**	$ 27,382
Deferred revenue	**638**	638
Loans payable, current	**9,727**	5,734
Contingent consideration payable, current	**10,858**	30,966
Lease liability, current	**1,372**	1,025
Corporate income tax payable	**25,671**	27,739
	73,261	93,484
Non-Current Liabilities		
Loans payable, non-current	**177,035**	171,172
Contingent consideration payable, non-current	**1,083**	6,590
Lease liability, non-current	**31,035**	23,836
Warrant liability	**138,750**	132,257
Convertible debentures	**—**	5,284
Deferred income tax liability	**15,990**	7,937
	363,893	347,076
Total Liabilities	**$ 437,154**	$ 440,560
Commitments and Contingencies		
Shareholders' Equity (Deficit)		
Share Capital		
Series A, convertible preferred stock, no par value, unlimited shares authorized; and 13,708 and 14,258 shares outstanding as of June 30, 2021 and December 31, 2020, respectively	**—**	—
Series B, convertible preferred stock, no par value, unlimited shares authorized; and 610 and 710 shares outstanding as of June 30, 2021 and December 31, 2020, respectively	**—**	—
Series C, convertible preferred stock, no par value, unlimited shares authorized; and nil and nil shares outstanding as of June 30, 2021 and December 31, 2020, respectively	**—**	—
Series D, convertible preferred stock, no par value, unlimited shares authorized; and nil and nil shares outstanding as of June 30, 2021 and December 31, 2020, respectively	**—**	—
Proportionate voting shares, no par value, unlimited shares authorized; and nil and 76,307 shares outstanding as of June 30, 2021 and December 31, 2020, respectively	**—**	—
Exchangeable shares, no par value, unlimited shares authorized; and 38,890,571 and 38,890,571 shares outstanding as of June 30, 2021 and December 31, 2020, respectively	**—**	—
Common stock, no par value, unlimited shares authorized; 184,402,803 and 79,526,785 shares issued and outstanding as of June 30, 2021 and December 31, 2020, respectively	**—**	—
Additional paid in capital	**560,085**	305,138
Accumulated other comprehensive income (loss)	**1,552**	(3,662)
Accumulated deficit	**(363,375)**	(318,594)
Non-controlling interest	**4,480**	3,802
Total Shareholders' Equity (Deficit)	**202,742**	**(13,316)**
Total Liabilities and Shareholders' Equity (Deficit)	**$ 639,896**	$ 427,244

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

TerrAscend Corp.

Unaudited Interim Condensed Consolidated Statements of Operations and Comprehensive Loss
(Amounts expressed in thousands of United States dollars, except for per share amounts)

	For the six months ended	
	June 30, 2021	June 30, 2020
Revenue	**$ 118,473**	$ 64,510
Excise and cultivation taxes	**(6,396)**	(4,421)
Revenue, net	**112,077**	60,089
Cost of sales	**42,300**	29,367
Gross profit	**69,777**	30,722
Operating expenses:		
General and administrative	**32,927**	31,494
Share-based compensation	**8,215**	2,187
Amortization and depreciation	**3,717**	2,619
Research and development	**—**	275
Total operating expenses	**44,859**	36,575
Income (loss) from operations	**24,918**	(5,853)
Other expense (income)		
Revaluation of contingent consideration	**2,990**	8,620

Loss on fair value of warrants	**25,301**	—
Finance and other expenses	**15,309**	3,594
Transaction and restructuring costs	**432**	1,816
Impairment of goodwill	**5,007**	—
Impairment of intangible assets	**3,633**	734
Unrealized foreign exchange loss	**5,838**	77
Unrealized and realized (gain) loss on investments and notes receivable	**(6,192)**	244
Loss before provision for income taxes	**(27,400)**	**(20,938)**
Provision for income taxes	**16,373**	11,390
Net loss	**$ (43,773)**	$ (32,328)
Foreign currency translation	**(5,214)**	2,045
Comprehensive loss	**$ (38,559)**	$ (34,373)
Net (loss) income attributable to:		
Common and proportionate Shareholders of the Company	**(44,834)**	(29,324)
Non-controlling interests	**1,061**	(3,004)
Comprehensive (loss) income attributable to:		
Common and proportionate Shareholders of the Company	**(39,620)**	(31,369)
Non-controlling interests	**1,061**	(3,004)
Net loss per share, basic and diluted		
Net loss per share – basic and diluted	**$ (0.25)**	$ (0.20)
Weighted average number of outstanding common and proportionate voting shares	**176,901,119**	147,750,133

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

TerrAscend Corp.

Unaudited Interim Condensed Consolidated Statements of Changes in Shareholders' Equity (Deficit)

(Amounts expressed in thousands of United States dollars, except for per share amounts)

	Number of Shares												
				Convertible Preferred Stock									
	Common Stock	Exchangeable Shares	Proportionate Voting Shares	Series A	Series B	Series C	Series D	Common Shares Equivalent	Additional paid in capital	Accumulated other comprehensive income (loss)	Accumulated deficit	Non-controlling interest	Total
Balance at December 31, 2020	**79,526,785**	**38,890,571**	**76,307**	**14,258**	**710**	**—**	**—**	**209,692,379**	**$ 305,138**	**$ (3,662)**	**(318,594)**	**3,802**	**$ (13,316)**
Shares issued - stock option, warrant and RSU exercises	3,647,503	—	—	—	—	87	1,315	5,048,796	33,168	—	—	—	**33,168**
Shares issued- acquisitions	3,464,870	—	—	—	—	—	—	3,464,870	34,427	—	—	—	**34,427**
Shares issued- liability settlement	5,000	—	—	—	—	—	—	5,000	57	—	—	—	**57**
Private placement net of share issuance costs	18,115,656	—	—	—	—	—	—	18,115,656	173,477	—	—	—	**173,477**
Shares issued- conversion	78,358,768	—	(76,307)	(550)	(100)	(87)	(1,315)	—	—	—	—	—	**—**
Share-based compensation expense	—	—	—	—	—	—	—	—	8,215	—	—	—	**8,215**
Options expired/forfeited	—	—	—	—	—	—	—	—	(53)	—	53	—	**—**
Conversion of convertible debt	1,284,221	—	—	—	—	—		1,284,221	5,656	—	—	—	**5,656**
Return of capital	—	—	—	—	—	—	—	—	—	—	—	(383)	**(383)**
Net (loss) income for the period	—	—	—	—	—	—	—	—	—	—	(44,834)	1,061	**(43,773)**
Foreign currency translation	—	—	—	—	—	—	—	—	—	5,214	—	—	**5,214**
Balance at June 30, 2021	**184,402,803**	**38,890,571**	**—**	**13,708**	**610**	**—**	**—**	**237,610,922**	**$ 560,085**	**$ 1,552**	**$ (363,375)**	**$ 4,480**	**$202,742**

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

TerrAscend Corp.

Unaudited Interim Condensed Consolidated Statements of Changes in Shareholders' Equity (Deficit)

(Amounts expressed in thousands of United States dollars, except for per share amounts)

	Number of Shares												
				Convertible Preferred Stock									
	Common Stock	Exchangeable Shares	Proportionate Voting Shares	Series A	Series B	Series C	Series D	Common Shares Equivalent	Additional paid in capital	Accumulated other comprehensive loss	Accumulated deficit	Non-controlling interest	Total
Balance at December 31, 2019	**66,563,322**	**38,890,571**	**75,417**	**—**	**—**	**—**	**—**	**180,870,422**	**$231,637**	**$(787)**	**(182,561)**	**6,461**	**$54,750**
Shares issued - stock option, warrant and RSU exercises	182,500	—	—	—	—	—	—	182,500	86	—	—	—	**86**
Shares issued- acquisitions	—	—	—	—	—	—	—	—	—	—	—	—	**—**
Shares issued- compensation for services	1,625,701	—	—	—	—	—	—	1,625,701	3,750	—	—	—	**3,750**
Private placement net of share issuance costs	5,313,786	—	—	15,239	3,440	—	—	23,992,786	23,904	—	—	—	**23,904**
Shares issued- conversion	(13,328,414)	—	13,328	—	—	—	—	—	—	—	—	—	**—**
Warrants issued for services	—	—	—	—	—	—	—	—	24,677	—	—	—	**24,677**
Share-based compensation expense	—	—	—	—	—	—	—	—	2,512	—	—	—	**2,512**
Options expired/forfeited	—	—	—	—	—	—	—	—	(2,119)	—	2,119	—	**—**
Reallocation of RIV Capital debt	—	—	—	—	—	—	—	—	—	—	—	—	**—**
Capital contributions	—	—	—	—	—	—	—	—	—	—	—	163	**163**
Net loss for the period	—	—	—	—	—	—	—	—	—	—	(29,324)	(3,004)	**(32,328)**
Foreign currency translation	—	—	—	—	—	—	—	—	—	(2,045)	—	—	**(2,045)**
Balance at June 30, 2020	**60,356,895**	**38,890,571**	**88,745**	**15,239**	**3,440**	**—**	**—**	**206,671,409**	**$ 284,447**	**$ (2,832)**	**$ (209,766)**	**$ 3,620**	**$ 75,469**

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

Unaudited Interim Condensed Consolidated Statements of Cash Flows
(Amounts expressed in thousands of United States dollars, except for per share amounts)

	For the six months ended	
	June 30, 2021	**June 30, 2020**
Operating activities		
Net loss	**$ (43,773)**	$ (32,328)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities		
Non-cash write downs of inventory	**699**	3,258
Accretion expense	**(544)**	1,377
Depreciation of property and equipment and amortization of intangible assets	**7,050**	4,780
Amortization of operating right-of-use assets	**2,269**	1,524
Share-based compensation	**8,215**	2,512
Deferred income tax expense	**285**	(84)
Loss on fair value of warrants	**25,301**	—
Revaluation of contingent consideration	**2,990**	8,620
Impairment of intangible assets	**3,633**	734
Impairment of goodwill	**5,007**	—
Release of indemnification asset	**3,796**	—
Forgiveness of loan principal and interest	**(766)**	—
Fees for services related to NJ licenses	**—**	7,500
Unrealized foreign exchange loss	**5,838**	77
Unrealized and realized (gain) loss on investments and notes receivable	**(6,192)**	244
Changes in operating assets and liabilities		
Receivables	**(950)**	1,835
Inventory	**(9,879)**	(5,353)
Prepaid expense and deposits	**(507)**	1,531
Other asset	**389**	(1,182)
Accounts payable and accrued liabilities and other payables	**639**	(2,266)
Operating lease liability	**(1,889)**	(1,120)
Contingent consideration payable	**(11,394)**	(7,937)
Corporate income taxes payable	**(293)**	11,357
Deferred revenue	**—**	(115)
Net cash used in operating activities	**(10,076)**	(5,036)
Investing activities		
Investment in property, plant and equipment	**(10,856)**	(17,943)
Investment in intangible assets	**(40)**	(490)
Principal payments received on lease receivable	**359**	28
Investment in associate	**469**	—
Deposits for property and equipment	**(10,583)**	—
Cash received on acquisition	**—**	—
Cash portion of consideration paid in acquisitions, net of cash acquired	**(42,736)**	739
Net cash used in investing activities	**(63,387)**	(17,666)
Financing activities		
Proceeds from warrants and options exercised	**12,921**	86
Proceeds from loan including interest accrued	**766**	65,769
(Return of capital to) capital contributions received by non-controlling interests	**(383)**	175
Loan principal paid	**—**	(54,153)
Proceeds from private placement, net of share issuance costs	**173,477**	70,817
Payments of contingent consideration	**(18,274)**	(12,729)
Net cash provided by financing activities	**168,507**	69,965
Net increase (decrease) in cash and cash equivalents during the period	**95,044**	47,263
Net effects of foreign exchange	**(89)**	(1,551)
Cash and cash equivalents, beginning of period	**59,226**	9,162
Cash and cash equivalents, end of period	**$ 154,181**	$ 54,874
Supplemental disclosure with respect to cash flows		
Income taxes paid	**$ 16,381**	$ —
Interest paid	**13,290**	1,958
Non-cash transactions		
Shares issued as consideration for acquisitions	**34,427**	35,914
Accrued capital purchases	**336**	2,195
Payment for services related to NJ licenses	—	7,500
Conversion of note receivable paid on acquisition	**—**	3,032
Promissory note issued as consideration for acquisitions	**6,750**	—

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements
For the six months ended June 30, 2021, and June 30, 2020
(Amounts expressed in thousands of United States dollars, except for per share amounts)

1. Nature of operations

TerrAscend Corp. ("TerrAscend" or the "Company") was incorporated under the Ontario Business Corporations Act on March 7, 2017. TerrAscend provides cannabis products, brands, and services to the global cannabinoid market. With operations in both Canada and the United States ("US"), TerrAscend participates in the medical and legal adult use market across Canada and in several US states where cannabis has been legalized for therapeutic or adult use. TerrAscend operates a number of synergistic businesses, including The Apothecarium ("Apothecarium"), a cannabis dispensary with several retail locations in California, Pennsylvania and New Jersey; Arise Bioscience Inc., a manufacturer and distributor of hemp-derived products; Ilera Healthcare ("Ilera"), Pennsylvania's medical cannabis cultivator, processor and dispenser; Valhalla Confections, a manufacturer of cannabis-infused edibles and State Flower a California-based cannabis producer operating a licensed cultivation facility in San Francisco. TerrAscend holds a permit to operate as an alternative treatment center in New Jersey, which allows for the cultivation and processing of cannabis with the ability to operate up to three alternative treatment centers.

The Company was listed on the Canadian Stock Exchange effective May 3, 2017, having the ticker symbol TER and effective October 22, 2018, the Company began trading on OTCQX under the ticker symbol TRSSF. The Company's registered office is located at PO Box 43125, Mississauga, Ontario, L5C 1W2.

2. Summary of significant accounting policies

(a) Basis of presentation

These unaudited interim condensed consolidated financial statements as of and for the six months ended June 30, 2021 and June 30, 2020 (the "Consolidated Financial Statements") of the Company and its subsidiaries were prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

The accompanying condensed consolidated financial statements contained in this report are unaudited. In the opinion of management, these unaudited interim condensed consolidated financial statements have been prepared on the same basis as the annual consolidated financial statements and notes thereto of the Company and include all adjustments, consisting only of normal recurring adjustments, considered necessary for the fair presentation of the Company's financial position and operating results. The results for the six months ended June 30, 2021 are not necessarily indicative of the operating results for the year ended December 31, 2021, or any other interim or future periods.

The accompanying unaudited interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto of the Company for the year ended December 31, 2020 which are included here within this filing on Form 10. There were no significant changes to the policies disclosed in Note 2 of the summary of significant accounting policies of the Company's audited consolidated financial statements for the year ended December 31, 2020 which are included here within this filing on Form 10.

3. Accounts receivable, net

	June 30, 2021	December 31, 2020
Trade receivables	$ 12,536	$ 12,443
Sales tax receivables	169	45
Other receivables	350	150
Provision for sales returns	(403)	(1,772)
Expected credit losses	—	(10)
Total receivables, net	$ 12,652	$ 10,856

3. Accounts receivable, net (continued)

Sales tax receivable represents input tax credits arising from sales tax levied on the supply of goods purchased or services received in Canada.Other receivables at June 30, 2021 and December 31, 2020 includes amounts due from the sellers of the Apothecarium.

	June 30, 2021	December 31, 2020
Trade receivables	$ 12,536	12,443
Less: provision for sales returns and expected credit losses	(403)	(1,782)
Total trade receivables, net	$ 12,133	10,661
Of which		
Current	$ 11,601	9,893
31-90 days	801	2,445
Over 90 days	134	105
Less: provision for sales returns and expected credit losses	(403)	(1,782)
Total trade receivables, net	$ 12,133	10,661

The following is a roll-forward of the provision for sales returns and allowances related to trade accounts receivable:

	June 30, 2021	December 31, 2020
Beginning of period	$ 1,782	2,016
Provision for sales returns	709	2,200
Expected credit losses	—	10
Write-offs charged against provision	(2,088)	(2,444)
Total provision for sales returns and allowances	$ 403	1,782

4. Acquisitions

Acquisition of KCR

Upon the acquisition of Ilera on September 16, 2019, the Company acquired a $1,000 investment in GuadCo LLC and KCR Holdings LLC (collectively "KCR"). KCR holds a permit from the Pennsylvania Department of Health which grants the right to operate three dispensaries in the state of Pennsylvania. The Company's investment represented a 10% equity share in KCR. The Company had significant influence over KCR as the Company's Ilera business supplies a significant portion of inventory, and therefore, the investment in KCR was accounted for using the equity method and was included in investment in associate on the Company's Statement of Financial Position. The acquisition was adjusted for earnings and cash distributions. On April 30, 2021, the investment had a carrying value of $1,223. The fair value of the investment on April 30, 2021 was estimated to be $7,101, which was implied based on the overall purchase price. A gain of $5,878 was recorded as an unrealized gain included in the unrealized and realized (gain) loss on investments and notes receivable in the statement of operations.

On April 30, 2021, the Company acquired the remaining 90% of equity of KCR for total consideration of $69,847, comprised of $34,427 in common shares, $20,506 in cash, $7,101 related to the fair value of previously owned shares, and a $6,750 note which bears 10.0% annual interest, due April 2022. The transaction added three retail dispensaries located in Bethlehem, Allentown and Stroudsburg, Pennsylvania to complement the Company's existing retail footprint in Southeastern Pennsylvania. The acquisition has been accounted for as a business combination.

4. Acquisitions (continued)

The Company will pay up to $6,300 in shares if (i) within two years of the closing date, legislation is enacted into law by the General Assembly of the Commonwealth of Pennsylvania, which permits the cultivation, processing and/or sale of adult use cannabis; and (ii) the legislation provides that any Pennsylvania medical marijuana dispensary permit holder existing on the date of enactment of the legislation may be issued an additional adult-use dispensing organization permit (or similar permit) to operate at least three locations to serve adult use purchasers in Pennsylvania; and (iii) if as a result of the legislation, within three years of the date the legislation is enacted and effective, the Company commences retail sales at an additional two dispensaries under, through or on account of the GuadCo license or any other Pennsylvania license acquired from a third-party after the closing date. The total value of the potential purchase consideration payable by the Company under the terms of the agreement is approximately $75,084, and the fair value of the contingent consideration was $1,063 at acquisition.

On a standalone basis, had the Company acquired the business on January 1, 2021, sales estimates would have been $14,996 for the six months ended June 30, 2021 and net income estimates would have been $2,136. Actual sales and net income for the six months ended June 30, 2021 since the date of acquisition are $5,082 and $1,168, respectively.

The following table presents the fair value of assets acquired and liabilities assumed as of the April 30, 2021 acquisition date and an allocation of the consideration to net assets acquired:

	$
Cash and cash equivalents	169
Inventory	2,461

Prepaid expenses and other assets	559
Operating right-of-use asset	2,176
Property and equipment	4,237
Intangible assets	49,228
Goodwill	13,660
Accounts payable and accrued liabilities	(479)
Lease liability	(2,164)
Deferred tax liability	—
Net assets acquired	**69,847**
Consideration paid in cash	20,506
Consideration paid in shares	34,427
Promissory note payable	6,750
Contingent consideration payable	1,063
Fair value in previously owned shares	7,101
Total consideration	**69,847**
Consideration paid in cash	20,506
Less: cash and cash equivalents acquired	169
Net cash outflow	**20,337**

The consideration paid reflected the benefit of expected sales growth, future market and product development, synergies and workforce. These benefits were not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill recognized is expected to be deductible for income tax purposes.

Costs related to this transaction were $145, including legal, accounting, due diligence, and other transaction-related expenses, and were included in transaction and restructuring costs in the consolidated statements of loss and comprehensive loss.

4. Acquisitions (continued)

Acquisition of HMS

On May 3, 2021, the Company acquired HMS Health, LLC ("HMS Health") and HMS Processing, LLC ("HMS Processing" and together with HMS Health "HMS"), a cultivator and processor of medical cannabis products in the state of Maryland. TerrAscend acquired 100% of the equity of HMS for total consideration of $24,488, comprised of $22,399 in cash and a $2,089 note, which bears 5.0% annual interest, due April 2022. 100% of HMS' economics is retained by the Company through full ownership of HMS Health and a master services agreement with HMS Processing. The acquisition has been accounted for as a business combination.

On a standalone basis, had the Company acquired the business on January 1, 2021, sales estimates would have been $5,190 for the six months ended June 30, 2021 and net income estimates would have been $986. Actual sales and net income for the six months ended June 30, 2021 since the date of acquisition are $1,672 and $283, respectively.

The following table presents the fair value of assets acquired and liabilities assumed as of the May 3, 2021 acquisition date and an allocation of the consideration to net assets acquired:

	$
Receivables	758
Inventory	2,088
Prepaid expenses and deposits	68
Operating right-of-use asset	1,660
Property and equipment	756
Intangible assets	23,640
Goodwill	7,806
Accounts payable and accrued liabilities	(1,098)
Lease liability	(1,660)
Corporate income tax payable	(1,195)
Deferred tax liability	(8,335)
Net assets acquired	**24,488**
Consideration paid in cash	22,399
Promissory note payable	2,089
Total consideration	**24,488**
Cash outflow	**22,399**

The consideration paid reflected the benefit of expected sales growth, future market conditions, and product development. These benefits were not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill recognized is expected to be deductible for income tax purposes.

The accounting for this acquisition has been provisionally determined at June 30, 2021. The fair value of net assets acquired, specifically with respect to inventory, intangible assets and goodwill, biological assets, and total consideration have been determined provisionally and are subject to adjustment. Upon completion of a comprehensive valuation and finalization of the purchase price allocation, the amounts above may be adjusted retrospectively to the acquisition date in future reporting periods.

Costs related to this transaction were $69, including legal, accounting, due diligence, and other transaction-related expenses, and were included in transaction and restructuring costs in the consolidated statements of loss and comprehensive loss.

4. Acquisitions (continued)

Contingent consideration

Contingent consideration recorded relates to the Company's business acquisitions. Contingent consideration is based upon the potential earnout of the underlying business unit and is measured at fair value using a projection model for the business and the formulaic structure for determining the consideration under the terms of the agreement. The determination of the fair value of the contingent consideration payable is primarily based on the Company's expectations of the amount of revenue to be achieved by the underlying business units within a specified time period based on the agreement.

The balance of contingent consideration is as follows:

	State Flower	Ilera	Apothecarium	KCR	Total
Carrying amount, December 31, 2020	**6,590**	**27,938**	**3,028**	**—**	**37,556**
Amount recognized on acquisition of KCR	—	—	—	1,063	1,063
Payments of contingent consideration	—	(29,668)	—	—	(29,668)
Revaluation of contingent consideration	1,240	1,730	—	20	2,990
Carrying amount, June 30, 2021	**$ 7,830**	**$ —**	**$ 3,028**	**$ 1,083**	**$ 11,941**
Less: current portion	**(7,830)**	**—**	**(3,028)**	**—**	**(10,858)**
Non-current contingent consideration	**—**	**—**	**—**	**1,083**	**1,083**

The contingent consideration for Ilera was calculated based on fiscal year 2019 and 2020 performance. As of June 30, 2021, the final earn out has been calculated and the remaining amount of $29,668 was paid on June 30, 2021.

Refer to Note 21 for discussion of valuation methods used when determining the fair value of the contingent consideration liability at June 30, 2021, and the changes in fair value during the six months ended June 30, 2021.

5. Inventory

The Company's inventory of dry cannabis and oil includes both purchased and internally produced inventory. The Company's inventory is comprised of the following items:

	June 30, 2021	December 31, 2020
Raw materials	**$ 10,181**	**$ 3,777**
Finished goods	**10,023**	**8,750**
Work in process	**10,478**	**5,519**
Accessories	**630**	**81**
Supplies and consumables	**3,072**	**2,434**
	$ 34,384	**$ 20,561**

During the six months ended June 30, 2021, management wrote down its inventory by $699 (June 30, 2020- $109) related to unsaleable disposable vape pens with faulty batteries as well as inventory in Canada deemed unsaleable.

The inventory build up is mainly due to lower flower yields leading to more processing of manufactured products in Pennsylvania. In addition, in New Jersey, the Company has made a strategic decision to build up finished goods inventory for its own dispensaries in advance of expected adult-use transition by the end of the year.

6. Property and equipment

Property and equipment consisted of:

	June 30, 2021	December 31, 2020
Land	4,204	3,640
Assets in process	277	2,275
Buildings & improvements	102,384	92,672
Machinery & equipment	18,989	15,862
Office furniture & equipment	3,198	2,742
Assets under finance leases	199	199
Total cost	129,251	117,390
Less: accumulated depreciation	(10,406)	(7,145)
Property, plant and equipment, net	**118,845**	**110,245**

During the six months ended June 30, 2021 and the twelve months ended December 31, 2020, borrowing costs were not capitalized because the assets in process did not meet the criteria of a qualifying asset.

Depreciation expense was $3,771 for the six months ended June 30, 2021 ($2,225 included in cost of sales) and $1,882 for the six months ended June 30, 2020 ($nil included in cost of sales).

7. Intangible assets and goodwill

Intangible assets consisted of the following:

At June 30, 2021	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Finite lived intangible assets			
Software	2,521	(979)	1,542
Licenses	157,038	(7,887)	149,151
Non-compete agreements	280	(148)	132
Total finite lived intangible assets	159,839	(9,014)	150,825
Indefinite lived intangible assets			
Brand intangibles	25,917	—	25,917
Total indefinite lived intangible assets	25,917	—	25,917
Intangible assets, net	**185,756**	**(9,014)**	**176,742**

7. Intangible assets and goodwill (continued)

At December 31, 2020	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Finite lived intangible assets			
Software	2,447	(733)	1,714
Licenses	85,302	(5,511)	79,791
Customer relationships	4,000	(1,601)	2,399

Non-compete agreements	1,630	(997)	633
Total finite lived intangible assets	93,379	(8,842)	84,537
Indefinite lived intangible assets			
Brand intangibles	26,173	—	26,173
Total indefinite lived intangible assets	26,173	—	26,173
Intangible assets, net	**119,552**	**(8,842)**	**110,710**

The gross carrying amount of intangible assets increased $66,204 during the six months ended June 30, 2021. The increase was mainly a result of business combinations, which accounted for $72,868 of the increase, partially offset by impairment of intangible assets of $3,633.

Amortization expense was $3,279 for six months ended June 30, 2021 ($1,108 included in cost of sales), $2,898 for the six months ended June 30, 2020 ($2,162 included in cost of sales).

Estimated future amortization expense for finite lived intangible assets for the next five years is as follows:

2021	$ 2,929
2022	5,721
2023	4,741
2024	4,382
2025	4,175

The following table summarizes the activity in the Company's goodwill balance:

Balance at December 31, 2020	**$ 72,796**
Acquisitions (see Note 4)	21,466
Impairment of goodwill	(5,007)
Balance at June 30, 2021	**$ 89,255**

7. Intangible assets and goodwill (continued)

Impairment of Intangible Assets

The Company recorded the following impairment losses by category of intangible assets:

	June 30, 2021	June 30, 2020
Finite lived intangible assets		
Software	9	—
Licenses	—	391
Customer relationships	2,000	343
Non-compete agreements	224	—
Total impairment of finite lived intangible assets	2,233	734
Indefinite lived intangible assets		
Brand intangibles	1,400	—
Total impairment of indefinite lived intangible assets	1,400	—
Total impairment of intangible assets	**3,633**	**734**

As a result of the Company's decision to undertake a strategic review of its Arise business, the Company recorded impairment of intangible assets of $3,633 for the six months ended June 30, 2021.

During the six months ended June 30, 2020, the cessation of a distribution agreement at the Company's Florida reporting unit was identified as an indicator of impairment, resulting in the agreement recorded in customer relationships to be written down to its recoverable value of $nil. In addition, the Company's Canada reporting unit recorded an impairment of $391 of intellectual property related to packaging designs that were written down to its recoverable value of $nil.

Impairment of Goodwill

The Company made the decision to undertake a strategic review process to explore, review, and evaluate potential alternatives for its Arise business. The Company also determined that the estimated future cash flows for the business did not support the carrying value of the intangible assets and goodwill, and therefore the intangible assets and goodwill were written down to $nil. The Company recorded impairment of goodwill of $5,007.

8. Loans payable

	RIV Capital Loan	Canopy Growth-Canada Inc Loan	Other Loans	Canopy Growth-Arise Loan	Ilera Term Loan	KCR Loan	Total
Balance at December 31, 2020	**$ 8,163**	**$ 40,493**	**$ 6,331**	**$ 7,637**	**$ 114,282**	**$ —**	**$ 176,906**
Loan principal net of transaction costs	—	—	2,855	—	—	6,750	9,605
Interest accretion	625	2,554	312	602	8,503	113	12,709
Principal and interest paid	(795)	(3,939)	(239)	—	(8,317)	—	(13,290)
Forgiveness of principal and interest	—	—	(766)	—	—	—	(766)
Effects of movements in foreign exchange	222	1,225	151	—	—	—	1,598
Ending carrying amount at June 30, 2021	**$ 8,215**	**$ 40,333**	**$ 8,644**	**$ 8,239**	**$ 114,468**	**$ 6,863**	**$ 186,762**
Less: current portion	(318)	(1,216)	(1,288)	—	(42)	(6,863)	**(9,727)**
Non-current loans payable	**$ 7,897**	**$ 39,117**	**$ 7,356**	**$ 8,239**	**$ 114,426**	**$ —**	**$ 177,035**

Total interest paid on all loan payables during the six months ended June 30, 2021 was $13,290 (June 30, 2020 - $1,958).

Paycheck Protection Program loan

On March 13, 2021, the Company's Arise business was granted a loan from Bank of America in the aggregate amount of $766, pursuant to the Paycheck Protection Program (the "PPP"), bearing interest at 1.00% per

annum. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") provides for loans to qualifying businesses with the proceeds to be used for payroll costs, rent, utilities, and interest on other debt obligations. The loans and accrued interest are forgivable after eight weeks as long as the funds are used for qualifying expenses as described in the CARES Act. This loan was included in Other loans in the above table.

HMS loan

The acquisition of HMS included a $2,500 note payable which bears a 5.0% annual interest, due October 2022. The note was recorded at its fair value at inception of $2,089 and subsequently carried at amortized cost.

In accordance with the terms of the loan financing agreement, the funds cannot be used, directly or indirectly, in connection with or for any cannabis or cannabis-related operations in the US, unless and until such operations are permitted by the federal and applicable state laws of the US. This loan was included in Other loans in the above table.

KCR Loan

The acquisition of KCR included a $6,750 note payable which bears interest at 10.00% per annum and matures on April 30, 2022. The note was recorded at its fair value at inception and subsequently carried at amortized cost.

9. Convertible Debentures

During the six months ended June 30, 2021, the Company converted the remaining convertible debentures for 1,284,221 common shares.

	June 30, 2021	December 31, 2020
Opening carrying amount	$ 5,687	14,795
Convertible debentures issued, net of transaction costs	—	—
Less: fair value of conversion option	—	—
Less: fair value of warrants	—	—
Conversion of convertible debt	(5,684)	(9,396)
Interest accretion	37	381
Effects of movements in foreign exchange	(40)	(93)
Ending carrying amount	$ —	5,687
Less: current portion	—	(403)
Non-current convertible debt	$ —	5,284

10. Leases

The majority of the Company's leases are operating leases used primarily for corporate offices, retail, cultivation and manufacturing. The operating lease periods generally range from 1 to 28 years. The Company had one finance lease at June 30, 2021, and December 31,2020, respectively.

Amounts recognized in the consolidated balance sheet were as follows:

	June 30, 2021	December 31, 2020
Operating leases:		
Operating lease right-of-use assets	$ 30,559	$ 23,229
Operating lease liability classified as current	1,353	1,006
Operating lease liability classified as non-current	30,832	23,633
Total operating lease liabilities	$ 32,185	$ 24,639

During the six months ended June 30, 2021, the Company recognized right-of-use assets and operating lease liabilities of $3,836 and $3,824 as a result of its acquisitions (refer to Note 4).

Other information related to operating leases as of June 30, 2021 and December 31, 2020 consisted of the following:

	June 30, 2021	December 31, 2020
Weighted-average remaining lease term (years)		
Operating leases	13.7	13.3
Finance leases	6.0	6.5
Weighted-average discount rate		
Operating leases	10.80%	11.06%
Finance leases	10.00%	10.00%

10. Leases (continued)

Supplemental cash flow information related to leases were as follows:

	June 30, 2021	December 31, 2020
Cash paid for amounts included in measurement of operating lease liabilities	1,953	3,093
Right-of-use assets obtained in exchange for lease obligations	8,017	9,421
Cash paid for amounts included in measurement of finance lease liabilities	30	39
Leases obtained in exchange for finance lease obligations	—	239

Undiscounted lease obligations are as follows:

	Operating	Finance	Total
2021	2,183	20	2,203
2022	4,598	41	4,639
2023	4,614	42	4,656
2024	4,698	44	4,742
2025	4,829	45	4,874
Thereafter	43,932	100	44,032
Total lease payments	64,854	292	65,146
Less: interest	(32,669)	(70)	(32,739)
Total lease liabilities	32,185	222	32,407

Under the terms of these operating sublease agreements, future rental income from such third-party leases is expected to be as follows:

	June 30, 2021
2021	267
2022	545
2023	553
2024	563
2025	580
Thereafter	696
Total rental payments	3,204

11. Shareholders' equity

Authorized share capital

The Company is authorized to issue an unlimited number of common shares, unlisted proportionate voting shares, unlisted exchangeable shares, and unlisted preferred shares.

On January 28, 2021, the Company completed a private placement and issued 18,115,656 common shares at a price of $9.64 (C$12.35) per common share for total proceeds of $173,477, net of share issuance costs of $1,643.

11. Shareholders' equity (continued)

Warrants

The following is a summary of the outstanding warrants for Common Shares:

	Number of Common Share Warrants Outstanding	Number of Common Share Warrants Exercisable	Weighted Average Exercise Price $	Weighted Average Remaining Life (years)
Outstanding, December 31, 2020	**40,504,098**	**18,363,691**	**3.80**	**5.34**
Granted	—			
Exercised	(2,590,178)			
Cancelled/ Expired	—			
Outstanding, June 30, 2021	**37,913,920**	**15,773,513**	**3.99**	**5.14**

The following is a summary of the outstanding warrants for Proportionate Voting Shares at June 30, 2021. These warrants are exercisable for 0.001 of a Proportionate Voting Share. The Proportionate Voting Shares are exchangeable into Common Shares on a basis of 1,000 Common Shares per Proportionate Voting Share.

	Number of Proportionate Share Warrants Outstanding	Number of Proportionate Share Warrants Exercisable	Weighted Average Exercise Price $	Weighted Average Remaining Life (years)
Outstanding, December 31, 2020	**8,590,908**	**8,590,908**	**5.66**	**1.64**
Granted	—	—		
Exercised	—	—		
Cancelled/ Expired	—	—		
Outstanding, June 30, 2021	**8,590,908**	**8,590,908**	**5.82**	**1.15**

The following is a summary of the outstanding warrants for Preferred Shares at June 30, 2021. Each warrant is exercisable into one preferred share:

	Number of Preferred Share Warrants Outstanding	Number of Preferred Share Warrants Exercisable	Weighted Average Exercise Price	Weighted Average Remaining Life (years)
Outstanding, December 31, 2020	**18,024**	**18,024**	**3,000**	**2.39**
Granted	—			
Exercised	(1,900)			
Cancelled/ Expired	—			
Outstanding, June 30, 2021	**16,124**	**16,124**	**3,000**	**1.90**

12. Share-based compensation plans

Share-based payments expense

Total share-based payments expense was as follows:

	For the six months ended	
	June 30, 2021	June 30, 2020
Stock options	$ 7,766	$ 2,423
Restricted share units	449	—
Warrants	—	89
Total share-based payments	**$ 8,215**	**$ 2,512**

The amount of share-based compensation expense included in cost of sales was $nil and $325 for the six months ended June 30, 2021 and June 30, 2020, respectively.

As of June 30, 2021, the total compensation cost related to nonvested stock options and RSUs not yet recognized is $30,712 and $2,284, respectively. The weighted-average period over which it is expected to be

recognized is 4.89 for options.

Stock Options

The Company's stockholders approved the Stock Option Plan (the "Plan") effective March 8, 2017 The Plan provides for the granting of stock options to directors, officers, employees and consultants of the Company. Stock options are granted for a term not to exceed ten years at an exercise price, which is the greater of the closing market price of the shares on the CSE on the trading day immediately preceding the date the options are granted and on the same day of the option grant. The options are not transferrable. The Plan is administered by the Board of Directors, which determines individual eligibility under the Plan, number of shares reserved for optioning to each individual (not to exceed 5% of issued and outstanding shares to any one individual) and the vesting period. The maximum number of shares of the Company that are issuable pursuant to the Plan is limited to 10% of the fully diluted shares of the Company at the date of the grant of options.

The stock options outstanding noted below consist of service-based options granted to employees to purchase common stock, the majority of which vest over a one to three-year period and have a five to ten-year contractual term. These awards are subject to the risk of forfeiture until vested by virtue of continued employment or service to the Company.

12. Share-based compensation plans (continued)

The following table summarizes the stock option activity forthe six months ended June 30, 2021:

	Number of Stock Options	Weighted average remaining contractual life (in years)	Weighted average exercise price (per share)	Aggregate intrinsic value	Weighted average fair value of nonvested options (per share) $
Outstanding, December 31, 2020	**17,363,348**	**3.96**	**$ 3.49**	**$ 112,675**	**$ 2.58**
Granted	**2,185,000**		11.23		
Exercised	**(699,009)**		4.67		
Forfeited (1)	**(3,243,962)**		3.82		
Expired	—				
Outstanding at June 30, 2021	**15,605,377**	**4.69**	**$ 4.57**	**$ 108,680**	**$ 4.50**
Exercisable at June 30, 2021	**6,984,863**	**4.44**	**$ 3.14**	**$ 58,366**	**N/A**
Nonvested at June 30, 2021	**8,620,514**	**4.89**	**$ 5.73**	**$ 50,314**	**N/A**

(1) For stock options forfeited, represent one share for each stock option forfeited.

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value (the difference between Company's closing stock price on June 30, 2021 and December 31, 2020, respectively, and the exercise price, multiplied by the number of the in-the-money options) that would have been received by the option holders had all option holders exercised their in-the-money options on June 30, 2021 and December 31, 2020, respectively.

The total pre-tax intrinsic value (the difference between the market price of the Company's common stock on the exercise date and the price paid by the option holder to the exercise the option) related to stock options exercised during the six months ended June 30, 2021, and June 30, 2020, was $4,798 and $319, respectively. The total estimated fair value of stock options that vested during the six months ended June 30, 2021, and June 30, 2020 was $9,140 and $4,487, respectively.

The fair value of the various stock options granted were estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	June 30, 2021	December 31, 2020
Volatility	81.51%	82.29% - 87.09%
Risk-free interest rate	0.90% - 1.46%	0.35% - 1.60%
Expected life (years)	4.57 - 10.00	4.76 - 4.95
Dividend yield	0%	0%

12. Share-based compensation plans (continued)

Volatility was estimated by using the historical volatility of the Company. The expected life in years represents the period of time that the options issued are expected to be outstanding. The risk-free rate is based on US treasury bond issues with a remaining term approximately equal to the expected life of the options. Dividend yield is based on the fact that the Company has never paid cash dividends and does not expect to pay cash dividends in the foreseeable future. The Company applied a forfeiture rate ranging between 23.21% - 26.60% for the six months ended June 30, 2021 and the years ended December 31, 2020.

Restricted Share Units

Effective November 19, 2019, the Company adopted the Share Unit Plan, which allows for the granting of performance share units (PSUs) and restricted share units (RSUs) to directors, officers, employees, and consultants of the Company and provides them the opportunity to defer certain compensation and equity awards paid or grated for their service in the form of stock units ("Stock Units"). The Stock Units are used solely as a device for determining the amount of cash benefit to eventually be paid to the grantee. Each Stock Unit has the same value as one share of the Company's common stock. The PSUs generally become vested upon attainment of established performance conditions, as well as service conditions. The RSUs generally become vested upon completion of continuous employment over the requisite service period. Once the Stock Units become vested, the cash value of the Stock Units is paid out.

The following table summarizes the activities for the unvested RSUs for six months ended June 30, 2021:

	Number of RSUs	Number of RSUs vested	Weighted average remaining contractual life (in years)
Outstanding, December 31, 2020	**122,311**	**33,733**	**N/A**
Granted	**174,408**		
Exercised	**(19,558)**		
Forfeited (1)	**(17,475)**		
Outstanding, June 30, 2021	**259,686**	**14,175**	**N/A**

(1) For RSU forfeited, represent one share for each RSU forfeited.

Of the RSU's granted during the six months ended June 30, 2021, none vested on the grant date. The remaining 43,385 will vest over a 3-year term and 131,023 will vest over a 4-year term. The Company recognized $452 and $nil as share-based payment expense during the six months ended June 30, 2021 and June 30, 2020, respectively. There are no PSUs outstanding as of June 30, 2021.

As of June 30, 2021, there was $2,284 of total unrecognized compensation cost related to unvested RSUs.

13. Non-controlling interest

Non-controlling interest consists mainly of the Company's ownership minority interest in its New Jersey operations and IHC Real Estate operations and consists of the following amounts:

	June 30, 2021	December 31, 2020
Opening carrying amount balance	$ 3,802	$ 6,461
Additions of non-controlling interest on acquisition date	—	—
Capital contributions received	(383)	393
Net income (loss) attributable to non-controlling interest	1,061	(3,052)
Ending carrying amount balance	$ 4,480	$ 3,802

14. Related parties

Parties are related if one party has the ability to control or exercise significant influence over the other party in making financing and operating decisions. At June 30, 2021 amounts due to/from related parties consisted of:

- *Loans payable:* The Company's loan payable balance included a small number of related persons that participated in the Ilera term loan (Note 8), which makes up $3,550 of the total loan principal balance.

15. General and administrative expenses

The Company's general and administrative expenses were as follows:

	For the six months ended	
	June 30, 2021	June 30, 2020
Office and general	$ 7,224	6,090
Professional fees	5,749	10,047
Lease expense	2,109	1,771
Facility and maintenance	1,315	1,152
Salaries and wages	15,102	11,257
Sales and marketing	1,428	1,177
Total	$ 32,927	31,494

16. Revenue, net

The Company's disaggregated net revenue by source, primarily due to the Company's contracts with its external customers were as follows:

	For the six months ended	
	June 30, 2021	June 30, 2020
Branded manufacturing	$ 74,714	44,015
Retail	37,363	16,074
Total	$ 112,077	60,089

For the six months ended June 30, 2021 and June 30, 2020, the Company did not have any single customer that accounted for 10% or more of the Company's revenue.

17. Finance and other expenses

The Company's finance and other expenses included the following:

	For the six months ended	
	June 30, 2021	June 30, 2020
Interest Expense	$ 12,746	3,802
Indemnification Asset release	3,796	—
Other income	(1,233)	(208)
Total	$ 15,309	3,594

During the six months ended June 30, 2021, the Company recorded a reduction to the indemnification asset related to the Apothecarium tax audit settlement and statute of expirations in the amount of $3,756 which is included in finance and other expenses.

18. Income taxes

The effective tax rate was -59.8% and -54.4% for the six months ended June 30, 2021 and June 30, 2020, respectively.

19. Segment information

Operating Segment

The Company determines its operating segments according to how the business activities are managed and evaluated by the Company's chief operating decision maker. The Company operates under one operating segment, being the cultivation, production and sale of cannabis products.

Geography

The Company operates with subsidiaries located in Canada and the US.

The Company had the following net revenue by geography of:

	For the six months ended	
	June 30, 2021	June 30, 2020
United States	$ 102,141	$ 53,612
Canada	9,936	6,477
Total	$ 112,077	60,089

The Company had non-current assets by geography of:

	June 30, 2021	December 31, 2020
United States	$ 400,082	$ 299,169
Canada	32,027	32,529
Total	$ 432,109	331,698

20. Capital management

The Company's objective in managing capital is to ensure a sufficient liquidity position to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. In order to achieve this objective, the Company prepares a capital budget to manage its capital structure. The Company defines capital as borrowings, equity comprised of issued share capital, share-based payments, accumulated deficit, as well as funds borrowed from related parties.

Since inception, the Company has primarily financed its liquidity needs through the issuance of share capital and debentures. The equity issuances are outlined in Note 11 and debt issuances are outlined in Note 8.

The Company is subject to financial covenants as a result of its loans payable with various lenders. The Company is in compliance with its debt covenants as of June 30, 2021. Other than these items related to loans payable as of December 31, 2020, 2019, and 2018, the Company is not subject to externally imposed capital requirements.

21. Financial instruments and risk management

Assets and liabilities measured at fair value

Cash and cash equivalents, net accounts receivable, accounts payable and accrued liabilities, loans payable, convertible debentures, and other current receivables and payables represent financial instruments for which the carrying amount approximates fair value due to their short-term maturities.

The following table represents the fair value amounts of financial assets and financial liabilities measured at estimated fair value on a recurring basis:

	At June 30, 2021			At December 31, 2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Cash and cash equivalents	154,181	—	—	59,226	—	—
Contingent consideration payable	—	—	11,941	—	—	61,932
Warrant liability	—	—	138,750	—	—	132,257

There were no transfers between the levels of fair value hierarchy during the six months ended June 30, 2021.

The valuation approaches and key inputs for each category of assets or liabilities that are classified within level of the fair value hierarchy are presented below.

Level 1

Cash and cash equivalents, net accounts receivable, accounts payable and accrued liabilities, loans payable, convertible debentures, and other current receivables and payables represent financial instruments for which the carrying amount approximates fair value due to their short-term maturities.

Level 3 financial instruments

Warrant liability

The following table summarizes the changes in the preferred warrant liability for the six months ended June 30, 2021:

Balance at December 31, 2020	$ 132,257
Included in loss on fair value of warrants	25,301
Exercises	(18,808)
Balance at June 30, 2021	$ 138,750

21. Financial instruments and risk management (continued)

The preferred share warrant liability has been measured at fair value at June 30, 2021. Key inputs and assumptions used in the Black Scholes valuation were as follows:

	June 30, 2021	December 31, 2020
Common Stock Price of TerrAscend Corp.	C$11.45	C$9.95
Warrant exercise price	3,000	3,000
Warrant conversion ratio	1,000	1,000
Annual Volatility	64.9%	71.3%
Annual Risk-Free Rate	0.3%	0.2%
Expected Term	1.9 years	2.4 year

Contingent Consideration Payable

The fair value of contingent consideration at June 30, 2021 and December 31, 2020 was determined using a probability weighted model based on the likelihood of achieving certain revenue and EBITDA scenario outcomes. A discount range of 12.2% to 12.8% (December 31, 2020 – 12.3% to 12.9%) was utilized to determine the present value of the liabilities, resulting in a loss on revaluation of contingent consideration of $2,990 for the six months ended June 30, 2021 (June 30, 2020 - $8,620).

The illustrative variance of the total contingent consideration at June 30, 2021 based on reasonably possible changes to one of the significant unobservable inputs, holding other inputs constant, would have the following effects:

Discount rate sensitivity	**KCR**

Increase 100 basis points	$ 1,017
Increase 50 basis points	1,040
Decrease 50 basis points	1,087
Decrease 100 basis points	1,112

Revenue sensitivity- State Flower	**June 30, 2021**	**June 30, 2020**
Increase 100 basis points	$ 7,980	$ 7,280
Increase 50 basis points	7,900	7,220
Decrease 50 basis points	7,760	7,100
Decrease 100 basis points	7,680	7,040

The contingent consideration for Ilera was calculated based on fiscal year 2019 and 2020 performance and the final earn out has been calculated as of December 31, 2020 (Note 4).

22. Commitments and contingencies

On October 15, 2018, the Company's wholly owned subsidiary TerrAscend Canada entered into a multi-year cultivation agreement (the "PharmHouse Agreement") with PharmHouse Inc. ("PharmHouse"), a joint venture between RIV Capital and 2615975 Ontario Inc., the operators of a leading North American greenhouse produce company ("261"). Under the terms of the PharmHouse Agreement, it was expected that PharmHouse would grow and supply cannabis to TerrAscend Canada from its existing 1.3 million square foot greenhouse located in Leamington, Ontario. Once fully licensed, the production of flower, trim and clones from up to 20% of the dedicated flowering space planted at the greenhouse was expected to be made available to TerrAscend Canada. To date, PharmHouse has not yet delivered product in accordance with the terms of the PharmHouse Agreement. On September 11, 2020, the Company and TerrAscend Canada were informed that a statement of claim was issued on August 31, 2020 in the Ontario Superior Court of Justice by 261 against RIV Capital, Canopy Growth Corporation, the Company and TerrAscend Canada (the "261 Claim"). In the 261 Claim, 261 seeks damages from the defendants in the amount of $500 million and alleges certain causes of action, including bad faith, fraud, civil conspiracy, breach of the duty of honesty and good faith in contractual relations and breach of fiduciary duty. On September 16, 2020, PharmHouse obtained an order from the Ontario Superior Court of Justice granting PharmHouse creditor protection under the Companies' Creditors Arrangement Act ("CCAA"). Pursuant to the CCAA order, the 261 Claim has been stayed. During a CCAA hearing in November, 261 objected to the stay of the 261 Claim. The judge presiding over the CCAA process agreed to allow 261 to discontinue the 261 Claim against the defendants 'without prejudice' to its right to recommence the 261 Claim against all parties except PharmHouse Inc., provided that such recommenced claim can only be brought after January 1, 2021. This does not affect any of the defendants' ability to move for a stay of the recommenced 261 Claim. On February 10, 2021, 261 served the Issuer and TerrAscend Canada with the recommenced 261 Claim.

On October 20, 2018, Investments International Inc. ("Investments") signed a lease agreement with the Company and its wholly owned subsidiaries, 2627685 Ontario Inc. and 2151924 Alberta Inc. On February 8, 2019, Investments filed a statement of claim under the Court of Alberta against the Company and its wholly owned subsidiaries, for breach of the lease agreement. The amount claimed is $2,764 plus interest from and after the termination date of an unexecuted lease. The Company has paid initial lease deposits in addition to submitting a statement of defence. The Company does not expect the claim to have a material adverse impact on the Company and no amount has been accrued in the unaudited interim condensed consolidated financial statements.

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. At June 30, 2021, there were no pending lawsuits other than those disclosed that could reasonably be expected to have a material effect on the results of the Company's unaudited interim condensed consolidated financial statements.

23. Subsequent events

i) On July 16, 2021, the Company signed a definitive agreement to purchase an additional 12.5% of the issued and outstanding equity of TerrAscend NJ from BWH NJ, LLC and Blue Marble Ventures, LLC for a total consideration of $50,000. Upon closing of the agreement, the Company will own 87.5% of the issued and outstanding equity of TerrAscend NJ. The transaction is expected to close in the third quarter of 2021. The Company has the option to purchase an additional 6.25% ownership, for a total of 93.75%, at a predetermined valuation during the period commencing April 1, 2023 through June 15, 2023.

ii) On July 19, 2021, the Company amended the original agreement related to the success fee payable. Per the terms of the amendment, the Company will make the second success fee payment on the earlier of (i) March 31, 2023, and (ii) fifteen days after TerrAscend NJ shall have made distributions to one or more of its members totaling at least $15,000 in aggregate.

23. Subsequent events (continued)

iii) In August 2021, the Company made the decision to undertake a strategic review process to explore, review, and evaluate potential alternatives for its Arise business, focused on maximizing shareholder value.

iv) On August 31, 2021, the Company entered into a definitive arrangement agreement with Gage Growth Corp. to which the Company will acquire all of the issued and outstanding subordinate voting shares of Gage by the way of a court-approved plan of arrangement under the Canada Business Corporations Act. Under the terms of the arrangement, the shareholders of Gage will receive 0.3001 of a common share of the Company for each Gage Share (or equivalent), representing a total consideration of approximately $545,000, or 77,611,126 common shares, based on the closing price of TerrAscend on August 31, 2021. On September 17, 2021, the Company received pre-qualification approval for cultivation, processing, and retail licenses from the State of Michigan's Marijuana Regulatory Agency pursuant to the Medical Marihuana Facilities Licensing Act. The pre-qualification approval represents the Company's successful completion of the most comprehensive portion of the State's licensing and regulatory approval process.

v) On October 27, 2021 the Company through its wholly owned subsidiary WDB Holding MD, Inc. entered into a definitive agreement with all of the members of GB & J's, LLC, the members of which include Jason Ackerman (former Director, Executive Chairman and CEO of the Company), Greg Rochlin (former CEO of Ilera), and several entities affiliated with Jason Wild (Chairman of TerrAscend) (the "**GB & J Sellers**") for the purchase of a property in Hagerstown, Maryland. The purchase price for the property is $2.808 million, which WDB Holding MD, Inc. will pay to the GB & J Sellers upon closing of the transaction. The value of Jason Ackerman's interest in the transaction is $401,144, the value of Greg Rochlin's interest in the transaction is $401,144, and the value of the interests of funds controlled directly or indirectly by Jason Wild in the transaction is $401,144.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of TerrAscend Corp.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of TerrAscend Corp. (the Company) as of December 31, 2020, 2019 and 2018, and the related consolidated statements of operations and comprehensive loss, changes in shareholders' (deficit) equity, and cash flows for each of the years in the three-year period ended December 31, 2020 and the related notes and schedules (collectively referred to as the consolidated financial statements).

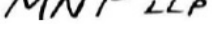
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020, 2019 and 2018, and the results of its consolidated operations and its consolidated cash flows for each of the years in the three-year period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.



Chartered Professional Accountants
Licensed Public Accountants

We have served as the Company's auditor since 2017.

Toronto, Canada
November 1, 2021

TerrAscend Corp.

Consolidated Balance Sheets

(Amounts expressed in thousands of United States dollars, except for per share amounts)

	At December 31, 2020	At December 31, 2019	At December 31, 2018
Assets			
Current Assets			
Cash and cash equivalents	**$ 59,226**	$ 9,162	$ 15,960
Accounts receivable, net	**10,856**	5,869	7,067
Share subscriptions receivable	**—**	24,463	—
Note receivable	—	4,609	1,144
Investments	**—**	358	5,637
Inventory	**20,561**	15,528	10,502
Prepaid expenses and other assets	**4,903**	4,828	2,017
	95,546	64,817	42,327
Non-Current Assets			
Property and equipment, net	**110,245**	72,400	18,639
Operating lease right of use assets	**23,229**	15,385	—
Intangible assets, net	**110,710**	111,906	1,484
Goodwill	**72,796**	68,107	—
Indemnification asset	**11,500**	11,500	—
Investment in joint venture	**—**	—	2,003
Investment in associate	**1,379**	1,000	—
Other assets	**1,839**	9	—
	331,698	280,307	22,126
Total Assets	**$ 427,244**	$ 345,124	$ 64,453
Liabilities and Shareholders' Equity			
Current Liabilities			
Accounts payable and accrued liabilities	**$ 27,382**	$ 19,400	$ 12,958
Deferred revenue	**638**	908	9
Loans payable, current	**5,734**	48,559	9,297
Contingent consideration payable, current	**30,966**	24,008	—
Lease liability, current	**1,025**	575	—
Corporate income tax payable	**27,739**	16,381	12
	93,484	109,831	22,276
Non-Current Liabilities			
Loans payable, non-current	**171,172**	4,849	—
Contingent consideration payable, non-current	**6,590**	135,393	—
Lease liability, non-current	**23,836**	15,560	—
Warrant liability	**132,257**	—	—
Convertible debentures	**5,284**	14,592	—
Deferred income tax liability	**7,937**	10,149	504
	347,076	180,543	504
Total Liabilities	**$ 440,560**	$ 290,374	$ 22,780
Commitments and Contingencies			
Shareholders' (Deficit) Equity			
Share Capital			
Series A, convertible preferred stock, no par value, (shares authorized: unlimited, shares issued and outstanding: 14,258, nil and nil) as of December 31, 2020, 2019 and 2018, respectively	**—**	—	—
Series B, convertible preferred stock, no par value, (shares authorized: unlimited, shares issued and outstanding: 710, nil and nil) December 31, 2020, 2019 and 2018, respectively	**—**	—	—
Series C, convertible preferred stock, no par value, (shares authorized: unlimited, shares issued and outstanding: nil, nil and nil) as of December 31, 2020, 2019 and 2018, respectively	**—**	—	—
Series D, convertible preferred stock, no par value, (shares authorized: unlimited, shares issued and outstanding: nil, nil and nil) as of December 31, 2020, 2019 and 2018, respectively	**—**	—	—
Proportionate voting shares, no par value, (shares authorized: unlimited, shares issued and outstanding: 76,307, 75,417 and 35,022) as of December 31, 200, 2019 and 2018, respectively	**—**	—	—
Exchangeable shares, no par value, (shares authorized: unlimited, shares issued and outstanding: 38,890,571, 38,890,571 and 38,890,571) as of December 31, 2020, 2019 and 2018, respectively	**—**	—	—
Common stock, no par value, (shares authorized: unlimited, shares issued and outstanding: 79,526,785, 66,563,322 and 41,147,636) as of December 31, 2020, 2019 and 2018	**—**	—	—

Additional paid in capital	**305,138**	231,637	65,721
Accumulated other comprehensive loss	**(3,662)**	(787)	(2,875)
Accumulated deficit	**(318,594)**	(182,561)	(22,185)
Non-controlling interest	**3,802**	6,461	1,012
Total Shareholders' (Deficit) Equity	**(13,316)**	54,750	41,673
Total Liabilities and Shareholders' (Deficit) Equity	**$ 427,244**	$ 345,124	$ 64,453

The accompanying notes are an integral part of these consolidated financial statements.

TerrAscend Corp.

Consolidated Statements of Operations and Comprehensive Loss

(Amounts expressed in thousands of United States dollars, except for per share amounts)

	For the years ended		
	December 31, 2020	**December 31, 2019**	**December 31, 2018**
Revenue	**$ 157,906**	$ 66,164	$ 5,521
Excise and cultivation taxes	**(10,073)**	(2,351)	(253)
Revenue, net	**147,833**	63,813	5,268
Cost of sales	**66,668**	61,255	7,436
Gross profit	**81,165**	2,558	(2,168)
Operating expenses:			
General and administrative	**55,604**	39,160	13,979
Share-based compensation	**10,075**	6,738	2,827
Amortization and depreciation	**5,562**	3,067	411
Research and development	**317**	582	109
Total operating expenses	**71,558**	49,547	17,326
Income (loss) from operations	**9,607**	(46,989)	(19,494)
Other expense (income)			
Revaluation of contingent consideration	**18,709**	46,857	—
Loss on fair value of warrants	**110,518**	—	—
Finance and other expenses (income)	**8,193**	3,524	(469)
Transaction and restructuring costs	**2,093**	8,444	—
Impairment of goodwill	**—**	45,802	—
Impairment of intangible assets	**766**	3,309	146
Impairment of property and equipment	**823**	1,746	—
Unrealized foreign exchange loss (gain)	**178**	313	(19)
Unrealized and realized (gain) loss on investments and notes receivable	**(186)**	4,394	(3,996)
Loss before provision for income taxes	**(131,487)**	(161,378)	(15,156)
Provision for income taxes	**10,769**	1,769	544
Net loss	**$ (142,256)**	$ (163,147)	$ (15,700)
Foreign currency translation	**2,875**	(2,088)	2,691
Comprehensive loss	**$ (145,131)**	$ (161,059)	$ (18,391)
Net loss attributable to:			
Common and proportionate Shareholders of the Company	**(139,204)**	(160,668)	(15,579)
Non-controlling interests	**(3,052)**	(2,479)	(121)
Comprehensive loss attributable to:			
Common and proportionate Shareholders of the Company	**(142,079)**	(158,580)	(18,270)
Non-controlling interests	**(3,052)**	(2,479)	(121)
Net loss per share, basic and diluted			
Net loss per share – basic and diluted	**$ (0.93)**	$ (1.61)	$ (0.17)
Weighted average number of outstanding common and proportionate voting shares	**149,740,210**	99,592,007	93,955,914

The accompanying notes are an integral part of these consolidated financial statements.

TerrAscend Corp.

Consolidated Statements of Changes in Shareholders' (Deficit) Equity

(Amounts expressed in thousands of United States dollars, except for per share amounts)

	Number of Shares										
				Convertible Preferred Stock							
	Common Stock	Exchangeable Shares	Proportionate Voting Shares	Series A	Series B	Common Shares Equivalent	Additional paid in capital	Accumulated other comprehensive loss	Accumulated deficit	Non-controlling interest	Total
Balance at January 1, 2018	**94,351,198**	**—**	**—**	**—**	**—**	**94,351,198**	**$ 59,524**	**$ (184)**	**(6,761)**	**$ —**	**$ 52,579**
Shares issued - stock option and warrant exercises	4,388,879	—	—	—	—	4,388,879	2,768	—	—	—	**2,768**
Shares issued- plan of arrangement	16,319,659	—	—	—	—	16,319,659	—	—	—	—	**—**
Exchangeable shares issued- Plan of Arrangement	(38,890,571)	38,890,571	—	—	—	—	—	—	—	—	**—**
Proportionate voting shares issued- Plan of Arrangement	(35,021,529)	—	35,022	—	—	—	—	—	—	—	**—**
Warrants issued for services	—	—	—	—	—	—	483	—	—	—	**483**
Share-based compensation expense	—	—	—	—	—	—	3,101	—	—	—	**3,101**
Options expired	—	—	—	—	—	—	(155)	—	155	—	**—**
Non-controlling interest on acquisitions	—	—	—	—	—	—	—	—	—	1,133	**1,133**
Net loss for the year	—	—	—	—	—	—	—	—	(15,579)	(121)	**(15,700)**
Foreign currency translation	—	—	—	—	—	—	—	(2,691)	—	—	**(2,691)**
Balance at December 31, 2018	**41,147,636**	**38,890,571**	**35,022**	**—**	**—**	**115,059,736**	**$ 65,721**	**$ (2,875)**	**$ (22,185)**	**$ 1,012**	**$ 41,673**

Shares issued - stock option and warrant exercises	2,061,334	—	20,045	—	—	**22,106,426**	26,894	—	—	—	**26,894**
Shares issued - proportionate voting shares purchased warrants	—	—	8,591	—	—	**8,590,908**	—	—	—	—	**—**
Shares issued - acquisitions	1,362,343	—	11,759	—	—	**13,121,343**	56,662	—	—	—	**56,662**
Private placement net of share issuance costs	21,992,009	—	—	—	—	**21,992,009**	74,334	—	—	—	**74,334**
Issuance of convertible debentures- warrants	—	—	—	—	—	**—**	657	—	—	—	**657**
Share-based compensation expense	—	—	—	—	—	**—**	7,661	—	—	—	**7,661**
Options and warrants expired/forfeited	—	—	—	—	—	**—**	(292)	—	292	—	**—**
Non-controlling interest on acquisitions	—	—	—	—	—	**—**	—	—	—	6,022	**6,022**
Capital contributions	—	—	—	—	—	**—**	—	—	—	1,906	**1,906**
Net loss for the year	—	—	—	—	—	**—**	—	—	(160,668)	(2,479)	**(163,147)**
Foreign currency translation	—	—	—	—	—	**—**	—	2,088	—	—	**2,088**
Balance at December 31, 2019	**66,563,322**	**38,890,571**	**75,417**	**—**	**—**	**180,870,422**	**$ 231,637**	**$ (787)**	**$ (182,561)**	**$ 6,461**	**$ 54,750**

The accompanying notes are an integral part of these consolidated financial statements.

TerrAscend Corp.

Consolidated Statements of Changes in Shareholders' (Deficit) Equity

(Amounts expressed in thousands of United States dollars, except for per share amounts)

	Number of Shares										
				Convertible Preferred Stock							
	Common Stock	**Exchangeable Shares**	**Proportionate Voting Shares**	**Series A**	**Series B**	**Common Shares Equivalent**	**Additional paid in capital**	**Accumulated other comprehensive loss**	**Accumulated deficit**	**Non-controlling interest**	**Total**
Balance at December 31, 2019	**66,563,322**	**38,890,571**	**75,417**	**—**	**—**	**180,870,422**	**$ 231,637**	**$ (787)**	**$ (182,561)**	**$ 6,461**	**$ 54,750**
Shares issued - stock option, warrant and RSU exercises	3,203,470	—	—	—	—	3,203,470	8,448	—	—	—	**8,448**
Shares issued - compensation for services	1,625,701	—	—	—	—	1,625,701	3,750	—	—	—	**3,750**
Private placement net of share issuance costs	5,313,786	—	—	15,239	3,440	23,992,786	23,977	—	—	—	**23,977**
Shares issued - conversion	2,820,506	—	890	(981)	(2,730)	—	—	—	—	—	**—**
Issuance of warrants	—	—	—	—	—	—	27,177	—	—	—	**27,177**
Share-based compensation expense	—	—	—	—	—	—	10,475	—	—	—	**10,475**
Options expired/forfeited	—	—	—	—	—	—	(3,171)	—	3,171	—	**—**
Modification of warrants associated with RIV Capital debt	—	—	—	—	—	—	2,845	—	—	—	**2,845**
Capital contributions	—	—	—	—	—	—	—	—	—	393	**393**
Net loss for the year	—	—	—	—	—	—	—	—	(139,204)	(3,052)	**(142,256)**
Foreign currency translation	—	—	—	—	—	—	—	(2,875)	—	—	**(2,875)**
Balance at December 31, 2020	**79,526,785**	**38,890,571**	**76,307**	**14,258**	**710**	**209,692,379**	**$ 305,138**	**$ (3,662)**	**$ (318,594)**	**$ 3,802**	**$ (13,316)**

The accompanying notes are an integral part of these consolidated financial statements.

TerrAscend Corp.

Consolidated Statements of Cash Flows

(Amounts expressed in thousands of United States dollars, except for per share amounts)

	For the years ended		
	December 31, 2020	**December 31, 2019**	**December 31, 2018**
Operating activities			
Net loss	$ (142,256)	$ (163,147)	$ (15,700)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities			
Non-cash write downs of inventory	7,167	10,805	1,918
Accretion expense	5,500	973	47
Depreciation of property and equipment and amortization of intangible assets	10,433	4,444	710
Amortization of operating right-of-use assets	4,239	1,086	—
Share-based payments	10,475	7,661	3,101
Deferred income tax expense	(11,970)	(1,234)	531
Net increase in fair value of warrant and derivative liabilities	110,518	—	—
Revaluation of contingent consideration	18,709	46,857	—
Impairment of property, plant and equipment	823	1,746	—
Impairment of intangible assets	766	3,309	146
Impairment of goodwill	—	45,802	—
Fees for services related to NJ	7,500	—	—
Unrealized foreign exchange loss	178	313	(19)
Unrealized and realized (gain) loss on investment and notes receivable	(186)	4,394	(3,996)
Changes in operating assets and liabilities			
Receivables	(4,472)	199	(4,624)
Inventory	(11,779)	(6,651)	(10,723)
Prepaid expense and deposits	(46)	(456)	(1,828)
Other assets	(442)	—	—
Accounts payable and accrued liabilities and other payables	6,364	1,548	10,238
Contingent consideration payable, current	(56,527)	—	—
Operating lease liability	(3,055)	(1,042)	—
Income taxes payable	11,358	2,653	13
Deferred revenue	(268)	899	9
Net cash used in operating activities	(36,971)	(39,841)	(20,177)
Investing activities			
Investment in property and equipment	(44,621)	(32,834)	(8,629)
Investment in intangible assets	(896)	(1,306)	(1,231)
Investment in notes receivable	—	(10,456)	(1,205)
Principal payments received on notes receivable	—	6,111	—
Principal payments received on lease receivable	124	—	—
Sale (purchase) of investments	—	2,427	(1,964)
Investment in associate	153	—	—
Investment in joint venture	—	(620)	(2,011)

Advances to joint venture partner	—	—	(2,115)
Deposits for business acquisition	(1,389)	—	—
Cash portion of consideration paid in acquisitions, net of cash acquired	—	(67,540)	—
Cash received on acquisitions	739	—	—
Net cash used in investing activities	(45,890)	(104,218)	(17,155)
Financing activities			
Proceeds from options and warrants exercised	7,287	26,894	2,768
Proceeds from loans payable	201,496	42,843	10,000
Capital contributions received by non-controlling interests	393	1,906	828
Loan principal paid	(53,886)	—	—
Loan origination fee paid	(2,250)	—	(750)
Payments of contingent consideration	(90,657)	—	
Proceeds from private placement, net of share issuance costs	71,023	49,955	—
Proceeds from convertible debentures, net of issuance costs	—	15,336	—
Net cash provided by financing activities	133,406	136,934	12,846
Net increase (decrease) in cash and cash equivalents during the period	50,544	(7,125)	(24,486)
Net effects of foreign exchange	(480)	327	(859)
Cash and cash equivalents, beginning of period	9,162	15,960	41,305
Cash and cash equivalents, end of period	**$ 59,226**	**$ 9,162**	**$ 15,960**
Supplemental disclosure with respect to cash flows			
Income taxes paid	$ 11,204	$ —	$ —
Interest paid	2,192	2,760	—
Non-cash transactions			
Shares issued as consideration for acquisitions	—	56,663	—
Shares issued for compensation of services	3,750	—	—
Accrued capital purchases	4,544	7,042	—
Notes receivable settled for business acquisition	3,032	—	—
Conversion of shares into note receivable	—	3,163	—
Conversion of note receivable into shares	—	(2,687)	—

The accompanying notes are an integral part of these consolidated financial statements.

1. Summary of significant accounting policies

TerrAscend Corp. ("TerrAscend" or the "Company") was incorporated under the Ontario Business Corporations Act on March 7, 2017. TerrAscend provides cannabis products, brands, and services to the global cannabinoid market. With operations in both Canada and the United States ("US"), TerrAscend participates in the medical and legal adult use market across Canada and in several US states where cannabis has been legalized for therapeutic or adult use. TerrAscend operates a number of synergistic businesses, including The Apothecarium ("Apothecarium"), a group of full-service dispensaries in California, Pennsylvania and New Jersey that provide cannabis to both medical patients and adult-use customers; Arise Bioscience Inc., a manufacturer and distributor of hemp-derived products; Ilera Healthcare ("Ilera"), a vertically integrated cannabis cultivator, processor and dispensary operator in Pennsylvania; Valhalla Confections, a manufacturer of cannabis-infused edibles, and State Flower, a cannabis producer operator a cultivation facility in San Francisco. TerrAscend holds a permit to operate as an alternative treatment center in New Jersey, which allows for the cultivation and processing of cannabis with the ability to operate up to three alternative treatment centers.

The Company was listed on the Canadian Stock Exchange effective May 3, 2017, having the ticker symbol TER and effective October 22, 2018, the Company began trading on OTCQX under the ticker symbol TRSSF. The Company's registered office is located at PO Box 43125, Mississauga, Ontario, L5C 1W2.

2. Summary of significant accounting policies

(a) Basis of presentation and measurement

These consolidated financial statements as of and for the years ended December 31, 2020, 2019, and 2018 (the "Consolidated Financial Statements") of the Company and its subsidiaries were prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

These consolidated financial statements have been prepared on the going concern basis, under the historical cost convention, except for certain financial instruments that are measured at fair value as described herein.

(b) Functional and presentation currency

The functional currency of the Company and its Canadian subsidiaries is Canadian dollars ("C$"). The functional currency of the Company's US subsidiaries is the US dollar ("USD"). The Company's presentation currency is in USD. All amounts are presented in USD unless otherwise specified. References to C$ are to Canadian dollars.

(c) Basis of consolidation

These consolidated financial statements include the financial information of the Company and its subsidiaries. The Company consolidates legal entities in which it holds a controlling financial interest. The Company has a two-tier consolidation model: one focused on voting rights (the voting interest model) and the second focused on a qualitative analysis of power over significant activities and exposure to potentially significant losses or benefits (the variable interest model). All entities are first evaluated to determine whether they are variable interest entities ("VIE"). If an entity is determined not to be a VIE, it is assessed on the basis of voting and other decision-making rights under the voting interest model. The accounts of the subsidiaries are prepared for the same reporting period using consistent accounting policies.

All intercompany balances and transactions were eliminated on consolidation.

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand at retail locations, demand deposits with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. Cash held in money market investments are carried at fair value, cash held in financial institution and cash held at retail locations have carrying values that approximate fair value.

2. Summary of significant accounting policies (continued)

(e) Inventory

Inventories of harvested and purchased finished goods and packaging materials are valued at the lower of cost or net realizable value. Net realizable value is determined as the estimated selling price in the ordinary course of business less the reasonably predictable costs of completion, disposal and transportation. The direct and indirect costs of inventory include materials, labour and depreciation expense on equipment involved

in packaging, labeling and inspection. Amortization of acquired cannabis production licenses are also considered to be indirect costs of inventory. All direct and indirect costs related to inventory are capitalized as they are incurred and they are subsequently recorded within cost of sales on the consolidated statements of operations at the time cannabis is sold.

Products for resale and supplies and consumables are valued at the lower of cost or net realizable value. The Company reviews inventory for obsolete, redundant, and slow-moving goods, and any such inventories are written down to net realizable value.

(f) Property and equipment

Property and equipment is measured at cost, including capitalized borrowing costs, less accumulated depreciation and impairment losses. Ordinary repairs and maintenance are expensed as incurred. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset using the following terms:

Buildings and improvements	Lesser of useful life or 30 years
Land	Not depreciated
Machinery & equipment	5-15 years
Office furniture & production equipment	3-5 years
Right of use assets	Lease term
Assets in process	Not depreciated

An asset's residual value, useful life and depreciation method are reviewed annually, or when events or circumstances indicate that the current estimate or depreciation method are no longer applicable. Changes are adjusted prospectively if appropriate. Gains and losses on disposal of an asset are determined by comparing the proceeds from disposal with the carrying amount of the items and are recognized in the consolidated statements of operations. Assets in process are transferred to building and improvements when available for use and depreciation of the assets commences at that point.

The Company evaluates the recoverability of property and equipment, whenever events or changes in circumstances indicate that the carrying value of the asset or asset group may not be recoverable. See – *Impairment of long-lived assets* information within this note for detailed information on the Company's impairment assessment of its property and equipment.

The Company capitalizes interest and borrowing costs on significant qualifying capital construction projects. Upon the asset becoming available for use, capitalization of borrowing costs ceases, and depreciation commences on a straight-line basis over the estimated useful life of the related asset.

2. Summary of significant accounting policies (continued)

(g) Leases

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) ("ASU 2016-02"), which amended the FASB Accounting Standards Codification ("ASC") by creating ASC 842 to replace ASC 840. ASU 2016-02 requires lessees to recognize a right-of-use asset and a lease liability on the balance sheet for substantially all leases. Leases are classified as either financing or operating, with classification affecting the pattern of expense recognized in the statement of operations. In July 2018, the FASB issued ASU 2018-11, Leases (Topic 842) to provide entities with relief from the costs of implementing certain aspects of the new leasing standard. In March 2019, the FASB issued ASU 2019-01, Leases (Topic 842): Codification Improvements ("ASU 2019-01") which clarifies certain items regarding lessor accounting. It also clarifies the interim disclosure requirements during transition.

Effective January 1, 2019, the Company adopted ASU 2016-02 (ASC 842) and applied the modified retrospective method of adoption, which allows the Company to recognize a cumulative effect adjustment to the opening balance of accumulated earnings in the period of adoption. The cumulative effect adjustment to the opening balance of accumulated earnings was $nil. Prior period amounts have not been adjusted in connection with this standard. Upon adoption, the Company made the accounting policy election, as permitted by the standard, to rely on previous assessments of whether leases are onerous immediately before the date of initial application. The Company excluded initial direct costs from the measurement of the right of use asset at the initial date of application.

The Company elected not to reassess whether a contract contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the previous determinations pursuant to ASC 840 of whether a contract is a lease has been maintained. Additionally, the Company elected to not apply hindsight in determining the lease term of the right of use assets at the adoption date.

The Company's leases are primarily operating leases for corporate offices, retail dispensaries, and cultivation and manufacturing facilities. The operating lease periods generally range from 1 to 28 years.

The Company's leases include fixed payments, as well as in some cases, scheduled base rent increases over the term of the lease. Certain leases require variable payments of common area maintenance, operating expenses, and real estate taxes applicable to the property. Variable payments are excluded from the measurements of lease liabilities and are expensed as incurred. Any tenant improvement allowances received from the lessor are recorded as a reduction to rent expense over the term of the lease. None of the Company's lease agreements contained residual value guarantees or material restrictive covenants.

The Company determines if an arrangement is a lease at the inception of the contract. Lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term for those arrangements where there is an identified asset and the contract conveys the right to control its use. The right-of-use ("ROU") asset is measured at the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, and initial direct costs. For operating leases, right-of-use assets are reduced over the lease term by the straight-line expense recognized, less the amount of accretion of the lease liability determined using the effective interest rate method. Finance leases are included in property and equipment in the Consolidated Balance Sheets. Net and accrued obligations on the Company's finance leases is included in accounts payable and accrued liabilities.

As of January 1, 2019 at the date of adoption, the Company recorded right of use assets and lease obligations on the Consolidated Balance Sheets for operating leases of $308 and $308, respectively.

2. Summary of significant accounting policies (continued)

Operating lease expense is recognized on a straight-line basis over the lease term and is included in general and administrative expense in the Company's Consolidated Statements of Operations and Comprehensive Loss. Finance lease cost includes amortization, which is recognized on a straight-line basis over the expected life of the lease asset, and interest expense, which is recognized following an effective interest rate method and is included in finance and other expenses in the Company's Consolidated Statements of Operations.

The Company applies a single discount rate to a portfolio of leases with reasonably similar characteristics. The majority of the Company's leases do not provide an implicit rate that can be easily determined, and therefore uses its incremental borrowing rate and the information available at the commencement date (refer to Note 10). The weighted average incremental borrowing rate for lease liabilities initially recognized as of January 1, 2019 was 8.75%.

Certain leases include one or more options to renew or terminate the lease at the Company's discretion. The Company regularly evaluates lease renewal and termination options and, when they are reasonably certain of exercise, includes the renewal or termination option in the lease term.

The Company evaluates its ROU assets for impairment consistent with its impairment of long-lived assets. See –*Impairment of long-lived assets* information within this note for detailed information on the Company's impairment assessment of its right-of-use assets.

In some instances, the Company subleases excess office space to third party tenants. The Company, as sublessor, continues to account for the head lease. If the lease cost for the term of the sublease exceeds the Company's anticipated sublease income for the same period, this indicates that the right-of-use asset associated with the head lease should be assessed for impairment under the long-lived asset impairment provisions. Sublease income is included in Finance (expense) income in the Company's Consolidated Statements of Operations.

The Company accounts for non-lease and lease components to which they relate as a single lease component. Additionally, the Company recognized lease payments under short-term leases with an initial term of

twelve months or less, as well as low value assets, as an expense on a straight-line basis over the lease term without recognizing the lease liability and ROU asset.

(h) Goodwill

Goodwill is recorded at the time of acquisition and represents the excess of the aggregate consideration paid for an acquisition over the fair value of the net tangible and intangible assets acquired. Goodwill is not subject to amortization and is tested for impairment on an annual basis or more frequently if events or changes in circumstances indicate that they might be prepared. See – *Impairment of goodwill and intangible assets* information within this note for detailed information on the Company's impairment assessment of its goodwill and intangible assets.

(i) Intangible assets

Intangible assets are recorded at cost less accumulated amortization and impairment losses, if any. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Amortization is provided on a straight-line basis over the assets' estimated useful lives, which do not exceed the contractual period, if any. The estimated useful lives, residual values and amortization methods are reviewed annually and any changes in estimates are accounted for prospectively. Amortization is calculated on a straight-line basis over the following terms:

2. Summary of significant accounting policies (continued)

Brand intangibles	Indefinite useful lives
Software	5-30 years
Licenses	5-30 years
Customer relationships	5 years
Non-compete agreements	3 years

Licenses relating to cultivation and dispensary licenses are amortized using a useful life consistent with the property and equipment to which they relate.

Intangible assets that have indefinite useful lives, which include brand names, are not subject to amortization but the carrying value is tested for impairment on an annual basis or more frequently if events or changes in circumstances indicate that they may be impaired. See – *Impairment of long-lived assets* information within this note for detailed information on the Company's impairment assessment of its goodwill and intangible assets.

(j) Impairment of intangible assets and goodwill

The Company operates as one operating segment. For the purposes of testing goodwill, the Company has identified four reporting units. The Company analyzed its reporting units by first reviewing the operating statements based on geographic areas in which the Company conducts business (or each market). The Company's reporting units to which goodwill has been assigned include Pennsylvania, California, Florida, and Canada.

Goodwill and indefinite lived intangible assets are reviewed for impairment annually and whenever there are events or changes in circumstances that indicate the carrying amount has been impaired. In performing the qualitative assessment, the Company considers many factors in evaluating whether the carrying value of goodwill may not be recoverable. If, based on the results of the qualitative assessment, it is determined that it is more likely than not that the fair value of a reporting unit exceeds its carrying value, additional quantitative impairment testing is performed which compares the carrying value of the reporting unit to its estimated fair value.

Definite lived intangible assets are tested for impairment when there are indications that an asset may be impaired. When indicators of impairment exist, the Company performs a quantitative impairment test which compares the carrying value of the assets for intangibles and reporting unit for goodwill to their estimated fair values.

(k) Impairment of long-lived assets

The Company evaluates the recoverability of long-lived assets, including property and equipment, ROU assets, and definite lived intangible assets, whether events or changes in circumstances indicate that the carrying value of the asset, or asset group, may not be recoverable.

When the Company determines that the carrying value of the long-lived asset may not be recoverable based upon the existence of one or more of the indicators, the assets are assessed for impairment based on the estimate of future undiscounted cash flows expected to result from the use of the asset and its eventual disposition. If the carrying value of an asset exceeds its estimated future undiscounted cash flows, an impairment loss is recorded for the excess of the asset's carrying value over its fair value.

2. Summary of significant accounting policies (continued)

(l) Revenue recognition

Revenue is recognized by the Company in accordance with ASU 2014-09 *Revenue from Contracts with Customers* (Topic 606). The standard requires sales to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services. This is achieved by applying the following five steps: i) identify the contract with a customer; ii) identify the performance obligations in the contract; iii) determine the transaction price; iv) allocate the transaction price to the performance obligations in the contract; and v) recognize sales when (or as) the entity satisfies a performance obligation.

Revenues consist of branded manufacturing and retail sales, which are recognized when control of the goods has transferred to the purchaser and the collectability is reasonably assured. This is generally when goods have been delivered, which is also when the performance obligations have been fulfilled under the terms of the related sales contract. Revenue from retail sales of cannabis to customers for a fixed price is recognized when the Company transfers control of the goods to the customer at the point of sale and the customer has accepted and paid for the goods. Revenue for branded manufacturing sales for a fixed price is recognized upon delivery to the customer. Sales are recorded net of returns and discounts and incentives, but inclusive of freight. Payment is typically due upon transferring the goods to the customer or within a specified time period permitted under the Company's credit policy. All shipping and handling activities are performed before the customers obtain control of products and accounted for as cost of sales.

Local authorities will often impose excise or cultivation taxes on the sale or production of cannabis products. Excise and cultivation taxes are effectively a production tax which become payable when a cannabis product is delivered to the customer and are not directly related to the value of sales. The excise is borne by the Company and is included in revenue. The subtotal "net revenue" on the statements of operations and consolidated loss represents the revenue as defined by ASC 606, minus the excise or cultivation taxes.

(m) Business combinations

The Company accounts for business combinations using the acquisition method when control is obtained by the Company (see Note 2(c)). The Company measures the consideration transferred, the assets acquired, and the liabilities assumed in a business combination at their acquisition-date fair values. Acquisition related costs are recognized as expenses in the periods in which the costs are incurred, and the services are received, except for the costs to issue debt or equity securities which are recognized according to specific requirements. The excess of the consideration transferred to obtain control, over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed, is recognized as goodwill as of the acquisition date.

Contingent consideration for a business combination is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as a liability is measured at subsequent reporting dates in accordance with ASC 450 *Contingencies,* as appropriate, with the corresponding gain or loss being recognized in profit or loss.

If the acquiree's former owners contractually indemnify the Company for a particular uncertainty, an indemnification asset is recognised on a basis that matches the indemnified item, subject to the contractual provisions or any collectability considerations.

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2. Summary of significant accounting policies (continued)

(n) Investments

Investments in equity securities without readily determinable fair value

The Company accounted for its investment in equity securities without readily determinable fair values using a valuation technique which maximizes the use of relevant observable inputs, with subsequent holding changes in fair value recognized in unrealized gain or loss on investments in the consolidated statement of loss. Investments in these type of securities are classified as Level 3 investments in the fair value hierarchy. The Company recognized unrealized gains related to its investment in equity securities of $186 and $3,996 during the years ended December 31, 2020 and 2018. In contrast, the Company recognized a $4,202 unrealized loss during the year ended December 31, 2019. These amounts were included in other (expense) income in the Company's consolidated statements of operations. See Note 21 – Financial Instruments and Risk Management for further discussion

Investment in associates and joint ventures

The Company accounts for long-term equity investments in which it is able to exercise significant influence, but do not have control over, using the equity method. Investmentsaccounted for using the equity method include investments in associates, and joint arrangements representing joint ventures.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but without control or joint control over those policiesA joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Company accounts for its investments in associatesand joint ventures using the equity method of accounting. Under the equity method, investments in associates and joint ventures are initially recognized in the consolidated statements of financial position at cost, and subsequently adjusted for the Company's share of the net income (loss), comprehensive income (loss) and distributions of the investee. The carrying value is assessed for impairment at each statement of financial position date. See Note 21 – *Financial Instruments and Risk Management* for further discussion

(o) Non-controlling interests

Non-controlling interests ("NCI") represents equity interests owned by outside parties. NCI may be initially measured at fair value or at the NCI's proportionate share of the recognized amounts of the acquiree's identifiable net assets. The Company elected to measure NCI on acquisition at its fair value as of the acquisition date (refer to Note 2x(viii)).

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2. Summary of significant accounting policies (continued)

(p) Income taxes

Income tax expense, consisting of current and deferred tax expense, is recognized in the consolidated statements of operations. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regard to previous years. Deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized, or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income (loss) in the period that substantive enactment occurs. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(q) Share capital

Common shares

Common shares are classified as equity. The proceeds from the exercise of stock options or warrants together with amounts previously recorded in reserves over the vesting periods are recorded as share capital. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

Equity units

Proceeds received on the issuance of equity units comprised of common shares and warrants, such as convertible debentures and convertible preferred stock with detachable warrants, are allocated to common shares and warrants based on the relative fair value method.

(r) Share based compensation

The Company has a stock option plan in place. The Company measures equity settled share-based payments based on their fair value at the grant date and recognizes compensation expense on a straight-line basis over the vesting period. Fair value is measured using the Black-Scholes option pricing model. In estimating fair value, management is required to make certain assumptions and estimates such as the expected life of units, volatility of the Company's future share price, risk free rates, expected forfeiture and future dividend yields at the initial grant date. Changes in assumptions used to estimate fair value could result in materially different results. Expected forfeitures are estimated at the date of grant, based on historical trends of actual option forfeitures, and subsequently adjusted if further information indicates actual forfeitures may vary from the original estimate. Any revisions are recognized in the consolidated statements of operations and comprehensive loss such that the cumulative expense reflects the revised estimate. In addition, the Company is required to estimate the expected forfeiture rate and only recognize expense for those shares expected to vest. If the actual forfeiture rate is materially different from management's estimates, the stock-based compensation expense could be significantly different from what the Company has recorded in the current period.

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2. Summary of significant accounting policies (continued)

Upon exercise of stock options and warrants that are classified as equity, any historical fair value in the warrants and share-based compensation reserve is allocated to additional paid in capital. Amounts recorded for expired unexercised stock options and warrants are transferred to deficit in the year of expiration.

The fair value of restricted stock units is based on the closing price of the Company's stock as of the grant date. Compensation expense is recognized on a straight-line basis, by amortizing the grant date fair value over

the vesting period.

(s) Convertible instruments

The Company evaluates and accounts for conversion options embedded in convertible instruments in accordance with ASC 815, Derivatives and Hedging Activities.

Companies are required to bifurcate conversion options from their host instrument and account for them as free-standing derivative financial instruments according to certain criteria. The criteria includes circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not remeasured at fair value under GAAP with changes in fair value reported in earnings as they occur, and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument.

The Company accounts for convertible instruments (when it has been determined that the embedded conversion options should not be bifurcated from their host instruments) as follows: the Company records, when necessary, discounts to convertible notes for the intrinsic value of conversion options embedded in debt instruments based upon the differences between the fair value of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note. Debt discounts under these arrangements are amortized over the term of the related debt to their stated date of redemption.

The Company issued convertible debentures with detachable share purchase warrants at various times to raise capital to expand its business and support general corporate needs. The convertible instruments also included embedded derivatives in the form of conversion features and put options. Management evaluated the convertible debentures to determine the proper accounting and whether the embedded derivatives required bifurcation from the host instrument and whether the conversion feature was a beneficial conversion feature ("BCF"). It was concluded that the embedded derivative did not require bifurcation from the host instrument and that the conversion feature was not a BCF.

The Company accounted for the convertible debentures and embedded derivatives as a single unit of account and classified them entirely as non-current liabilities in the Company's consolidated balance sheets in accordance with Debt with Conversion and Other Options (Subtopic ASC 470-20). The Company engaged a third-party to determine the fair value of each of the instruments issued and allocated the proceeds received from the issuance and the transaction costs related to the issuance of the convertible debentures and warrants based on their relative fair values as determined at issuance.

2. Summary of significant accounting policies (continued)

(t) Convertible preferred stock and detachable warrants

The Company evaluates convertible preferred stock in accordance with Debt with Conversion and Other Options (Subtopic ASC 470-20-35-7). All of the issued series preferred stock are convertible into shares of the Company's common stock at a conversion ratio of one preferred share for 1,000 common shares. All series of convertible preferred stock are classified as shareholders' equity in the Company's consolidated balance sheets. The fair value of the related preferred stock is based on the closing price of the Company's common stock on the day of issuance of the preferred stock.

Included in the issuance were detachable warrants to purchase a convertible preferred share. The detachable purchase warrants were evaluated for equity or liability classification and were determined to meet liability classification. The warrants are legally detachable and separately exercisable from the convertible preferred shares.

(u) Warrant liability

The Company may issue common stock warrants with debt, equity or as a standalone financing instrument that is recorded as either liabilities or equity in accordance with the respective accounting guidance. Warrants recorded as equity are recorded at their relative fair value determined at the issuance date and remeasurement is not required. Warrants recorded as liabilities are recorded at their fair value, within warrant liability on the consolidated balance sheets, and remeasured on each reporting date with changes recorded in the Company's consolidated statements of operations and comprehensive loss.

(v) Embedded derivative liabilities

The Company evaluates its financial instruments to determine if those instruments or any embedded components of those instruments qualify as derivatives that need to be separately accounted for in accordance with ASC 815, Derivatives and Hedging. Embedded derivatives satisfying certain criteria are recorded at fair value at issuance and marked-to-market at each balance sheet date with the change in the fair value recorded as income or expense. In addition, upon the occurrence of an event that requires the derivative liability to be reclassified to equity, the derivative liability is revalued to fair value at that date.

(w) Loss per share

The Company presents basic and diluted loss per share data for its ordinary shares. Basic loss per share is calculated using the treasury stock method, by dividing the loss attributable to common and proportionate shareholders of the Company by the weighted average number of common and proportionate voting shares outstanding during the period. Contingently issuable shares (including shares held in escrow) are not considered outstanding common shares and consequently are not included in the loss per share calculations. The Company has the following categories of potentially dilutive common share equivalents: RSUs, stock options, warrants, convertible preferred shares, exchangeable shares and convertible debentures.

In order to determine diluted loss per share, it is assumed that any proceeds from the exercise of dilutive instruments would be used to repurchase common shares at the average market price during the period. The Company also considers all outstanding convertible securities, such as the convertible preferred shares, convertible debentures, and outstanding exchangeable shares as if the instruments were converted to the Company's common stock.

2. Summary of significant accounting policies (continued)

Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common and proportionate voting shares outstanding, adjusted for the effects of all dilutive potential common and proportionate voting shares. Proportionate voting shares are converted to their common share equivalent of one thousand common shares for every one proportionate voting share for the purposes of calculating basic and diluted loss per share. In a period of losses, all of the potentially dilutive common share equivalents are excluded in the determination of dilutive net loss per share because their effect is antidilutive. During the years ended December 31, 2020, 2019 and 2018, no potentially dilutive common share equivalents were included in the computation of diluted loss per share because their impact would have been anti-dilutive.

(x) Use of significant estimates and judgments

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Management has applied significant estimates and judgements related to the following:

i) *Inventory*

The net realizable value of inventory represents the estimated selling price in the ordinary course of business less the reasonably predictable costs of completion, disposal and transportation. The Company estimates the net realizable value of inventories, taking into account the most reliable evidence available at each reporting date. The determination of net realizable value requires significant judgment, including consideration of factors such as shrinkage, the aging of and future demand for inventory, expected future selling price the Company expects to realize by selling the inventory, and the contractual arrangements with customers. Reserves for excess and obsolete inventory are based upon quantities on hand, projected volumes from demand forecasts and net realizable value. The future realization of

these inventories may be affected by market-driven changes that may reduce future selling prices. A change to these assumptions could impact the Company's inventory valuation and gross profit. The impact of inventory reserves is reflected in cost of sales.

ii) *Share based payments*

In calculating share-based compensation expense, key estimates are used such as, the rate of forfeiture of options granted, the expected life of the option, the volatility of the Company's stock price, and the risk-free interest rate.

iii) *Warrant Liability*

In calculating the fair value of warrants issued, the Company includes key estimates such as the volatility of the Company's stock price and the risk-free interest rate. The Company uses judgment to select methods used and in performing the fair value calculations at the initial measurement at issuance, as well as for subsequent measurement on a recurring basis.

2. Summary of significant accounting policies (continued)

iv) *Depreciation and amortization of property and equipment and intangible assets*

Depreciation and amortization rates are dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that consider factors such as economic and market conditions and the useful lives of assets.

v) *Income taxes*

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company generating future taxable income against which the deferred tax assets can be utilized. In addition, significant judgment is required in classifying transactions and assessing probable outcomes of tax positions taken, and in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. It is possible, however, that at some future date, an additional liability could result from audits by taxing authorities. If the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

vi) *Impairment of intangible assets and goodwill*

Goodwill and indefinite lived intangible assets are reviewed for impairment annually and whenever there are events or changes in circumstances that indicate the carrying amount has been impaired. Definite lived intangible assets are tested for impairment when there are indications that an asset may be impaired. If it is determined that it is more likely than not that the fair value of a reporting unit exceeds its carrying value, additional quantitative impairment testing is performed which compares the carrying value of the reporting unit to its estimated fair value.

The Company uses an income-based approach as necessary to assess the fair values of intangible assets and its reporting units for goodwill testing purposes. Under the income approach, fair value is based on the present value of estimated cash flows. An impaired asset is written down to its estimated fair value based on the most recent information available.

Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Determining the value in use requires the Company to estimate expected future cash flows associated with the assets and a suitable discount rate in order to calculate present value. A number of factors, including historical results, business plans, forecasts, and market data are used to determine the fair value of the reporting unit and intangible assets.

vii) *Impairment of long-lived assets*

The Company evaluates the recoverability of long-lived assets, including property and equipment, ROU assets, and definite lived intangible assets, whether events or changes in circumstances indicate that the carrying value of the asset, or asset group, may not be recoverable.

2. Summary of significant accounting policies (continued)

When the Company determines that the carrying value of the long-lived asset may not be recoverable based upon the existence of one or more of the indicators, the assets are assessed for impairment based on the estimate of future undiscounted cash flows expected to result from the use of the asset and its eventual disposition. If the carrying value of an asset exceeds its estimated future undiscounted cash flows, an impairment loss is recorded for the excess of the asset's carrying value over its fair value.

viii) *Business combinations*

Classification of an acquisition as a business combination or an asset acquisition depends on whether the asset acquire constitutes a business, which can be a complex judgement. The Company has determined that its acquisitions in Note 4 are business combinations under ASC 805 *Business Combinations*.

In a business combination, substantially all identifiable assets, liabilities and contingent liabilities acquired are recorded at the date of acquisition at their respective fair values. One of the most significant areas of judgment and estimation relates to the determination of the fair value of these assets and liabilities, including the fair value of contingent consideration, if applicable. If any intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, the Company may utilize an independent external valuation expert to develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. These valuations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied. The Company elected to measure each NCI at its fair value as of the acquisition date based on an appraisal of the real estate acquired using the market approach, specifically the direct comparison approach of comparable properties.

ix) *Contingent Consideration*

Contingent consideration payable as the result of a business combination is recorded at the date of acquisition at fair value. The fair value of contingent consideration is subject to significant judgement and estimates, such as projected future revenue. Subsequent changes to the fair value of contingent consideration are measured at each reporting date, with changes recognized through profit or loss.

x) *Fair value of financial instruments*

The Company applies fair value accounting for certain financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities that are recorded at fair value, the Company considers the principal or most advantageous market in which the Company would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as risks inherent in valuation techniques, transfer restrictions, and credit risk.

2. Summary of significant accounting policies (continued)

Financial instruments recorded at fair value are estimated by applying a fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement. The hierarchy is summarized as follows:

Level 1- quoted prices (unadjusted) in active markets for identical assets and liabilities

Level 2- inputs other than quoted prices that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices) from observable market data

Level 3- inputs for assets and liabilities not based upon observable market data

xi) *Incremental borrowing rates*

Lease payments are discounted using the rate implicit in the lease if that rate is readily available. If that rate cannot be easily determined, the lessee is required to use its incremental borrowing rate. The incremental borrowing rate is the rate of interest that the Company estimates it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms. The Company calculates its incremental borrowing rate as the interest rate the Company would pay to borrow funds necessary to obtain an asset of similar value over similar terms taking into consideration the economic factors and the credit risk rating at the commencement date of the lease.

In addition, the Company utilizes a discount rate to determine the appropriate fair value of convertible debentures and loans issued with warrants attached. The discount rate applied reflects the interest rate that the Company would have to pay to borrow a similar amount at a similar term and with a similar security.

xii) *Sales returns and price adjustments*

In Canada, government customers typically have a right of product return, and in some cases, the right to pricing adjustments for products that are subsequently discounted or sold for a lower price in another jurisdiction. The estimation of potential future returns and pricing adjustments includes the use of management estimates and assumptions that may not be certain given the evolving nature of the industry. The Company considers factors such as historical experience, credit quality, age of balances, and current and future economic condition that may affect the Company's expectation of the collectability in determining the allowance for credit losses.

xiii) *Control, joint control or level of influence*

When determining the appropriate basis of accounting for the Company's interests in affiliates, the Company makes judgments about the degree of influence that it exerts directly or through an arrangement over the investees' relevant activities.

xiv) *COVID-19 Estimation Uncertainty*

In March 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic. Government measures to limit the spread of COVID-19, including the closure of non-essential businesses, did not materially disrupt the Company's operations during the year ended December 31, 2020. The production and sale of cannabis have been recognized as essential services across Canada and the US and the Company has not experienced production delays or prolonged retail closures as a result.

2. Summary of significant accounting policies (continued)

Management has been closely monitoring the impact of COVID-19 and has implemented various measures to reduce the spread of the virus including enhanced cleaning protocols and implementing social distancing measures. In April 2020, to mitigate patient and caregiver concerns, the Company's Ilera operations implemented a curbside service at its dispensaries to promote social distancing. Additionally, the Company's Apothecarium business launched a delivery service in California.

Due to the uncertainty surrounding COVID-19, it is not possible to predict the impact that COVID-19 will have on the business, financial position, and operating results in the future. In addition, it is possible that estimates in the Company's financial statements will change in the near term as a result of COVID-19 and the effect of any such changes could be material, which could result in, among other things, impairment of long-lived assets including intangibles and goodwill. Management is closely monitoring the impact of the pandemic on all aspects of its business. At December 31, 2020, management has not observed any material impairments of assets or significant change in the fair value of assets due to the COVID-19 pandemic.

(y) New standards, amendments and interpretations adopted

(i) In February 2016, the FASB issued ASC 2016-02, Leases (ASC 842). The Company adopted this standard effective January 1, 2019. Refer to Note 2(g) above for further details.

(ii) In June 2016, the FASB issued ASC Topic 326, Financial Instruments – Credit Losses ("CECL"), which replaces the incurred loss model with a current expected credit loss model and requires consideration of a broader range of reasonable and supportable information to explain credit loss estimates. This standard applies to financial assets, measured at amortized cost, including loans, held-to-maturity investments, net investments, and trade account receivables. The application of this new guidance did not have a material impact on the Company's financial statements or disclosures.

(iii) In January 2017, the FASB issued ASU No. 2017-04 "Intangibles--- Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment" ("ASU 2017-04"), which simplifies the accounting for goodwill impairment. ASU 2017-04 requires entities to record an impairment charge based on the excess of a reporting unit's carrying amount over its fair value (Step 1 under the current impairment test). The standard eliminates Step 2 from the current goodwill impairment test, which included determining the implied fair value of goodwill and comparing it with the carrying amount of that goodwill. ASU 2017-04 must be applied prospectively and is effective beginning January 1, 2020. Early adoption is permitted. The adoption of the standard did not have a material impact on the Company's consolidated financial statements.

2. Summary of significant accounting policies (continued)

(iv) In July 2017, the FASB issued ASU 2017-11, Earnings Per Share (Topic 260), Distinguishing Liabilities from Equity (Topic 480), Derivatives and Hedging (Topic 815). The amendments in Part I of this update change the classification analysis of certain equity-linked financial instruments (or embedded features) with down round features. When determining whether certain financial instruments should be classified as liabilities or equity instruments, a down round feature no longer precludes equity classification when assessing whether the instrument is indexed to an entity's own stock. The amendments also clarify existing disclosure requirements for equity-classified instruments. As a result, a freestanding equity-linked financial instrument (or embedded conversion option) no longer would be accounted for as a derivative liability at fair value as a result of the existence of a down round feature. For freestanding equity classified financial instruments, the amendments require entities that present EPS in accordance with Topic 260 to recognize the effect of the down round feature when it is triggered. That effect is treated as a dividend and as a reduction of income available to common shareholders in basic EPS. Convertible instruments with embedded conversion options that have down round features are now subject to the specialized guidance for contingent beneficial conversion features (in Subtopic 470-20, Debt—Debt with Conversion and Other Options), including related EPS guidance (in Topic 260). The amendments in Part II of this Update recharacterize the indefinite deferral of certain provisions of Topic 480 that now are presented as pending content in the Codification, to a scope exception. Those amendments do not have an accounting effect. For public business entities, the amendments in Part I of this Update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. Early adoption is permitted for all entities, including adoption in an interim period. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period.

The Company evaluated the anti-dilutive price protection features embedded in the conversion option associated with its convertible preferred share instruments (as described in Note 11 – Shareholders' Equity, Conversion Rights and Price Protection) and determined that, although the price protections do not meet the definition of a down-round feature, the existence of the down-round feature does not preclude the convertible instruments from being indexed to the Company's own stock. As such, and given that the conversion feature (which has the ability to adjust on the occurrence of a triggering event) has been deemed to be clearly and closely related to the host contract, the Company did not bifurcate nor apply separate accounting treatment to the embedded derivatives attached to its convertible preferred shares.

(v) In August 2018, the FASB issued ASU 2018-03, Disclosure Framework – Changes to Disclosure Requirements for Fair Value Measurement (Topic 820). ASU 2018-13 adds, modifies, and removes certain fair value measurement disclosure requirements. ASU 2018-13 is effective for annual and interim periods beginning after December 15, 2019. Early adoption is permitted. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

2. Summary of significant accounting policies (continued)

(y) New standards, amendments and interpretations not yet adopted

(i) In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740) – Simplifying the Accounting for Income Taxes, which is intended to simplify various aspects related to the accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. ASU 2019-12 is effective for the Company beginning January 1, 2021 and does not have a material impact on the Company's consolidated financial statements.

(ii) In January 2020, the FASB issued ASU 2020-01, Investments – Equity Securities (Topic 321), Investments – Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815) ("ASU 2020-01"), which is intended to clarify the interaction of the accounting for equity securities under Topic 321 and investments accounted for under the equity method of accounting in Topic 323 and the accounting for certain forward contracts and purchased options accounting for under Topic 815. ASU 2020-01 is effective for the Company beginning January 1, 2021 and does not have a material impact on the Company's consolidated financial statements.

(iii) On August 5, 2020, the FASB issued ASU No. 2020-06, Debt- Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity, to improve financial reporting associated with accounting for convertible instruments and contracts in an entity's own equity. The amendments in this Update are effective for public business entities for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. The Company adopted this standard January 1, 2021 and notes that it does not have a material impact on the Company's consolidated financial statements.

3. Accounts receivable, net

	December 31, 2020	December 31, 2019	December 31, 2018
Trade receivables	**$ 12,443**	**$ 6,155**	**$ 3,988**
Sales tax receivables	**45**	**892**	**1,066**
Other receivables	**150**	**838**	**2,013**
Provision for sales returns	**(1,772)**	**(1,549)**	**—**
Expected credit losses	**(10)**	**(467)**	**—**
Total receivables, net	**$ 10,856**	**$ 5,869**	**$ 7,067**

Sales tax receivable represents input tax credits arising from sales tax levied on the supply of goods purchased or services received in Canada.Other receivables at December 31, 2020 and December 31, 2019 includes amounts due from the sellers of the Apothecarium (Note 4). Other receivables at December 31, 2018 are related to amounts receivable from the Solace Rx joint venture partner (Note 4). This amount became part of the consideration paid in the acquisition of Solace Rx.

3. Accounts receivable, net (continued)

	December 31, 2020	December 31, 2019	December 31, 2018
Trade receivables	**$ 12,443**	6,155	3,988
Less: provision for sales returns and expected credit losses	**(1,782)**	(2,016)	—
Total trade receivables, net	**$ 10,661**	4,139	3,988
Of which			
Current	**$ 9,893**	5,009	3,953
31-90 days	**2,445**	678	8
Over 90 days	**105**	468	27
Less: provision for sales returns and allowances	**(1,782)**	(2,016)	—
Total trade receivables, net	**$ 10,661**	4,139	3,988

The following is a roll-forward of the provision for sales returns and allowances related to trade accounts receivable for the years ended:

	December 31, 2020	December 31, 2019	December 31, 2018
Beginning of period	**$ 2,016**	—	—
Provision for sales returns	**2,200**	1,636	—
Expected credit losses	**10**	467	
Write-offs charged against provision	**(2,444)**	(87)	—
Total provision for sales returns and expected credit losses	**$ 1,782**	2,016	—

4. Acquisitions

2020 Acquisitions

Acquisition of ABI SF, LLC ("State Flower")

On July 18, 2019, the Company provided $2,850 in cash and received a secured convertible note receivable from ABI SF LLC ("State Flower"), which operates a California cannabis cultivation facility and the State Flower brand. Interest on the note was 12% per annum compounded annually with a maturity date of July 15, 2023 or earlier based on certain conditions.

At December 31, 2019, the amounts receivable from State Flower have been recorded at their fair value of $4,609 (December 31, 2018 - $nil), including $209 (December 31, 2018 - $nil) of accrued interest receivable. On January 23, 2020, the Company completed the conversion of the note principal and accrued interest into 4,880.44 Class B units of State Flower representing a 49.9% equity interest.

4. Acquisitions (continued)

On January 23, 2020, the Company, acquired 49.9% of the equity of State Flower through conversion of the note principal and accrued interest into 4,880.44 Class B units of State Flower. The Company agreed to purchase the remaining 50.1% of equity of State Flower under a Securities Purchase Agreement at a future date to be determined for total consideration based on future sales over a predetermined period. The Company also extended State Flower a separate line of credit of up to $4,500 for cultivation facility improvements to expand its production capacity. As of December 31, 2020, the full amount was drawn on the line of credit. The Company consolidates State Flower into its financial statements beginning on the date it obtained a controlling financial interest, which was the conversion date.

As consideration, the Company converted its previously issued note receivable and accrued interest in the amount of $3,032 into a 49.9% equity interest in State Flower. As part of this transaction, the Company entered into a put/call arrangement with the State Flower principals. As a result, the non-controlling interest in State Flower does not qualify for equity treatment. Under the put/call arrangement, the non-controlling interest is redeemable by either party to the agreement after certain regulatory approvals are met. The Company has classified the non-controlling interest as a liability on the Consolidated Balance Sheets as contingent consideration payable. The initial 50.1% non-controlling interest liability was recorded at fair value of $6,630, representing the expected consideration payable to acquire the remaining 50.1% of State Flower, which comprises 100% of its Class A common shares, subject to regulatory approval. The contingent consideration is based on a multiple of future revenue less the total principal amount drawn under the line of credit and discounted using an appropriate risk adjusted rate. Any fair value adjustments to the liability are recorded in the consolidated statements of operations and comprehensive loss. No profit or loss with respect to State Flower operations is allocated to the non-controlling interests. Effective with the conversion, the Company controls the appointment of three out of five seats on the board of directors and controls strategic and financial operations of State Flower.

On a standalone basis had the Company acquired the business on January 1, 2020, sales estimates would have been $2,192 for the twelve months ended December 31, 2020 and net loss estimates would have been $1,568. Actual sales and net loss for the year ended December 31, 2020 since the date of acquisition are $1,871 and $1,564, respectively.

4. Acquisitions (continued)

The following table presents the fair values of assets acquired and liabilities assumed as of the acquisition date and an allocation of the consideration to net assets acquired:

	State Flower
Cash and cash equivalents	$ 739
Receivables	106
Inventory	432
Prepaid expenses and deposits	139
Operating right-of-use assets	2,734
Property and equipment	1,215
Intangible assets	4,770
Goodwill	4,689
Accounts payable and accrued liabilities	(378)
Lease liability	(2,734)
Net assets acquired	**11,712**
Consideration paid on conversion of note receivable	$ 3,032
Contingent consideration payable	6,630
Line of credit advances at date of acquisition	2,050
Total consideration	**$ 11,712**
Cash and cash equivalents acquired, net cash inflow	**$ 739**

Goodwill was recognized for this acquisition because the purchase consideration included a control premium. In addition, the consideration paid reflected the benefit of expected sales growth and future market and product development. These benefits were not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill recognized is expected to be deductible for income tax purposes.

Costs related to this transaction were $43, including legal, accounting, due diligence, and other transaction-related expenses and were included in transaction and restructuring costs.

4. Acquisitions (continued)

2019 Acquisitions

The following table presents the fair values of assets acquired and liabilities assumed during the year ended December 31, 2019, as of the acquisition date and an allocation of the consideration to net assets acquired:

	Ilera	Apothecarium	Grander
Cash and cash equivalents	$ 809	$ 2,005	$ 134
Receivables	1,480	19	250
Investment	1,000	—	—

Inventory	6,380	2,050	750
Prepaid expenses and deposits	1,046	621	41
Lease receivable	—	709	—
Operating right-of-use assets	1,502	12,208	178
Property and equipment	15,129	2,555	22
Indemnification asset	—	11,500	—
Intangible assets	71,350	37,000	7,200
Goodwill	63,101	43,977	5,007
Accounts payable and accrued liabilities	(690)	(2,909)	(756)
Lease liabilities	(1,488)	(12,916)	(164)
Deferred tax liability	—	(11,349)	—
Corporate income tax payable	—	(13,718)	—
Non-controlling interest	(4,338)	—	—
Net assets acquired	**$ 155,281**	**$ 71,752**	**$ 12,662**
Consideration paid in cash	$ 25,000	$ 36,837	$ 6,500
Consideration paid in shares	20,749	30,841	5,073
Contingent consideration payable	108,931	3,028	585
Working capital adjustment	601	1,046	504
Total consideration	**$ 155,281**	**$ 71,752**	**$ 12,662**
Consideration paid in cash	$ 25,601	$ 37,883	$ 7,004
Less: cash and cash equivalents acquired	809	2,005	134
Net cash outflow	**$ 24,792**	**$ 35,878**	**$ 6,870**

Acquisition of Ilera Healthcare

On September 16, 2019, the Company acquired Ilera Healthcare ("Ilera"), one of five vertically integrated cannabis cultivator, processor, and dispensary operators in Pennsylvania. The Company acquired the following group of entities (collectively the "Pennsylvania Ilera Entities"):

- Ilera Healthcare LLC, Ilera Dispensing LLC, IHC Real Estate GP, LLC, Ilera Security LLC, 235 Main Mercersburg LLC, and Ilera InvestCo I LLC – 100%; and
- IHC Real Estate LP – 50%; and
- Guadco LLC and KCR Holdings LLC – 10%

The Company acquired 100% of the equity of Ilera for total consideration between $125,000-$225,000, paid in combination of cash and TerrAscend shares. At closing, TerrAscend paid to the sellers $25,000 in cash, subject to customary closing adjustments, an additional $25,000 (agreed upon value) worth of proportionate voting shares in the equity of TerrAscend equivalent to approximately 5,059.102 proportionate voting shares (which are each exchangeable for 1,000 TerrAscend common shares), and $601 in working capital adjustments. Additional cash consideration of $75,000 to $175,000 in aggregate may be paid to the sellers based on Ilera achieving certain specified sales and profitability targets, with staged payments being made in 2020 and 2021. The contingent consideration is calculated using a discounted cash flow model applied to projected sales and profitability metrics, using projected payment dates. The fair value of the contingent consideration at acquisition was $108,931.

4. Acquisitions (continued)

On a standalone basis, had the Company acquired the business on January 1, 2019, sales estimates would have been $34,785 for the year ended December 31, 2019 and net income of $12,727, excluding the impact of revaluation of contingent consideration of $47,442. Actual sales and net loss for the year ended December 31, 2019 since the date of acquisition were $10,478 and $49,017, respectively.

The Company measured the NCI at its fair value as of the acquisition date based on an appraisal of the real estate acquired using the market approach, specifically the direct comparison approach of comparable properties.

Goodwill arose in this acquisition because purchase consideration included a control premium. In addition, the consideration paid reflected the benefit of expected sales growth and future market and product development. These benefits were not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill recognized is deductible for income tax purposes.

Costs related to this transaction were $467, including legal, accounting, due diligence, and other transaction-related expenses and were included in transaction and restructuring costs.

Acquisition of The Apothecarium

On June 6, 2019, the Company acquired the following group of entities (collectively the "California Apothecarium Entities"):

- RHMT, LLC, Deep Thought LLC, and Howard Street Partners, LLC (collectively the "SF Entities") – 49.9%
- BTHHM Berkeley, LLC, PNB Noriega, LLC, and V Products, LLC (collectively the "NoCal Entities") – 100%

As consideration, the Company paid $71,752, comprising $36,837 in cash, $1,046 in the form of a working capital adjustment, contingent consideration of $3,028 and 6,700 proportionate voting shares of TerrAscend. The fair value of the share consideration at June 6, 2019 was $30,841. The contingent consideration is the expected consideration payable to acquire the remaining 50.1% of the SF Entities, which comprises 100% of its preferred shares, subject to regulatory approval.

On a standalone basis, had the Company acquired the business on January 1, 2019, sales estimates would have been $28,939 for the year ended December 31, 2019 and a net loss of $10,833, excluding the impact of losses related to intangible assets and goodwill impairment of $51,266 as a result of lower than expected revenue and profitability forecasts as compared to the acquisition date forecast. Actual sales and net loss for the year ended December 31, 2019 since the date of acquisition were $16,288 and $51,332, respectively.

Upon the acquisition of Apothecarium, the seller set aside cash in an escrow account to be used on future tax indemnifications (refer to Note 15).

Goodwill arose in this acquisition because purchase consideration included a control premium. In addition, the consideration paid reflected the benefit of expected sales growth and future market and product development. These benefits were not recognized separately from goodwill because they did not meet the recognition criteria for identifiable intangible assets. None of the goodwill recognized is deductible for income tax purposes.

Costs related to this transaction were $1,392, including legal, accounting, due diligence, and other transaction-related expenses and were included in transaction and restructuring costs. As part of the transaction, the Company entered into a put/call arrangement with the non-controlling shareholders of the Apothecarium principals. As a result, the non-controlling interest in The Apothecarium does not qualify for equity treatment . Under the put/call arrangement, the non-controlling interest is redeemable by either party to the agreement after certain regulatory approvals are met. The Company has classified the non-controlling interest as a liability on the consolidated statements of financial position as contingent consideration payable. The initial 50.1% non-controlling interest liability was recorded at fair value of $3,028. Any fair value adjustments to the liability are recorded in the consolidated statement of operations and comprehensive loss. No profit or loss with respect to the Apothecarium operations is allocated to the non-controlling interest.

4. Acquisitions (continued)

Solace Rx

On July 18, 2017, the Company entered into a Unanimous Shareholder agreement with Theomar Ltd. ("Theomar") and incorporated Solace Rx, a jointly operated entity. The Company and Theomar each owned 50% of Solace Rx and both parties will assist in various capacities in the development and construction of a Drug Preparation Premise ("DPP") for Solace Rx. Until Solace Rx achieves a break-even point, expenses incurred will be funded by the Company and Theomar on a pro-rata ownership basis as shareholder loans. The arrangement was treated as a joint venture and was accounted for using the equity method. The carrying value of the investment was $2,003 at December 31, 2018. The carrying value of the investment was $2,543 as of June 3, 2019.

On June 3, 2019, the Unanimous Shareholder Agreement was amended resulting in the Company having 65% ownership in Solace Rx. Subsequent to the amendment, management assessed that the Company had a controlling financial interest of Solace Rx and consolidated the financial results of Solace Rx from June 3, 2019 onwards in these consolidated financial statements.

The information below represents the fair value of assets acquired and liabilities assumed at the acquisition date and an allocation of the consideration to net assets acquired:

	$
Receivables	24
Property and equipment	4,878
Goodwill	1,787
Accounts payable and accrued liabilities	(19)
Non-controlling interest	(1,684)
Net assets acquired	**4,986**
Non-cash consideration	
Investment in Solace Rx	2,543
Other receivable	2,443
Total consideration	**4,986**

Goodwill arose on this acquisition because purchase consideration included a control premium. In addition, the consideration paid reflected the benefit of expected sales growth and future market and product development. This benefit was not recognized separately from goodwill because it does not meet the recognition criteria for identifiable intangible assets.

At December 31, 2019, the Company has a receivable of $nil (December 31, 2018 - $2,013) from Theomar for its portion of contributions to Solace Rx.

4. Acquisitions (continued)

Acquisition of the Assets of Grander Distribution, LLC

On January 15, 2019, the Company through a wholly owned subsidiary, Arise Bioscience Inc. ("Arise"), completed the acquisition of substantially all of Grander Distribution, LLC ("Grander"), a producer and distributor of innovative hemp-derived wellness products. As consideration, the Company paid $12,662, comprising $6,500 in cash, $504 in the form of a working capital adjustment, and 1,362,343 common shares of TerrAscend. The fair value of the common shares was $5,073 at January 15, 2019. Subject to meeting certain sales milestones, the Company will pay up to an additional $10,000 in cash or share considerations. The total value of the potential purchase consideration payable by the Company of the agreement was approximately $22,662, and the fair value of the contingent consideration was $585 at acquisition. The fair value of the contingent consideration at acquisition was calculated using a Monte Carlo simulation and was contingent on the achievement of certain targeted gross revenues. The fair value of the contingent consideration at December 31, 2019 was revalued to $nil as the targeted revenue forecasts used in the determination of the contingent consideration did not meet the minimum targeted revenue established in the purchase price agreement.

On a standalone basis, had the Company acquired the business on January 1, 2019, sales estimates would have been $17,197 for the year-ended December 31, 2019 and a net loss of $5,152. Actual sales and net loss for the year ended December 31, 2019 since the date of acquisition were $16,791 and $4,899, respectively.

Goodwill arose in this acquisition because purchase consideration included a control premium. In addition, the consideration paid reflected the benefit of expected sales growth and future market development. These benefits were not recognized separately from goodwill because they did not meet the recognition criteria for identifiable intangible assets. The goodwill recognized is deductible for income tax purposes.

Costs related to this transaction were $46, including legal, accounting, due diligence, and other transaction-related expenses and were included in transaction and restructuring costs.

Contingent consideration

Contingent consideration recorded relates to the Company's business acquisitions. Contingent consideration is based upon the potential earnout of the underlying business unit and is measured at fair value using a projection model for the business and the formulaic structure for determining the consideration under the terms of the agreement. The determination of the fair value of the contingent consideration payable is primarily based on the Company's expectations of the amount of revenue to be achieved by the underlying business units within a specified time period based on the agreement. Refer to Note 21 for further discussion surrounding the fair value of the contingent consideration.

The balance of contingent consideration is as follows:

	State Flower	Ilera	Apothecarium	Grander	Total
Carrying amount, December 31, 2018	**—**	**—**	**—**	**—**	**—**
Contingent consideration recognized on acquisition	—	108,931	3,028	585	112,544
Revaluation of contingent consideration	—	47,442	—	(585)	46,857
Carrying amount, December 31, 2019	**—**	**156,373**	**3,028**	**—**	**159,401**
Contingent consideration recognized on acquisition	6,630	—	—	—	6,630
Payments of contingent consideration	—	(147,184)	—	—	(147,184)
Revaluation of contingent consideration	(40)	18,749	—	—	18,709
Carrying amount, December 31, 2020	**6,590**	**27,938**	**3,028**	**—**	**37,556**
Less: current portion	**—**	**(27,938)**	**(3,028)**	**—**	**(30,966)**
Non-current contingent consideration	**6,590**	**—**	**—**	**—**	**6,590**

4. Acquisitions (continued)

On December 27, 2019, the Company and the sellers of Ilera amended the terms of the transaction to reduce the amount deposited into escrow from $12,500 to $500, which is deferred until the final earnout payment is due on March 15, 2021. The Company also agreed to pay to the sellers of Ilera an additional amount equal to $1,750, payable in five installments, due every three months beginning April 15, 2020. On September 4,

2020, the Company and the sellers of Ilera amended the Ilera Purchase Agreement to allow the Company to utilize cash flow generated by the Ilera business to prepay up to $30,000 (the "Pre-Payment Amount") towards the final earnout payment. The amendment also allows the Company to defer up to an amount equal to the actual Pre-Payment Amount paid to the sellers of Ilera until June 30, 2021.

The contingent consideration was calculated based on fiscal year 2019 and 2020 performance. During the year ended December 31, 2020, the Company made payments to the sellers of Ilera totaling $147,184. As of December 31, 2020, the final earnout has been calculated. The final payment was made on June 30, 2021 (refer to Note 23).

Refer to Note 21 for discussion of valuation methods used when determining the fair value of the contingent consideration liability, and the changes in fair value.

5. Inventory

The Company's inventory of dry cannabis and oil includes both purchased and internally produced inventory. The Company's inventory is comprised of the following items:

	December 31, 2020	December 31, 2019	December 31, 2018
Raw materials	$ 3,777	$ 7,251	$ 9,895
Finished goods	8,750	4,506	447
Work in process	5,519	2,692	—
Accessories	81	204	24
Supplies and consumables	2,434	875	136
	$ 20,561	$ 15,528	$ 10,502

Management assessed that the net book value of inventory held at its Canadian facility relating to raw materials and Cannabis 1.0 products (finished goods) exceeded the net realizable value and thus recorded an impairment of $4,111, $6,956, and $1,918 for the years ended December 31, 2020, December 31, 2019 and December 31, 2018, respectively. The impairment was recorded in cost of sales. Management determined net realizable value as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. In addition, management wrote off $1,261, $3,849, and $nil of inventory that it deemed unsaleable for the years ended December 31, 2020, December 31, 2019 and December 31, 2018, respectively.

On March 31, 2020, the Company's subsidiary, TerrAscend Canada Inc., signed an amended agreement with MediPharm Labs Inc. ("MediPharm") whereby TerrAscend Canada Inc. agreed to purchase from MediPharm certain quantities of cannabis crude oil and/or distillate. During the year ended December 31, 2020, management recorded impairment of $1,795 of inventory that the Company purchased in the current period under the agreement for which the net book value exceeded the net realizable value. Inventory impairment and write-offs have been recorded in cost of sales.

6. Property and equipment, net

Property and equipment consisted of:

	December 31, 2020	December 31, 2019	December 31, 2018
Land	3,640	3,623	729
Assets in process	2,275	22,404	4,974
Buildings & improvements	92,672	37,789	10,787
Machinery & equipment	15,862	8,428	1,902
Office furniture & production equipment	2,742	2,575	990
Assets under finance leases	199	229	—
Total cost	117,390	75,048	19,382
Less: accumulated depreciation	(7,145)	(2,648)	(743)
Property and equipment, net	**110,245**	**72,400**	**18,639**

Assets in process represent construction in progress related to both cultivation and dispensary facilities not yet completed, or otherwise not placed in service.

During the years ended December 31, 2020 and December 31, 2018, borrowing costs were not capitalized because the assets in process did not meet the criteria of a qualifying asset. During the year ended December 31, 2019, the Company capitalized $633 of borrowing costs in assets in process using a weighted average capitalization rate of 11.82%.

Depreciation expense was $4,658 for the year ended December 31, 2020 ($2,670 included in cost of sales), $1,164 for the year ended December 31, 2019 ($735 included in cost of sales), and $608 for the year ended December 31, 2018 ($299 included in cost of sales).

Asset Specific Impairment

The Company reviews the carrying value of its property and equipment at each reporting period for indicators of impairment.

During the year ended December 31, 2020, the Company made a strategic decision to cease the growing and cultivation of cannabis in Canada. As a result of this decision, the Company wrote down the net book value of the lighting and irrigation assets previously used in the Canadian cultivation business to $nil and recognized asset specific impairment of $823.

During the year ended December 31, 2019, the Company determined that Solace Rx's proposed DPP was no longer commercially viable and ceased all further construction and operations, which was determined to be an indicator of impairment. The fair value of the DPP was determined based on a third-party appraisal. As a result, the Company recognized impairment of property and equipment of $1,746 for the DPP for the year ended December 31, 2019.

The Company did not record any impairment on property and equipment during the year ended December 31, 2018.

7. Intangible assets, net and goodwill

Intangible assets consisted of the following:

At December 31, 2020	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Finite lived intangible assets			
Software	2,447	(733)	1,714
Licenses	85,302	(5,511)	79,791
Customer relationships	4,000	(1,601)	2,399
Non-compete agreements	1,630	(997)	633
Total finite lived intangible assets	93,379	(8,842)	84,537
Indefinite lived intangible assets			

Brand intangibles	26,173	—	26,173
Total indefinite lived intangible assets	26,173	—	26,173
Intangible assets, net	**119,552**	**(8,842)**	**110,710**

At December 31, 2019	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Finite lived intangible assets			
Software	1,875	(328)	1,547
Licenses	82,640	(1,577)	81,063
Customer relationships	4,500	(925)	3,575
Non-compete agreements	1,350	(450)	900
Total finite lived intangible assets	90,365	(3,280)	87,085
Indefinite lived intangible assets			
Brand intangibles	24,821	—	24,821
Total indefinite lived intangible assets	24,821	—	24,821
Intangible assets, net	**115,186**	**(3,280)**	**111,906**

At December 31, 2018	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Finite lived intangible assets			
Software	1,170	(52)	1,118
Licenses	306	(16)	290
Customer relationships	76	—	76
Total finite lived intangible assets	1,552	(68)	1,484
Intangible assets, net	**1,552**	**(68)**	**1,484**

The gross carrying amount of intangible assets increased $4,366 and $113,634 during the years ended December 31, 2020 and 2019, respectively. The increases were mainly a result of business combinations, which accounted for $4,770 and $115,550 of the increases during the years ended December 31, 2020 and 2019, respectively, partially offset by impairment of intangible assets of $766 and $3,309.

7. Intangible assets, net and goodwill (continued)

Amortization expense was $5,775 for the year ended December 31, 2020 ($2,201 included in cost of sales), $3,280 for the year ended December 31, 2019 ($642 included in cost of sales) and $102 for the year ended December 31, 2018 ($nil included in cost of sales).

Estimated future amortization expense for finite lived intangible assets for the next five years is as follows:

2021	$ 4,268
2022	5,696
2023	4,741
2024	4,382
2025	4,175

Impairment of Intangible Assets

The Company recorded the following impairment losses by category of intangible assets:

	December 31, 2020	December 31, 2019	December 31, 2018
Finite lived intangible assets			
Software	1	113	—
Licenses	423	268	—
Customer relationships	342	—	146
Total impairment of finite lived intangible assets	766	381	146
Indefinite lived intangible assets			
Brand intangibles	—	2,928	—
Total impairment of indefinite lived intangible assets	—	2,928	
Total impairment of intangible assets	**766**	**3,309**	**146**

The Company recorded impairment of $423 of intellectual property in Canada during the year ended December 31, 2020 related to packaging designs that were written down to its recoverable value. Additionally, during the year ended December 31, 2020, the Company recorded impairment of $342 related to its customer relationships at Arise as a result of its termination of an agreement with one of its wholesale distributors.

At the end of each reporting period, the Company first performs a qualitative assessment to determine whether it is more likely than notthat the fair value of a reporting unit exceeds its carrying value. For any reporting units in which it is more likely than not that the fair value exceeds its carrying value, the Company tests its indefinite useful life for impairment by comparing its carrying amount with its fair value. During the year ended December 31, 2019, the Company recognized impairment losses of $2,928 related to the brand intangible asset at its California business. The fair value of the brand was calculated using relief of royalty method.

During the year ended December 31, 2018, management determined that there were indicators of impairment related to the Company's patient list in Canada, and as a result, recorded an impairment of intangible assets of $146.

7. Intangible assets, net and goodwill (continued)

The following table summarizes the activity in the Company's goodwill balance:

Balance at December 31, 2018	**$-**
Acquisitions (see Note 4)	113,872
Impairment	(45,802)
Effects of movements in foreign exchange	37
Balance at December 31, 2019	**$ 68,107**
Acquisitions (see Note 4)	4,689

Balance at December 31, 2020	**$ 72,796**

Impairment of Goodwill

During the years ended December 31, 2020, 2019, and 2018, the Company qualitatively assessed whether it was more likely than not that the respective fair values of its reporting units were less than their carrying amounts. If it was determined that it was more likely than not that the reporting unit's fair value was less than its carrying amount, a one-step quantitative impairment test was performed. The following significant assumptions are applied in the determination of the fair value of the reporting units:

- Cash flows: estimated cash flows were projected based on actual operating results from internal sources, as well as industry and market trends. The forecasts were extended to a total of five years (with a terminal value thereafter);
- Terminal value growth rate: The terminal growth rate was based on historical and projected consumer price inflation, historical and projected economic indicators and projected industry growth;
- Post-tax discount rate: The post-tax discount rate is reflective of the reporting units weighted average cost of capital ("WACC"). The WACC was estimated based on the risk-free rate, equity risk premium, beta premium, and after-tax cost of debt based on corporate bond yields; and
- Tax rate: the tax rates used in determining the future cash flows were those substantively enacted at the respective valuation date

The Company did not recognize any impairment losses on goodwill during the year ended December 31, 2020.

During the year ended December 31, 2019, it was determined that the fair values of its Canada and California reporting units were more likely than not greater than the respective carrying values, and therefore the Company performed a one-step impairment test for each reporting unit.

The Company's Canada reporting unit includes its operations dedicated to the research and development of cannabis biotechnology, including the development of novel formulations and delivery forms, the reconstitution, dilution and preparation of drug preparations for health care practitioners and institutions, and the sale and distribution of medical cannabis. During the year ended December 31, 2019, the Company shut down its drug preparation facility as management deemed that market conditions did not support the operations of this business. As a result, sales forecasts were updated to $nil. Management obtained a third-party appraisal to determine the reporting units fair value using the direct comparison cost approach of comparable properties and applied it against the carrying amount. As a result of the impairment test, management concluded that the carrying value was higher than the fair value and recorded an impairment loss on goodwill of $1,825. At December 31, 2019, there was no goodwill or indefinite lived intangible assets remaining in the Company's Canada operations.

The Company's California reporting unit represents its operations dedicated to the sale of cannabis products and accessories at retail dispensaries within the state of California. During the year ended December 31, 2019, as a result of the quantitative impairment test performed, management concluded that the carrying value was higher than the fair value of the reporting unit and recorded impairment losses of $43,977.

8. Loans payable

	Credit Facility	Loans from Related Parties	RIV Capital Loan	Canopy Growth-Canada Inc Loan	Other Loans	Canopy Growth-Arise Loan	Ilera Term Loan	Total
Balance at December 31, 2017	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Loan principal net of transaction costs	10,000	—	—	—	—	—	—	10,000
Loan discount- origination fee paid	(750)	—	—	—	—	—	—	(750)
Interest accretion	47	—	—	—	—	—	—	47
Balance at December 31, 2018	**$ 9,297**	$ —	$ —	$ —	$ —	$ —	$ —	**$ 9,297**
Loan principal net of transaction costs	35,500	2,500	—	—	4,843	—	—	42,843
Interest accretion	3,867	—	—	—	—	—	—	3,867
Principal and interest paid	(2,705)	—	—	—	(55)	—	—	(2,760)
Effects of movements in foreign exchange	—	—	—	—	161	—	—	161
Balance at December 31, 2019	**$ 45,959**	**$ 2,500**	$ —	$ —	**$ 4,949**	$ —	$ —	**$ 53,408**
Loan principal net of transaction costs	—	1,500	—	58,355	5,914	19,801	115,926	201,496
Loan discount - origination fee paid	—	—	—	—	—	—	(2,250)	(2,250)
Converted from convertible debt	—	—	9,396	—	—	—	—	9,396
Less: fair value of warrants	—	—	(2,792)	(24,697)	—	(12,232)	—	(39,721)
Interest accretion	1,173	—	1,205	4,078	269	68	606	7,399
Principal and interest paid	(47,085)	(4,000)	—	—	(4,993)	—	—	(56,078)
Effects of movements in foreign exchange	(47)	—	354	2,757	192	—	—	3,256
Ending carrying amount at December 31, 2020	$ —	$ —	**$ 8,163**	**$ 40,493**	**$ 6,331**	**$ 7,637**	**$ 114,282**	**$ 176,906**
Less: current portion	—	—	(779)	(3,128)	(1,277)	—	(550)	**(5,734)**
Non-current loans payable	$ —	$ —	**$ 7,384**	**$ 37,365**	**$ 5,054**	**$ 7,637**	**$ 113,732**	**$ 171,172**

Total interest paid on all loan payables was $2,192, $2,760 and $nil for the years ended December 31, 2020, 2019 and 2018, respectively.

Credit Facility

On December 14, 2018, the Company entered into a $75,000 credit facility (the "Credit Facility") with certain funds managed by JW Asset Management LLC, where Jason Wild, Chairman of the Board of TerrAscend, is the President and Chief Investment Officer. The Credit Facility bears interest at 8.75% per annum, with a $750 origination fee payable in four installments on a quarterly basis. Any principal amount drawn will be due in one year and interest will be payable monthly. The Credit Facility was recorded at its fair value at inception and subsequently carried at amortized cost. The Company borrowed $10,000 and $35,500 on the Facility for the years ended December 31, 2018, and December 31, 2019, respectively.

8. Loans payable (continued)

On December 2, 2019, the Company and JW Asset Management agreed to an amendment of the Credit Facility whereby upon maturity on March 15, 2020, the Company would be extended a Term Loan for all outstanding principal and interest still outstanding on the Credit Facility. As of December 2, 2019, the interest rate of the Credit Facility was amended to 12.5% per annum. The expected Term Loan bears an interest rate of 12.5% per annum, payable semi-annually and the maturity date is no later than March 15, 2022. On March 11, 2020, a portion of the proceeds received from Canopy Growth Corporation ("Canopy Growth") were used to fully pay off the outstanding principal and interest amounts under the Credit Facility with JW Asset Management. The amendment was treated as a modification of the Credit Facility and as a result, no gains or losses were recorded for the transaction.

Loan from Related Parties

During the year ended December 31, 2019, the Company received loan proceeds of $2,500 from key management of the Company's subsidiary, Ilera. In January 2020, the Company received additional loan proceeds of $1,500. The loans bear interest at a rate of 12% per annum, payable monthly. The principal and interest were fully paid during the year ended December 31, 2020.

Canopy Growth (formerly RIV Capital) Loan

On February 5, 2020, the Company and RIV Capital Inc. ("RIV Capital"), formerly Canopy Rivers Inc., agreed to amend the terms of their previously issued convertible debentures with a face value of $10,000 (refer to Note 9). Pursuant to the amended terms, the first tranche of the convertible debentures was converted into a $10,000 loan payable bearing interest at a rate of 6% per annum, payable annually, with a balance due date of October 2, 2024. The effective interest rate on the loan is 15.99%. The Company also issued RIV Capital 2,225,714 common share purchase warrants (Note 11), exercisable at $4.48 (C$5.95) upon the occurrence of certain triggering events. The warrants were issued such that they can be exercised upon maturity of the loan payable in a cashless exercise by offsetting the principal value of the loan payable. The amendment was treated as a modification of the convertible debenture and as a result, no gains or losses were recorded for the transaction.

During the year ended December 31, 2020, Canopy Growth acquired the common share purchase warrants previously issued to RIV Capital as well as the loan payable outstanding balance.

Canopy Growth Canada Inc Loans

On March 10, 2020, TerrAscend Canada Inc. entered into a loan financing agreement with Canopy Growth in the amount of $58,645 pursuant to a secured debenture. In connection with the funding of the loan, the Company had issued 17,808,975 common share purchase warrants to Canopy Growth.

The secured debenture bears interest at a rate of 6.10% per annum, with an effective interest rate of 14.15% and matures on March 10, 2030. The debenture is secured by the assets of TerrAscend Canada, is not convertible and is not guaranteed by the Company. The warrants are comprised of 15,656,242 common share purchase warrants entitling Canopy Growth to acquire one common share of TerrAscend at an exercise price of $3.59 (C$5.14) per share, expiring on March 10, 2030, and 2,152,733 common share purchase warrants entitling Canopy Growth to acquire one common share of TerrAscend at an exercise price of $2.72 (C$3.74) per share, expiring on March 10, 2031 (refer to Note 11).

8. Loans payable (continued)

All warrants will be exercisable following changes in US federal laws permitting the cultivation, distribution, and possession of cannabis or to remove the regulation of such activities from the federal laws of the US. The warrants were issued such that they can be exercised upon maturity of the loan payable by offsetting the principal value of the loan payable. The fair value of the debt was calculated using the effective interest rate method and allocated the proceeds of the issuance to the debenture and the warrants based on their relative fair values as determined at issuance.

In accordance with the terms of the loan financing agreement, the funds cannot be used, directly or indirectly, in connection with or for any cannabis or cannabis-related operations in the US, unless and until such operations are permitted by the federal and applicable state laws of the US.

Of the total proceeds received from Canopy Growth, $48,243 was used to fully pay off the outstanding principal and interest amounts under the Credit Facility with JW Asset Management.

Other Loans

Mortgage financing

On April 23, 2019, the Company completed a $4,843 mortgage financing secured by its manufacturing facility in Mississauga, bearing interest of 5.5% and a balance due date of May 1, 2022.The mortgage payable was recorded at its fair value at inception and subsequently carried at amortized cost. The loan principal and interest were fully paid in June 2020.

On June 19, 2020, the Company completed a $5,336 loan financing secured by its manufacturing facility in Mississauga, bearing interest of 8.25% and a balance due date of July 1, 2023. The mortgage payable was recorded at its fair value at inception and subsequently carried at amortized cost.

Paycheck Protection Program loan

On March 13, 2021, the Company's Arise business was granted a loan from Bank of America in the aggregate amount of $766, pursuant to the Paycheck Protection Program (the "PPP"), bearing interest at 1.00% per annum. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") provides for loans to qualifying businesses with the proceeds to be used for payroll costs, rent, utilities, and interest on other debt obligations. The loans and accrued interest are forgivable after eight weeks as long as the funds are used for qualifying expenses as described in the CARES Act (refer to Note 23).

Canopy Growth Arise Loan

On December 10, 2020, the Company, through a wholly owned subsidiary Arise Bioscience Inc. ("Arise") entered into a loan financing agreement with Canopy Growth in the amount of $20,000 pursuant to a secured debenture. In connection with the funding of the loan, the Company has issued 2,105,718 common share purchase warrants to Canopy Growth.

The secured debenture bears interest at a rate of 6.10% per annum commencing four years from the effective date, with an effective interest rate of 15.61%, and matures on December 9, 2030. The debenture is secured by the assets of Arise, is not convertible, and is not guaranteed by the Company. The warrants are comprised of 1,926,983 common share purchase warrants entitling Canopy Growth to acquire one common share of TerrAscend at an exercise price of $12.00 (C$15.28) per share, expiring on December 9, 2030, and 178,735 common share purchase warrants entitling Canopy Growth to acquire one common share of TerrAscend at an exercise price of $13.50 (C$17.19) per share, expiring on December 9, 2030 (refer to Note 11).

8. Loans payable (continued)

All warrants will be exercisable following changes in US federal laws permitting the cultivation, distribution, and possession of cannabis or to remove the regulation of such activities from the federal laws of the US. The warrants were issued such that they can be exercised upon maturity of the loan payable by offsetting the principal value of the loan payable. The fair value of the debt was calculated using the effective interest rate method and allocated the proceeds of the issuance to the debenture and the warrants based on their relative fair values as determined at issuance.

In accordance with the terms of the loan financing agreement, the funds cannot be used, directly or indirectly, in connection with or for any cannabis or cannabis-related operations in the US, unless and until such operations are permitted by the federal and applicable state laws of the US.

Ilera Term Loan

On December 18, 2020, Ilera Healthcare entered into a senior secured term loan with a syndicate of lenders in the amount of $120,000. The term loan bears interest at 12.875% per annum and matures on December 17, 2024. The Company has the ability to increase the facility by up to $30,000. The term loan is secured by the Ilera Healthcare Division. The loan is callable after 18 months from the closing date subject to a premium payment due. Of the total proceeds received, $105,767 was used to satisfy the remaining Ilera earn-out payments.

Maturities of loans payable

Stated maturities of loans payable over the next five years are as follows:

	December 31, 2020
2021	—
2022	—
2023	5,694

2024	130,401
2025	—
Thereafter	83,247
Total principal payments	219,342

9. Convertible debentures

	December 31, 2020	December 31, 2019
Opening carrying amount	**14,795**	**—**
Convertible debentures issued, net of transaction costs	**—**	**15,557**
Less: fair value of warrants	**—**	**(875)**
Converted loan payable	**(9,396)**	**—**
Interest accretion	**381**	**225**
Effects of movements in foreign exchange	**(93)**	**(112)**
Ending carrying amount	**5,687**	**14,795**
Less: current portion	**(403)**	**(203)**
Non-current convertible debt	**5,284**	**14,592**

9. Convertible debentures (continued)

Private Placement

On October 2, 2019, the Company completed the first tranche of a non-brokered private placement of convertible debentures and warrants. The Company issued 13,243 units, at a face value of $10,000, having a maturity date of five years from the date of issue and bearing interest at 6% per annum, compounded and payable annually, with an effective interest rate of 7.50%. Each unit comprises one convertible debenture and 25.2 common share purchase warrants. The convertible debentures are convertible at the holders' option into common shares of the Company at a conversion price of $4.48 (C$5.95).

On November 16, 2019, the Company completed the second tranche of the non-brokered private placement noted above. The Company issued 4,763 convertible debentures under the same term, at face value of $3,614, and an effective interest rate of 6.75%

On November 26, 2019, the Company completed the third tranche of the non-brokered private placement noted above. The Company issued 2,654 convertible debentures under the same terms, at face value of $1,997, with an effective interest rate of 6.26%.

The fair value of the of the convertible debentures and warrants was calculated by determining the fair value of each instrument issued and then allocating the proceeds of the issuance to the instruments based on their relative fair values as determined at issuance.

The Company shall have the right to require the holder to exercise all of the outstanding warrants for common shares at the exercise price if certain criteria are met including if the volume-weighted average trading price equals or exceeds C$10.82 over a five-day trading window (refer to Note 11).

RIV Capital

On February 5, 2020, the Company amended the terms of its previously announced $10,000 convertible debenture issuance to RIV Capital. The carrying value of the debt was converted to a loan payable as of the amendment date (Note 8).

The fair value was calculated using the effective interest method and allocated the proceeds of the issuance to the debenture and the warrants based on their respective fair values as determined at issuance.

Stated maturities of convertible debentures over the next five years are as follows:

	December 31, 2020
2021	—
2022	—
2023	—
2024	5,826
2025	—
Thereafter	—
Total principal payments	5,826

10. Leases

Lease information for the years ended December 31, 2020 and 2019

The majority of the Company's leases are operating leases used primarily for corporate offices, retail, cultivation and manufacturing. The operating lease periods generally range from 1 to 28 years. The Company had one finance lease at December 31, 2020 and 2019, respectively.

Amounts recognized in the consolidated balance sheets were as follows:

	December 31, 2020	December 31, 2019
Operating leases:		
Operating lease right-of-use assets	**23,229**	**15,385**
Operating lease liability classified as current	**1,006**	**559**
Operating lease liability classified as non-current	**23,633**	**15,338**
Total operating lease liabilities	**24,639**	**15,897**
Finance leases:		
Property and equipment, net	**199**	**229**
Lease obligations under finance leases classified as current	**19**	**16**
Lease obligations under finance leases classified as non-current	**203**	**222**
Total finance lease obligations	**222**	**238**

Other information related to operating leases as of December 31, 2020 and 2019 consisted of the following:

	December 31, 2020	December 31, 2019
Weighted-average remaining lease term (years)		
Operating leases	**13.3**	13.6
Finance leases	**6.5**	7.5
Weighted-average discount rate		
Operating leases	**11.06%**	11.46%
Finance leases	**10.00%**	10.00%

Supplemental cash flow information related to leases were as follows:

	December 31, 2020	December 31, 2019
Cash paid for amounts included in measurement of operating lease liabilities	**3,093**	1,068
Right-of-use assets obtained in exchange for lease obligations	**9,421**	16,877
Cash paid for amounts included in measurement of finance lease liabilities	**39**	10
Leases obtained in exchange for finance lease obligations	—	239

10. Leases (continued)

Undiscounted lease obligations as of December 31, 2020 are as follows:

	Operating	Finance	Total
2021	3,568	40	3,608
2022	3,495	41	3,536
2023	3,496	42	3,538
2024	3,553	44	3,597
2025	3,641	44	3,685
Thereafter	31,598	100	31,698
Total lease payments	49,351	311	49,662
Less: interest	(24,712)	(89)	(24,801)
Total lease liabilities	24,639	222	24,861

Under the terms of these operating sublease agreements, future undiscounted rental income from such third-party leases is expected to be as follows:

2021	500
2022	545
2023	553
2024	563
2025	580
Thereafter	696
Total rental payments	3,437

11. Shareholders' equity

The Company is authorized to issue an unlimited number of common shares, proportionate voting shares, exchangeable shares, and preferred shares. The Company's board of directors have the discretion to determine the rights, preferences, privileges, and restrictions, including voting rights, dividend rights, conversion rights, redemption privileges, and liquidation preferences, of each class of the Company's capital stock.

Unlimited Number of Preferred Shares

The Board of Directors has authorized the Company to issue an unlimited number of preferred shares in Series A, Series B, Series C and Series D convertible preferred shares (the "Convertible Preferred Shares"). The preferred shares of each series will, with respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Company, whether voluntarily or involuntarily, rank on parity with the preferred shares of every other series and be entitled to preference over the Proportionate Voting Shares, Common Shares and Exchange Shares.

Voting Rights

Holders of the Company's Convertible Preferred Shares are not entitled to receive notice of, or to attend or to vote at any meeting of the shareholders of the Company.

11. Shareholders' equity (continued)

Dividends

The holders of the Convertible Preferred Shares are not entitled to receive any dividends, except that if the Company issues a dividend when necessary to comply with contractual provisions in respect of an adjustment to the conversion ratio in connection with any dividend paid on the Common Shares.

Conversion Rights and Price Protection

Holders of the Company's Convertible Preferred Shares are entitled to convert each outstanding share to 1,000 common shares of the Company (or the economic equivalent in proportionate voting shares for US investors) at the option of the holder, subject to customary anti-dilution provisions. If the Company completes a qualified financing for gross proceeds in excess of $30,000 at a price that in the good faith determination of the Company's Board of Directors is less than the average price paid in the private placement, the Company's Board of Directors may increase the conversion ratio of the preferred shares to an amount that it considers equitable in the circumstances to provide equivalent value to participants in the private placement. This price protection will be in effect until May 22, 2021.

The Convertible Preferred Shares will be automatically converted into proportionate voting shares at the then-effective conversion ratio, instead of being redeemed for cash and other assets, in the event of a change in control.

Redemption Rights

The Company classified the Convertible Preferred Shares as permanent equity in the financial statements given that the terms do not obligate the Company to buy back the shares of preferred stock in exchange for cash or other assets, nor do the shares represent an obligation that must or may be settled with a variable number of shares, which are debt-like features. No other redemption provisions exist within the terms of the instrument.

Liquidation Preference

In the event of liquidation, dissolution, or winding up of the Company, whether voluntary or involuntary, or upon any other return of capital or distribution of the assets of the Company among its shareholders, in each case for the purposes of winding up its affairs, each Convertible Preferred Share entitles the holder thereof to receive and to be paid out of the assets of the Company available for distribution, before any distribution or payment may be made to a holder of any Common Shares, Proportionate Voting Shares, Exchangeable Shares or any other shares ranking junior in such liquidation, dissolution, or winding up to the Convertible Preferred Shares, an amount per Convertible Preferred Share equal to the fair market value of the consideration paid for such preferred share upon issuance.

The Company's Series A, Series B, Series C and Series D convertible preferred shares have a liquidation preference that is initially equal to $2,000, $2,000, $3,000 and $3,000, respectively, per share; provided that if the Company makes a distribution to holders of all or substantially all of the respective series of Convertible Preferred Shares, or if the Company effects a share split or share consolidation of the respective series of Convertible Preferred Shares, then the liquidation preference will then be adjusted on the effective date of such event by a rate computed as (i) the number of respective series of Convertible Preferred Shares outstanding immediately before giving effect to such event divided by (ii) the number of respective series of Convertible Preferred Shares outstanding immediately after such event.

After payment to the holders of the Convertible Preferred Shares of the full liquidation preference to which they are entitled in respect of outstanding Convertible Preferred Shares (which, for greater certainty), have not been converted prior to such payment), such Convertible Preferred Shares will have no further right or claim to any of the assets of the Company.

11. Shareholders' equity (continued)

The liquidation preference will be payable to holders of Convertible Preferred Shares in cash; provided, however, that to the extent the Company has, having exercised commercially reasonable efforts to make such payment, insufficient cash available to pay the liquidation preference in full in cash, the portion of the Liquidation Preference with respect to which the Company has insufficient cash may be paid in property or other assets of the Company. The value of any property or assets not consisting of cash that is distributed by the Company in satisfaction of any portion of the liquidation preference will equal the fair market value on the date of distribution. As of December 31, 2020, the Convertible Preferred Shares have an aggregate liquidation value of $29,936, or $2,000 per share.

Unlimited Number of Proportionate Voting Shares

Holders of Proportionate Voting Shares are entitled to receive, as and when declared by the Board, dividends in cash or property of the Company. No dividend may be declared on the Proportionate Voting Shares unless the Company simultaneously declares dividends on the Common Shares in an amount equal to the dividend declared per Proportionate Voting Shares divided by 1,000.

In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, the holders of Proportionate Voting Shares are entitled to participate pari passu with the holders of Common Shares in an amount equal to the amount of such distribution per Common Share multiplied by 1,000.

Holders of Proportionate Voting Shares are not entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of shares, or bonds, debentures or other securities of the Company.

There may be no subdivision or consolidation of the Proportionate Voting Shares unless, simultaneously, the Common Shares and Exchangeable Shares are subdivided or consolidated using the same divisor or multiplier.

Proportionate Voting Shares carry 1,000 votes per share, are entitled to participate in dividends and in the distribution of proceeds on a wind-up of the Company on a $1,000-to-$1.00 basis relative to the Common Shares. Each Proportionate Voting Share is exchangeable into 1,000 Common Shares.

Unlimited Number of Exchangeable Shares

Voting Rights

The holders of Exchangeable Shares will not be entitled to receive notice of, attend or vote at meetings of the shareholders of the Company; provided that the holders of Exchangeable Shares will, however, be entitled to receive notice of meetings of shareholders called for the purpose of authorizing the dissolution of the Company or the sale of its assets, or a substantial part thereof, but holders of Exchangeable Shares will not be entitled to vote at such meeting of the shareholders of the Company.

Dividends

The holders of the Exchanges Shares will not be entitled to receive any dividends.

Dissolution

In the event of liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or any other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs, the holders of the Exchangeable Shares will not be entitled to receive any amount, property or assets of the Company.

11. Shareholders' equity (continued)

Exchange Rights

Each issued and outstanding Exchangeable Share may at any time following the exchange start date applicable to the holder of such Exchangeable Share, at the option of the holder, be exchanged for on Common Share.

Unlimited Number of Common Shares

Voting Rights

Holders of Common Shares are entitled to receive notice of, and to attend, all meetings of the shareholders of the Company and shall have one vote per each Common Share held at all meetings of the Company, except for meetings at which only holders of another specified class or series of shares of the Company are entitled to vote separately as a class or series.

Dividend Rights

The holders of the Common Shares are entitled to receive, subject to the rights of the holder of any other class of shares, any dividends declared by the Company. If, as and when dividends are declared by the directors, each Common Share will be entitled to 0.001 times the amount paid or distributed per Proportionate Voting Share (or, if a stock dividend is declared, each Common Share will be entitled to receive the same number of Common Shares per Common Share of Proportionate Voting Shares entitled to be received per Proportionate Voting Share).

Dissolution

In the event of liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or any other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs, the holders of the Common Shares will, subject to the rights of any other class of shares, be entitled to receive the remaining property of the Company on the basis that each Common Share will be entitled to 0.001 times the amount distributed per Proportionate Voting Share, but otherwise there is no preference or distinction among or between the Proportionate Voting Shares and the Common Shares.

Conversion Rights

Each issued and outstanding Common Share may at any time, at the option of the holder, be converted into 0.001 of a Proportionate Voting Share.

Description of Transactions:

Plan of Arrangement

On November 30, 2018, the Company completed a plan of arrangement under the Business Corporations Act (Ontario) to restructure its share capital (the "Arrangement") as follows:

i. each of Canopy Growth Corporation ("Canopy Growth") and RIV Capital exchanged each of their existing warrants to acquire Common Shares ("Warrants") for $0.6427 (C$0.8548) of a Common Share, based on the difference between the five-day volume-weighted average trading price of the Common Shares as of October 5, 2018, being C$7.5778, and the warrant exercise price of C$1.10 (the "Cashless Warrant Exercise"). There was no impact on the Consolidated Financial Statements as a result of this transaction;

11. Shareholders' equity (continued)

ii. each of Canopy Growth and RIV Capital then exchanged all of their Common Shares (including those received in the Cashless Warrant Exercise) for Exchangeable Shares, that are non-voting and non-participating and may not be exchanged into Common Shares until:

(a) the applicable stock exchange restrictions applicable to Canopy Growth or RIV Capital that restrict their ability to have an investment in an entity with cannabis operations in the United States are lifted or cannabis becomes legal under U.S. federal law; and

(b) any necessary stock exchange approvals are received, at which point the Exchangeable Shares will become convertible into Common Shares on a one-for-one basis;

iii. entities (the "JW Entities") controlled by Jason Wild, the Chairman of the Company, exchanged their Common Shares for Proportionate Voting Shares on the basis of one Proportionate Voting Share for each 1,000 Common Shares held, which Proportionate Voting Shares carry 1,000 votes per share, are entitled to participate in dividends and in the distribution of proceeds on a wind-up of the Company on a $1,000-to-$1.00 basis relative to the Common Shares and are exchangeable into Common Shares on a basis of 1,000 Common Shares per Proportionate Voting Share;

iv. the outstanding Warrants held by the JW Entities were amended such that they became exercisable for 0.001 of a Proportionate Voting Share instead of one Common Share. There was no impact on the Consolidated Financial Statements as a result of this transaction; and

v. the JW Entities, Canopy Growth and RIV Capital each waived the negative covenant in their respective subscription agreements entered into with the Company which prevented the Company from conducting business in the United States.

Preferred Stock (Private Placements)

During the year ended December 31, 2020, the Company closed a non-brokered private placement by issuing 18,679 total units in Series A, B, C, and D convertible preferred stock at an issue price of $2,000 per unit, resulting in proceeds of $37,358. Each unit consists of one non-voting, non-participating preferred share and one preferred share warrant ("Preferred Warrant"). See Note 2 – Convertible preferred stock for discussion regarding accounting treatment.

As of December 31, 2020, the Company had issued 18,679 Convertible Preferred Shares, of which 18,024 were outstanding.

On issuance date the total proceeds were allocated as follows:

Date of Issuance	Preferred Shares Units Issued	Preferred Shares Equity Component	Preferred Shares Warrant Liability	Total Proceeds
22-May-20	13,646	$ 10,303	$ 16,768	$ 27,071
28-May-20	3,561	2,688	4,376	7,064
5-Jun-20	1,397	1,055	1,717	2,772
8-Jun-20	75	57	92	149
Total	18,679	$ 14,103	$ 22,953	$ 37,056

11. Shareholders' equity (continued)

The Preferred Warrants were recorded under warrant liability in the consolidated balance sheets have been measured at fair value at issuance date and subsequently remeasured using the Black Scholes model and have been classified as Level 3 in the fair value hierarchy. Refer to Note 21 for discussion regarding changes in fair value of the preferred share warrant liability during the year ended December 31, 2020, as well as the key inputs and assumptions used in the model.

Transaction costs associated with the brokered preferred share issuance amounted to $784 and have been allocated pro rata between the preferred share warrant liability and share capital. Transaction costs allocated to the liability component was $482 and immediately expensed and transaction costs related to the equity component was $302 netted with share capital.

Common Stock (Private Placements)

On May 15, 2019, the Company completed the first tranche of a private placement and issued 5,257,662 common shares at a price of $5.68 (C$7.64) per common share for total proceeds of $29,863. On May 27, 2019 the Company completed the second tranche and issued 3,766,022 common shares at a price of $5.68 (C$7.64) per common share for total proceeds of $21,404. Total proceeds of the private placement were $49,955, net of share issue costs of $1,312.

In addition, the Company completed the below non-brokered private placement. Proceeds from the private placement were allocated to share capital and the warrants based on the relative fair value of the proceeds of each tranche of the unit issuances. The Company recorded $25,506 to share capital and $8,600 to the warrants, which is included in additional paid in capital in the Company's consolidated balance sheets. Total transaction costs related to this transaction were $110 related to the warrants, which was expensed, and $327 recorded as reduction to share capital. Total proceeds were allocated to the warrants as follows:

· Tranche 1- On December 30, 2019, the Company issued 12,968,325 units at a price of $1.88 (C$2.45), each comprised of one common share and one common share purchase warrant, for total proceeds of $24,463. The proceeds were included in share subscriptions receivable at December 31, 2019. The proceeds were collected in January 2020.

- Tranche 2- On January 10, 2020, the Company issued 3,450,127 units at an issue price of $1.88 (C$2.45) per unit, resulting in proceeds of $6,477. Each unit consists of one common share and one common share purchase warrant, exercisable into one common share prior to January 14, 2022 at an exercise price of $2.49 (C$3.25).

- Tranche 3- On January 27, 2020, the Company issued 1,863,659 units at an issue price of $1.86 (C$2.45) per unit, resulting in proceeds of $3,464. Each unit consists of one common share and one common share purchase warrant, exercisable into one common share prior to January 14, 2022 at an exercise price of $2.47 (C$3.25).

11. Shareholders' equity (continued)

Warrants

The following is a summary of the outstanding warrants for Common Shares:

	Number of Common Share Warrants Outstanding	Number of Common Share Warrants Exercisable	Weighted Average Exercise Price $	Weighted Average Remaining Life (years)
Outstanding, December 31, 2017	**51,884,959**	**51,884,959**	**0.88**	**2.81**
Granted	390,000			
Exercised	(22,283,826)			
Reclassed to Proportionate voting shares	(28,636,361)			
Outstanding, December 31, 2018	**1,354,772**	**999,772**	**1.80**	**1.70**
Granted	13,488,955			
Exercised	(959,772)			
Cancelled/ Expired	(5,000)			
Outstanding, December 31, 2019	**13,878,955**	**13,718,955**	**2.62**	**2.18**
Granted	27,454,193			
Exercised	(829,050)			
Outstanding, December 31, 2020	**40,504,098**	**18,363,691**	**3.80**	**5.34**

The following is a summary of the outstanding warrants for Proportionate Voting Shares at December 31, 2020, December 31, 2019 and December 31, 2018. These warrants are exercisable for 0.001 of a Proportionate Voting Share. The Proportionate Voting Shares are exchangeable into Common Shares on a basis of 1,000 Common Shares per Proportionate Voting Share.

	Number of Proportionate Share Warrants Outstanding	Number of Proportionate Share Warrants Exercisable	Weighted Average Exercise Price $	Weighted Average Remaining Life (years)
Outstanding, December 31, 2017	—	—		
Reclassed from common share warrants	28,636,361			
Outstanding, December 31, 2018	**28,636,361**	**28,636,361**	**0.81**	**1.94**
Issued as PVS purchase warrants (as converted)	8,590,908			
Exercised	(28,636,361)			
Outstanding, December 31, 2019	**8,590,908**	**8,590,908**	**5.55**	**2.65**
Granted	—			
Exercised	—			
Outstanding, December 31, 2020	**8,590,908**	**8,590,908**	**5.66**	**1.64**

11. Shareholders' equity (continued)

The fair value of 2019 PVS purchase warrant was estimated on its respective grant date using the Black-Scholes valuation model based on the following assumptions:

	August 23, 2019
Volatility	90.29%
Risk-free interest rate	1.32%
Expected life (years)	3.00
Dividend yield	Nil
Forfeiture rate	0%
Number of Warrants issued	8,590,908
Share price	$ 4.77
Value per warrant	$ 2.58

The following is a summary of the outstanding warrants for Preferred Shares at December 31, 2020. Each warrant is exercisable into one preferred share:

	Number of Preferred Share Warrants Outstanding	Number of Preferred Share Warrants Exercisable	Weighted Average Exercise Price $	Weighted Average Remaining Life (years)
Outstanding, December 31, 2019	—	—		
Granted	18,679		3,000	
Exercised	(655)		3,000	
Outstanding, December 31, 2020	**18,024**	**18,024**	**3,000**	**2.39**

In connection with the Canopy Growth and RIV Capital financings, the Company allocated the proceeds of the issuance to the debenture and the warrants based on their relative fair values as determined at issuance (Note 9).

12. Share-based compensation plans

Share-based payments expense

Total share-based payments expense was as follows:

	For the years ended		
	December 31, 2020	December 31, 2019	December 31, 2018
Stock options	$ 9,700	$ 7,219	$ 3,101
Restricted share units	686	—	—
Warrants	89	442	—
Total share-based payments	**$ 10,475**	**$ 7,661**	**$ 3,101**

The amount of share-based compensation expense included in cost of sales was $400, $923, and $274 for the years ended December 31, 2020, 2019 and 2018, respectively. The amount of share-based compensation expense included in inventory was $nil, $14, and $206 for the years ended December 31, 2020, 2019, and 2018, respectively.

As of December 31, 2020, the total compensation cost related to nonvested stock options and RSUs not yet recognized is $28,244 and $784, respectively. The weighted-average period over which it is expected to be recognized is 4.17 for options.

12. Share-based compensation plans (continued)

Common shares issued for compensation

On March 25, 2020, the Company issued 1,625,701 common shares to an entity controlled by the minority shareholders of NJ, pursuant to services surrounding the granting of certain licenses in the state of New Jersey to NJ.

Stock Options

The Company's Board of Directors approved the Stock Option Plan (the "Plan") effective March 8, 2017. The Plan provides for the granting of stock options to directors, officers, employees and consultants of the Company. Stock options are granted for a term not to exceed ten years at an exercise price, which is the greater of the closing market price of the shares on the CSE on the trading day immediately preceding the date the options are granted and on the same day of the option grant. The options are not transferrable. The Plan is administered by the Board of Directors, which determines individual eligibility under the Plan, number of shares reserved for optioning to each individual (not to exceed 5% of issued and outstanding shares to any one individual) and the vesting period. The maximum number of shares of the Company that are issuable pursuant to the Plan is limited to 10% of the fully diluted shares of the Company at the date of the grant of options.

The stock options outstanding noted below consist of service-based options granted to employees to purchase common stock, the majority of which vest over a one to three-year period and have a five to ten-year contractual term. These awards are subject to the risk of forfeiture until vested by virtue of continued employment or service to the Company.

12. Share-based compensation plans (continued)

The following table summarizes the stock option activity for the years ended December 31, 2020, 2019 and 2018:

	Number of Stock Options	Weighted average remaining contractual life (in years)	Weighted average exercise price (per share)	Aggregate intrinsic value	Weighted average fair value of nonvested options (per share) $
Outstanding, December 31, 2017	**4,063,334**	**3.16**	**$ 1.12**	**5,264**	**$ 1.20**
Granted	6,680,000		4.02		
Exercised	(1,225,613)		0.52		
Forfeited (1)	(1,044,592)		2.70		
Expired					
Outstanding, December 31, 2018	**8,473,129**	**5.88**	**$ 3.14**	**12,157**	**$ 2.66**
Granted	6,844,000		4.99		
Exercised	(1,117,936)		1.79		
Forfeited (1)	(3,706,178)		4.30		
Expired					
Outstanding, December 31, 2019	**10,493,015**	**4.04**	**$ 4.26**	**1,877**	**$ 3.30**
Granted	12,861,050		2.82		
Exercised	(1,816,496)		2.46		
Forfeited (1)	(4,174,221)		4.19		
Expired					
Outstanding, December 31, 2020	**17,363,348**	**3.96**	**$ 3.49**	**$ 112,675**	**$ 2.58**
Exercisable at December 31, 2020	**2,703,689**	**2.85**	**$ 4.25**	**$ 15,473**	**$ N/A**
Nonvested at December 31, 2020	**14,659,659**	**4.17**	**$ 3.34**	**$ 97,202**	**$ N/A**

(1) For stock options forfeited, represent one share for each stock option forfeited.

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value (the difference between Company's closing stock price on December 31, 2020, 2019, 2018, and 2017 respectively, and the exercise price, multiplied by the number of the in-the-money options) that would have been received by the option holders had all option holders exercised their in-the-money options on December 31, 2020, 2019, 2018 and 2017, respectively.

The total pre-tax intrinsic value (the difference between the market price of the Company's common stock on the exercise date and the price paid by the options to exercise the option) related to stock options exercised during the years ended December 31, 2020, 2019, and 2018, was $10,123, $2,923, and $3,633, respectively. The total estimated fair value of stock options that vested during the years ended December 31, 2020, 2019, and 2018 was $9,035, $5,387, and $2,682, respectively.

12. Share-based compensation plans (continued)

The fair value of the various stock options granted were estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	December 31, 2020	December 31, 2019	December 31, 2018
Volatility	82.29% - 87.09%	88.04% - 96.98%	100.00%
Risk-free interest rate	0.35% - 1.60%	1.15% - 1.96%	1.94 - 2.04%
Expected life (years)	4.76 - 4.95	5.00	5.00
Dividend yield	0%	0%	0%

Volatility was estimated by using the historical volatility of the Company. The expected life in years represents the period of time that the options issued are expected to be outstanding. The risk-free rate is based on US treasury bond issues with a remaining term approximately equal to the expected life of the options. Dividend yield is based on the fact that the Company has never paid cash dividends and does not expect to pay cash dividends in the foreseeable future. The Company applied a forfeiture rate ranging between 23.21%-26.60% for the years ended December 31, 2020, 2019, and 2018.

Restricted Share Units

Effective November 19, 2019, the Company adopted the Share Unit Plan, which allows for the granting of performance share units (PSUs) and restricted share units (RSUs) to directors, officers, employees, and consultants of the Company and provides them the opportunity to defer certain compensation and equity awards paid or grated for their service in the form of stock units ("Stock Units"). The Stock Units are used solely as a device for determining the amount of cash benefit to eventually be paid to the grantee. Each Stock Unit has the same value as one share of the Company's common stock. The PSUs generally become vested upon attainment of established performance conditions, as well as service conditions. The RSUs generally become vested upon completion of continuous employment over the requisite service period. Once the Stock Units become vested, the cash value of the Stock Units is paid out.

The following table summarizes the activities for the RSUs:

	Number of RSUs	Number of RSUs vested	Weighted average remaining contractual life (in years)
Outstanding, December 31, 2019	—	—	
Granted	280,099		
Exercised	(157,788)		
Forfeited (1)	—		
Outstanding, December 31, 2020	**122,311**	**33,733**	**N/A**

Of the RSUs granted during the year ended December 31, 2020, 191,521 vested on the grant date. The remaining 88,578 will vest over a 4-year term. There were no RSUs outstanding as of December 31, 2019 and 2018. There were no PSUs outstanding as of December 31, 2020, 2019 and 2018.

As of December 31, 2020, there was $784 of total unrecognized compensation cost related to unvested RSUs.

13. Non-controlling interest

Non-controlling interest consists mainly of the Company's ownership minority interest in its New Jersey and IHC Real Estate operations and consists of the following amounts:

	December 31, 2020	December 31, 2019	December 31, 2018
Opening carrying amount balance	**$ 6,461**	$ 1,012	$ —
Additions of non-controlling interest on acquisition date	**—**	6,022	1,133
Capital contributions received	**393**	1,906	—
Net loss attributable to non-controlling interest	**(3,052)**	(2,479)	(121)
Ending carrying amount balance	**$ 3,802**	$ 6,461	$ 1,012

14. Related parties

At December 31, 2020, 2019, and 2018, amounts due to/from related parties consisted of:

(a) *Loans payable:* At December 31, 2020, 2019, and 2018, the Company's loan payable balance included amounts between related parties, which consisted of key management of the Company, of $3,550, $48,459, and $9,297, respectively, related to the following:

- During the year ended December 31, 2018, the Company entered into a $75,000 credit facility with certain funds managed by JW Asset Management LLC, which is considered a related party as Jason Wild is President and Chief Investment Officer. The credit facility had a balance of $45,959 and $9,297 for the years ended December 31, 2019 and December 31, 2018, respectively.
- During the year ended December 31, 2019, the Company received loan proceeds of $2,500 from key management of the Company's subsidiary Ilera. In January 2020, the Company received additional proceeds of $1,500. The principal and interest were fully paid during the year ended December 31, 2020.
- During the year ended December 31, 2020, a small number of related persons participated in the Ilera term loan (Note 8), which makes up $3,550 of the total loan principal balance.
- Refer to Note 8 for discussion regarding other related party loan balances.

(b) *Shareholders' Equity:* During the years ended December 31, 2020, 2019, and 2018, the Company had the following transactions related to shareholders' equity:

- On March 25, 2020, the Company issued 1,625,701 common shares to an entity controlled by minority shareholders of NJ, pursuant to services surrounding the granting of certain licenses (Note 7).
- During the year ended December 31, 2020, the Company paid a total of $136 and granted stock options totaling 500,000 to a current member of the Company's Board of Directors for consulting services performed in the Canadian business on an interim basis. The consulting agreement ended on June 30, 2020.
- Through the private placements during the year ended December 31, 2020 (Note 11), the Company issued 1,159,805 common shares, 1,159,805 common share purchase warrants, 10,000 preferred shares and preferred share warrants to entities controlled by Jason Wild, Chairman of the Board of TerrAscend.

14. Related parties (continued)

- On August 26, 2019, the Company issued 8,590.908 Proportionate Voting Share purchase warrants to entities controlled by Jason Wild, Chairman of the Board of TerrAscend as incentive to accelerate the exercise of warrants. Each warrant is exercisable at $5.41 per 0.001 share and expires at 36 months from the respective closing date. These warrants resulted in a reduction in share capital of $22,457.

- On August 30, 2019, certain funds managed by JW Asset Management LLC exercised an aggregate of 28,636,361 warrants to acquire 28,636.361 Proportionate Voting Shares which are convertible into 28,636,361 Common Shares for an aggregate amount of $31,500 and in connection with such exercise acquired 8,590,908 incentive warrants exercisable into 8,590.908 Proportionate Voting Shares (which are convertible into 8,590,908 common shares) at an exercise price of C$7.21 per common share on or before August 23, 2022.

- Through the private placements during the year ended December 31, 2019, the Company issued 33,130 Common Shares at a price of C$7.64 per Common Share to employees and Directors of the Company. Additionally, the Company issued 8,119,291 Common Shares to Jason Wild and his affiliates.

15. Income taxes

The domestic and foreign components of loss before income taxes for the years ended December 31, 2020, 2019 and 2018 are as follows:

	December 31, 2020	December 31, 2019	December 31, 2018
Domestic	10,270	(117,551)	(1,109)
Foreign	(141,757)	(43,827)	(14,047)
Loss before income taxes	**$ (131,487)**	**(161,378)**	**(15,156)**

The provision for income taxes expense for the years ended December 31, 2020, 2019 and 2018 consists of:

	December 31, 2020	December 31, 2019	December 31, 2018
Current:			
Federal	15,262	2,504	—
State	7,476	479	—
Foreign	1	19	13
Total Current	**$ 22,739**	**3,002**	**13**
Deferred:			
Federal	(4,210)	(558)	—
State	(623)	(412)	—
Foreign	(7,137)	(264)	531
Total Deferred	**$ (11,970)**	**(1,234)**	**531**
Total Income Tax Provision (Benefit)	**$ 10,769**	**1,769**	**544**

15. Income taxes (continued)

The following table reconciles the expected statutory federal income tax to the actual income tax provision:

	December 31, 2020		December 31, 2019		December 31, 2018	
	Amount	Percent	Amount	Percent	Amount	Percent
Net loss before income taxes	**$ (131,487)**		**$ (161,378)**		**$ (15,156)**	
Expected Income Benefit at Statutory Tax Rate	(27,611)	21.0%	(42,765)	26.5%	(4,016)	26.5%
IRC 280E adjustment	9,809	-7.5%	3,028	-1.9%	—	0.0%
Impairment on goodwill and intangibles	—	0.0%	23,810	-14.8%	—	0.0%
Changes in unrecognized tax benefits	(2,821)	2.1%	1,155	-0.7%	—	0.0%
Foreign income taxes at different statutory rate	—	0.0%	1,118	-0.7%	—	0.0%
Canada income taxes at different statutory rate	(1,271)	1.0%	—	0.0%	—	0.0%
Share based compensation and non-deductible expenses	2,028	-1.5%	3,100	-1.9%	731	-4.8%
Changes in tax benefits not recognized	(2,412)	1.8%	11,186	-6.9%	3,822	-25.2%
U.S. State Income taxes	5,193	-3.9%	—	0.0%	—	0.0%
Loss on revaluation of Equity/Warrants	23,227	-17.7%	—	0.0%	—	0.0%
Loss on revaluation of contingent consideration	3,929	-3.0%	—	0.0%	—	0.0%
Other	698	-0.5%	1,137	-0.7%	7	0.0%
Actual income tax provision (benefit)	**$ 10,769**	**-8.2%**	**1,769**	**-1.1%**	**$ 544**	**-3.5%**

The Company's combined Canadian federal and provincial statutory rates are at 26.5%. As the operations of the Company are predominantly US based, the Company has prepared the tax rate table for the year ended December 31, 2020 using the US Federal tax rate of 21.0%.

The following table presents a reconciliation of unrecognized tax benefits:

	December 31, 2020	December 31, 2019	December 31, 2018
Balance at beginning of period	**$ 14,830**	—	—
Increase based on tax positions related to current period	—	—	—
Increase based on tax positions related to prior periods	**780**	—	—
Decreases based on tax positions related to prior periods	**(3,602)**	**14,830**	—
Decreases related to settlements with taxing authorities	—	—	—
Balance at end of period	**$ 12,008**	**14,830**	—

Interest and penalties related to unrecognized tax benefits are recorded as components of the provision for income taxes. As of December 31, 2020, 2019, and 2018, we had interest accrued of approximately $1,479, $1,179, and $nil respectively.

15. Income taxes (continued)

The principal component of deferred taxes are as follows:

	December 31, 2020	December 31, 2019	December 31, 2018
Deferred tax assets			
Net operating losses	19,286	16,697	4,244
Share issuance costs	498	505	131
Property and equipment	1,585	781	255
Intangible assets	1,895	427	—
Other	962	212	3
Total deferred tax assets	$ 24,226	18,622	4,633
Valuation allowance	(12,905)	(18,352)	(4,633)
Net deferred tax assets	**$ 11,321**	**270**	**—**
Deferred tax liabilities			
Convertible Debentures	(11,271)	(244)	—
Intangible assets	(7,880)	(9,901)	—
Other	(107)	(274)	(504)
Total deferred tax liabilities	**$ (19,258)**	**(10,419)**	**(504)**
Net deferred tax liabilities	**$ (7,937)**	**(10,149)**	**(504)**

The Company assesses available positive and negative evidence to estimate if it is more likely than not to use certain jurisdiction-based deferred tax assets including net operating loss carryovers. On the basis of this assessment, a valuation allowance was recorded during the years ended December 31, 2020, 2019 and 2018.

As of December 31, 2020, the Company has $62,203 of Canadian net operating loss carryovers that expire at different times, the earliest of which is 2034 for $546. As of December 31, 2020, the Company has $6,317 of domestic federal net operating loss carryovers with no expiration date. As of December 31, 2020, the Company has various state net operating loss carryovers that expire at different times. The statute of limitations with respect to our federal returns remains open for tax years 2018 and forward. For certain acquired subsidiaries, the federal statue remains open with respect to tax years 2014 and forward. Certain acquired subsidiaries are under IRS audit for tax years ended September 30, 2014 and September 30, 2015, in which upon acquisition the seller set aside cash in an escrow account to be used on future tax indemnifications. As of December 31, 2020, indemnification asset of $11,500 has been recorded. The Company does not expect that resolution of these examinations will have a significant effect on its consolidated financial position, but could have a significant impact on the consolidated results of operations for the period in which resolution occurs. Over the next twelve months, the Company believes it is reasonably possible that various tax examinations will be concluded and statutes of limitation will expire which would have the effect of reducing the balance of unrecognized tax benefits by $4.5 million.

As the Company operates in the cannabis industry, it is subject to the limitations of IRC Section 280E, under which the Company is only allowed to deduct expenses directly related to sales of product. This results in permanent differences between ordinary and necessary business expenses deemed non-deductible under IRC Section 280E. Therefore, the effective tax rate can be highly variable and may not necessarily correlate with pre-tax income or loss.

16. General and administrative expenses

The Company's general and administrative expenses were as follows:

	For the years ended		
	December 31, 2020	December 31, 2019	December 31, 2018
Office and general	**$ 11,112**	**$ 7,636**	**$ 1,840**
Professional fees	**14,572**	**6,553**	**5,585**
Lease expense	**3,931**	**1,496**	**—**
Facility and maintenance	**2,369**	**1,113**	**228**
Salaries and wages	**20,693**	**19,226**	**2,943**
Sales and marketing	**2,927**	**3,136**	**3,383**
Total	**$ 55,604**	**$ 39,160**	**$ 13,979**

During the year ended December 31, 2020, the Company expensed $7,500 related to amounts payable to an entity controlled by the minority shareholders of TerrAscend NJ pursuant to services surrounding the granting of certain licenses. The first payment of $3,750 was due upon NJ being granted an alternative treatment center license in the state of New Jersey. On March 25, 2020, the first payment was settled in shares at a fair value determined on the date NJ received the license and issued 1,625,701 common shares. The second payment of $3,750 was due upon NJ making its first sale of medical cannabis to a patient in compliance with the New Jersey Compassionate Use Marijuana Act. The second payment was included in accounts payable and accrued liabilities at December 31, 2020. These payments are included in professional fees in the above table.

17. Revenue, net

The Company's disaggregated revenue by source, primarily due to the Company's contracts with its external customers were as follows:

	For the years ended		
	December 31, 2020	December 31, 2019	December 31, 2018
Branded manufacturing	**$ 103,124**	**46,693**	**5,268**
Retail	**44,709**	**17,120**	**—**
Total	**$ 147,833**	**63,813**	**5,268**

For the years ended December 31, 2020 and 2019, the Company did not have any single customer that accounted for 10% or more of the Company's revenue. During the year ended December 31, 2018, the Company had sales to individual customers exceeding 10% of the Company's annual revenues:

	December 31, 2018
Customer A	**1,444**
Customer B	**812**
Customer C	**786**
Customer D	**682**
Customer E	**573**
Total	**4,297**

The customers are major Canadian corporations and provincial retailers who have displayed a pattern of consistent timely payment of amounts owing from sales.

18. Finance and other expenses (income)

Finance and other expenses were as follows:

	For the years ended		
	December 31, 2020	December 31, 2019	December 31, 2018
Interest Expense	$ 7,780	4,092	47
Other income (expense)	413	(568)	(516)
Total	$ 8,193	3,524	(469)

19. Segment information

Operating Segment

The Company determines its operating segments according to how the business activities are managed and evaluated by the Company's chief operating decision maker. The Company operates under one operating segment, being the cultivation, production and sale of cannabis products.

Geography

The Company operates with subsidiaries located in Canada and the US.

The Company had the following net revenue by geography of:

	For the years ended		
	December 31, 2020	December 31, 2019	December 31, 2018
United States	$ 132,152	$ 43,403	$ —
Canada	15,681	20,410	5,268
Total	$ 147,833	$ 63,813	$ 5,268

The Company had non-current assets by geography of:

	December 31, 2020	December 31, 2019	December 31, 2018
United States	$ 299,169	$ 245,636	$ —
Canada	32,529	34,671	22,126
Total	$ 331,698	$ 280,307	$ 22,126

20. Capital management

The Company's objective in managing capital is to ensure a sufficient liquidity position to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. In order to achieve this objective, the Company prepares a capital budget to manage its capital structure. The Company defines capital as borrowings, equity comprised of issued share capital, share-based payments, accumulated deficit, as well as funds borrowed from related parties.

Since inception, the Company has primarily financed its liquidity needs through the issuance of share capital and debt. The equity issuances are outlined in Note 11 and debt issuances are outlined in Note 8.

20. Capital management (continued)

The Company is subject to financial covenants as a result of its loans payable with various lenders. The Company is in compliance with its debt covenants as of December 31, 2020. Other than these items related to loans payable as of December 31, 2020, 2019, and 2018, the Company is not subject to externally imposed capital requirements.

21. Financial instruments and risk management

Assets and liabilities measured at fair value

Cash and cash equivalents, net accounts receivable, accounts payable and accrued liabilities, loans payable, convertible debentures, and other current receivables and payables represent financial instruments for which the carrying amount approximates fair value due to their short-term maturities.

The following table summarizes the Company's financial instruments measured at fair value at December 31, 2020, 2019 and 2018:

	At December 31, 2020			At December 31, 2019			At December 31, 2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Cash and cash equivalents	59,226	—	—	9,162	—	—	15,960	—	—
Notes receivable	—	—	—	4,609	—	—	1,144	—	—
Investments	—	—	—	—	358	—	—	—	5,637
Contingent consideration payable	—	—	37,556	—	—	159,401	—	—	—
Warrant liability	—	—	132,257	—	—	—	—	—	—

There were no transfers between the levels of fair value hierarchy during the years ended December 31, 2020, December 31, 2019, or December 31, 2018.

The valuation approaches and key inputs for each category of assets or liabilities that are classified within Level 1, Level 2 and Level 3 of the fair value hierarchy are presented below.

Level 1

Cash and cash equivalents, net accounts receivable, accounts payable and accrued liabilities, loans payable, convertible debentures, and other current receivables and payables represent financial instruments for which the carrying amount approximates fair value due to their short-term maturities.

Level 2

Investments

The Company accounted for its investment in equity securities without readily determinable fair values using a valuation technique which maximizes the use of relevant observable inputs, with subsequent holding changes in fair value recognized in unrealized gain or loss on investments in the consolidated statement of loss. The Company recognized unrealized gains related to its investment in equity securities of $186 and $3996 during the years ended December 31, 2020 and 2018. In contrast, the Company recognized a $4,202 unrealized loss during the year ended December 31, 2019. These amounts were included in other (expense) income in the Company's consolidated statements of operations and comprehensive loss.

21. Financial instruments and risk management

Level 3

Warrant liability

The following table summarizes the changes in the preferred share warrant liability for the year ended December 31, 2020:

Balance at December 31, 2019	**$ —**
Initial fair value measurement of warrant liability	22,953
Included in loss on fair value of warrants	110,518
Exercises	(1,214)
Balance at December 31, 2020	**$ 132,257**

The preferred share warrant liability has been measured at fair value at issuance date using the Black Scholes simulation model which requires unobservable measures and other fair value inputs. The fair value of the warrant liability at the date of issuance was $22,953. Key inputs and assumptions used in the Black Scholes simulation valuation model used at the private placement dates, is summarized below:

	May 22, 2020
Common stock price of TerrAscend Corp.*	C$2.10
Unit issue price	$ 2000
Warrant exercise price	$ 3000
Initial conversion ratio	1,000
Annual volatility	76.8%
Annual risk-free rate	0.2%
Expected term	3 year

*Fair value input was based on the weighted-average closing price for the Company's common stock, based on all issuance dates for the Units described in Note 11

The warrant liability was remeasured to fair value at December 31, 2020 using the Black Scholes model, resulting in an increase in the fair value of the warrant liability to $132,257, resulting in a loss on fair value of warrants of $110,518. The fair value of warrant liability increased largely due to an increase in the Company's share price. Increases or decreases in the fair value of the Company's warrant liability are reflected as loss on fair value of warrants in the Company's consolidated statements of operations and comprehensive loss.

Key inputs and assumptions used in the Black Scholes valuation at December 31, 2020 were as follows:

	December 31, 2020
Common Stock Price of TerrAscend Corp.	C$9.95
Warrant Exercise Price	$ 3000
Warrant conversion ratio	1,000
Annual Volatility	71.3%
Annual Risk-Free Rate	0.2%
Expected Term	2.4 year

21. Financial instruments and risk management (continued)

Contingent Consideration Payable

The fair value of contingent consideration at December 31, 2020 and 2019 was determined using a probability weighted model based on the likelihood of achieving certain revenue and EBITDA scenario outcomes. A discount range of 12.3% to 12.9% (December 31, 2019 – 11.8%) was utilized to determine the present value of the liabilities, resulting in a loss on revaluation of contingent consideration of $18,709 and $46,857 for the years ended December 31, 2020, 2019, and 2018, respectively. See Note 4 – Acquisitions for reconciliation of and discussion the changes in fair value.

The illustrative variance of the total contingent consideration at December 31, 2020 based on reasonably possible changes to one of the significant unobservable inputs, holding other inputs constant, would have the following effects:

Discount rate sensitivity	**State Flower**	**Ilera**	**Total**
Increase 100 basis points	$ 6,400	$ 27,816	$ 34,216
Increase 50 basis points	6,490	27,877	34,367
Decrease 50 basis points	6,680	27,999	34,679
Decrease 100 basis points	6,780	28,061	34,841

Revenue sensitivity	**State Flower**
Increase 100 basis points	$ 6,710
Increase 50 basis points	6,590
Decrease 50 basis points	6,520
Decrease 100 basis points	6,460

The illustrative variance of the total contingent consideration at December 31, 2019 based on reasonably possible changes to the discount rate, holding other inputs constant, would have the following effects:

Discount rate sensitivity	**Ilera**
Increase 100 basis points	$ 154,463
Increase 50 basis points	155,176
Decrease 50 basis points	156,626
Decrease 100 basis points	157,360

The contingent consideration for Ilera was calculated based on fiscal year 2019 and 2020 performance and the final earn out has been calculated as of December 31, 2020 (Note 4).

21. Financial instruments and risk management (continued)

Risk Management

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash and cash equivalents, accounts receivable, net and notes receivable. The Company assesses the credit risk of trade receivables by evaluating the aging of trade receivables based on the invoice date. The carrying amounts of trade receivables are reduced through the use of an allowance account and the amount of the loss is recognized in the consolidated statements of operations and comprehensive loss. When a trade receivable balance is considered uncollectible, it is written off against the allowance for expected credit losses.

The Company has reviewed the items comprising the accounts receivable balance and determined that the majority of accounts are collectible. Accordingly, an allowance for doubtful accounts has been recorded. Subsequent recoveries of amounts previously written off are credited against operating expenses in the consolidated statements of operations. The Company regularly monitors credit risk exposure and takes steps to mitigate the likelihood of these exposures resulting in actual loss. The Company has no customers whose balance is greater than 10% of total trade receivables as of December 31, 2020.

(b) Liquidity risk

The Company is exposed to liquidity risk, or the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages liquidity risk through ongoing review of its capital requirements. The Company's objective with respect to its capital management is to ensure it has sufficient cash resources to maintain its ongoing operations.

(c) Market Risk

The significant market risk exposures to which the Company is exposed are foreign currency risk and interest rate risk.

i) Foreign currency risk:

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and US dollar and other foreign currencies will affect the Company's operations and financial results.

The Company and its subsidiaries do not hold significant monetary assets or liabilities in currencies other than their functional currency and as a result the Company is not exposed to significant currency risk. Therefore, the Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

ii) Interest rate risk:

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. In respect of financial assets, the Company's policy is to invest excess cash at floating rates of interest in cash equivalents, in order to maintain liquidity, while achieving a satisfactory return. Fluctuations in interest rates impact the value of cash equivalents. The Company's investments in guaranteed investment certificates bear a fixed rate and are cashable at any time prior to maturity date.

21. Financial instruments and risk management (continued)

The company does not have significant cash equivalents at year end. The Company's loans payable have fixedinterest rates from 6% to 12.875% per annum. The mortgage payable bears interest at a fixed rate of 5.5% per annum. All other financial liabilities are non-interest-bearing instruments.

22. Commitments and contingencies

On October 15, 2018, the Company's wholly owned subsidiary TerrAscend Canada entered into a multi-year cultivation agreement (the "PharmHouse Agreement") with PharmHouse Inc. ("PharmHouse"), a joint venture between RIV Capital and 2615975 Ontario Inc., the operators of a leading North American greenhouse produce company ("261"). Under the terms of the PharmHouse Agreement, it was expected that PharmHouse would grow and supply cannabis to TerrAscend Canada from its existing 1.3 million square foot greenhouse located in Leamington, Ontario. Once fully licensed, the production of flower, trim and clones from up to 20% of the dedicated flowering space planted at the greenhouse was expected to be made available to TerrAscend Canada. To date, PharmHouse has not yet delivered product in accordance with the terms of the PharmHouse Agreement. On September 11, 2020, the Company and TerrAscend Canada were informed that a statement of claim was issued on August 31, 2020 in the Ontario Superior Court of Justice by 261 against RIV Capital, Canopy Growth Corporation, the Company and TerrAscend Canada (the "261 Claim"). In the 261 Claim, 261 seeks damages from the defendants in the amount of $500 million and alleges certain causes of action, including bad faith, fraud, civil conspiracy, breach of the duty of honesty and good faith in contractual relations and breach of fiduciary duty. On September 16, 2020, PharmHouse obtained an order from the Ontario Superior Court of Justice granting PharmHouse creditor protection under the Companies' Creditors Arrangement Act ("CCAA"). Pursuant to the CCAA order, the 261 Claim has been stayed. During a CCAA hearing in November, 261 objected to the stay of the 261 Claim. The judge presiding over the CCAA process agreed to allow 261 to discontinue the 261 Claim against the defendants 'without prejudice' to its right to recommence the 261 Claim against all parties except PharmHouse Inc., provided that such recommenced claim can only be brought after January 1, 2021. This does not affect any of the defendants' ability to move for a stay of the recommenced 261 Claim. On February 10, 2021, 261 served the Issuer and TerrAscend Canada with the recommenced 261 Claim.

On October 20, 2018, Investments International Inc. ("Investments") signed a lease agreement with the Company and its wholly owned subsidiaries, 2627685 Ontario Inc. and 2151924 Alberta Inc. On February 8, 2019, Investments filed a statement of claim under the Court of Alberta against the Company and its wholly owned subsidiaries, for breach of the lease agreement. The amount claimed is $2,764 plus interest from and after the termination date of an unexecuted lease. The Company has paid initial lease deposits in addition to submitting a statement of defence. The Company does not expect the claim to have a material adverse impact on the Company and no amount has been accrued in the consolidated financial statements.

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. At December 31, 2020, there were no pending lawsuits other than those disclosed that could reasonably be expected to have a material effect on the results of the Company's consolidated financial statements.

23. Subsequent events

vi) On January 28, 2021, the Company closed on a non-brokered private placement announced on January 12, 2021, issuing 18,115,656 common shares at an issue price of $12.35 per unit resulting in proceeds of $224 million with 80% coming from four large US institutional investors.

vii) In January 2021, the Company received notice that its request for forgiveness on Arise's PPP loan in the amount of $766 was fully approved by the Small Business Administration and is now paid in full (including applicable interest). This loan was included in Other Loans in Note 8.

viii) On March 11, 2021, the Ontario Superior Court of Justice approved a settlement agreement (the "Settlement Agreement") between the Company, TerrAscend Canada and PharmHouse Agreement. The Settlement Agreement provides the Company make a one-time purchase of a specific quantity of cannabis that was grown under the PharmHouse Agreement for a set price per gram, and for a one-time cash payment to PharmHouse for full and final satisfaction of any claims or obligations between the Company, TerrAscend and PharmHouse. Both payments are immaterial to the Company and the Company plans to monetize the purchased cannabis. The Settlement Agreement does not affect the statement of claim issued on February 10, 2021 by 2615975 Ontario Inc. against RIV Capital, Canopy Growth Corporation, the Company and TerrAscend Canada.

ix) Effective March 23, 2021, Jason Ackerman stepped down from his role as Chief Executive Officer and Executive Chairman of the Company. Jason Wild, current Chairman of the Board of Directors, will assume the position of Executive Chairman. Ed Shutter, current board member, has been appointed Lead Independent Director.

x) On April 30, 2021, the Company acquired the remaining 90% of equity of GuadCo, LLC and KCR Holdings LLC (collectively "KCR") for total consideration of $69,847, comprised of $34,427 in common shares, $20,506 in cash, $7,101 related to the fair value of previously owned shares, and a $6,750 note which bears 10% annual interest, due April 2022. The transaction added three retail dispensaries located in Bethlehem, Allentown and Stroudsburg, Pennsylvania to complement the Company's existing retail footprint of three dispensaries in Southeastern Pennsylvania.

xi) On May 3, 2021, the Company acquired HMS Health, LLC ("HMS Health") and HMS Processing, LLC ("HMS Processing" and together with HMS Health "HMS"), a cultivator and processor of medical cannabis products in the state of Maryland. The Company acquired 100% of the equity of HMS for total consideration of $24,488, comprised of $22,399 in cash and a $2,089 note, which bears 5.0% annual interest, due April 2022. 100% of HMS' economics is retained by the Company through full ownership of HMS Health and a master services agreement with HMS Processing. The Company made an initial deposit of $1,014 during the year ended December 31, 2020 and is included in other assets.

xii) On July 16, 2021, the Company signed a definitive agreement to purchase an additional 12.5% of the issued and outstanding equity of TerrAscend NJ from BWH NJ, LLC and Blue Marble Ventures, LLC for a total consideration of $50,000. Upon closing of the agreement, the Company will own 87.5% of the issued and outstanding equity of TerrAscend NJ. The transaction is expected to close in the third quarter of 2021. The Company has the option to purchase an additional 6.25% ownership, for a total of 93.75%, at a predetermined valuation during the period commencing April 1, 2023 through June 15, 2023.

23. Subsequent events (continued)

xiii) On July 19, 2021, the Company amended the original agreement related to the success fee payable (refer to Note 16). Per the terms of the amendment, the Company will make the second success fee payment on the earlier of (i) March 31, 2023, and (ii) fifteen days after TerrAscend NJ shall have made distributions to one or more of its members totaling at least $15,000 in aggregate.

xiv) In August 2021, the Company made the decision to undertake a strategic review process to explore, review, and evaluate potential alternatives for its Arise business, focused on maximizing shareholder value.

xv) On August 31, 2021, the Company entered into a definitive arrangement agreement with Gage Growth Corp. to which the Company will acquire all of the issued and outstanding subordinate voting shares of Gage by the way of a court-approved plan of arrangement under the Canada Business Corporations Act. Under the terms of the arrangement, the shareholders of Gage will receive 0.3001 of a common share of the Company for each Gage Share (or equivalent), representing a total consideration of approximately $545 million based on the closing price of TerrAscend on August 31, 2021. On September 17, 2021, the Company received pre-qualification approval for cultivation, processing, and retail licenses from the State of Michigan's Marijuana Regulatory Agency pursuant to the Medical Marihuana Facilities Licensing Act. The pre-qualification approval represents the Company's successful completion of the most comprehensive portion of the State's licensing and regulatory approval process.

xvi) On October 27, 2021 the Company through its wholly owned subsidiary WDB Holding MD, Inc. entered into a definitive agreement with all of the members of GB & J's, LLC, the members of which include Greg Rochlin (former CEO of Ilera), and several entities affiliated with Jason Wild (chairman of TerrAscend) (the "GB & J Sellers") for the purchase of a property in Hagerstown, Maryland. The purchase price for the property is $2,808 which WDB Holding MD, Inc. will pay to the GB & J Sellers upon closing of the transaction.

Appendix A

List of Licenses and Permits of TerrAscend Corp.

US State or Country	License Number	Agency	Name of License Holder	Address	Category	Medical or Adult Use License	Expiration Date
CA	Provisional Retailer License C10-0000738-LIC	BCC	BTHHM Berkeley, LLC	2312 Telegraph Ave., Berkeley, CA 94704	Provisional Retailer License	Both	7/21/2022
CA	Provisional Retailer License C10-0000515-LIC	BCC	RHMT LLC (d/b/a The Apothecarium)	2029 Market St., San Francisco, CA 94114	Provisional Retailer License	Both	7/25/2022
CA	Provisional Retail License C10-0000522-LIC	BCC	Howard Street Partners, LLC	527 Howard St, San Francisco, CA 94105	Provisional Retailer License	Both	7/28/2022
CA	C-92172	City & County of San Francisco, Department of Public Health, Population Health Division	Howard Street Partners, LLC	527 Howard St, San Francisco, CA 94105	Medical Cannabis Dispensary Permit Amendment	Both	1/22/2022
CA	Provisional Retail License C10-0000523-LIC	BCC	Deep Thought, LLC (d/b/a The Apothecarium)	2414 Lombard St, San Francisco, CA 94123	Provisional Retailer License	Both	7/28/2022
CA	C-82289	City & County of San Francisco, Department of Public Health, Population Health Division	Deep Thought, LLC (d/b/a The Apothecarium)	2414 Lombard St, San Francisco, CA 94123	Medical Cannabis Dispensary Permit Amendment	Both	1/22/2022

US State or Country	License Number	Agency	Name of License Holder	Address	Category	Medical or Adult Use License	Expiration Date
CA	Distributor License C11-0000300-LIC	BCC	ABI SF, LLC (d/b/a State Flower)	75 Industrial St, San Francisco, CA 94124-1502	Distribution License	Both	6/9/2022
CA	Cultivation (Small Indoor) Permit CCL18-0000943)	CDFA	ABI SF, LLC (d/b/a State Flower)	75 Industrial St, San Francisco, CA 94124-1502	Cultivation (Small Indoor)	Adult Use	4/2/2022
CA	Distributor License C11-0000052-LIC	BCC	V Products LLC	2445 Bluebell Dr Santa Rosa, CA 95403	Distribution License	Both	5/6/2022
CA	Manufacturer (Type N: Infusion) License CPDH-10003318	CDPH	V Products LLC	2445 Bluebell Dr Santa Rosa, CA 95403	Manufacturer License	Both	5/29/2022

CA	Occupancy # 04867	City of Santa Rosa	Valhalla Confections	2445 Bluebell Dr Santa Rosa, CA 95403	Consolidated Permit to Operate	Both	7/31/2022
CA	Provisional Retailer License C10-0000706-LIC	BCC	Capitola Caring Project LLC	1850 41st. Ave, Suite 101, Capitola, CA 95010	Retail License	Both	04/20/2022
NJ	1162020	DOH DMM	TerrAscend NJ	130 Old Denville Rd., Boonton, NJ 07005	ATC- Cultivation	Medical	12/31/2021
NJ	1162020	DOH	TerrAscend NJ	130 Old Denville Rd., Boonton, NJ 07005	Permit to Operate	Medical	12/31/2021
NJ	1162020	DOH DMM	TerrAscend NJ	55 South Main St., Phillipsburg, NJ 08865	ATC- Dispensary	Medical	12/31/2021

US State or Country	License Number	Agency	Name of License Holder	Address	Category	Medical or Adult Use License	Expiration Date
NJ	1162020	CRC	TerrAscend NJ	1865 Springfield Ave., Maplewood, NJ 07040	ATC- Dispensary	Medical	12/31/2021
PA	GP-3010-17	DOH	Ilera Healthcare LLC	3786 N Hess, Waterfall, PA 16689	Grower/ Processor	Medical	6/20/2022
PA	D-1037-17	DOH	Ilera Healthcare LLC (d/b/a The Apothecarium) - Plymouth	420 Plymouth Road, Plymouth Meeting, PA, 19462	Dispensary	Medical	6/29/2022
PA	D-1037-17	DOH	Ilera Healthcare LLC (d/b/a The Apothecarium) - Lancaster	2405 Covered Bridge Drive, Lancaster, PA, 17602	Dispensary	Medical	6/29/2022
PA	D-1037-17	DOH	Ilera Healthcare LLC (d/b/a The Apothecarium) - Thorndale	2701 Lincoln Highway East, Thorndale, PA 19372	Dispensary	Medical	6/29/2022
PA	D-2035-17	DOH	Guadco LLC (d/b/a Keystone Canna Remedies)	3340 Hamilton Blvd., Allentown, PA 18103	Dispensary	Medical	6/29/2022
PA	D-2035-17	DOH	Guadco LLC (d/b/a Keystone Canna Remedies)	1523 N. 9th St., Suite 102, Stroudsburg, PA 18360	Dispensary	Medical	6/29/2022
PA	D-1037-17	DOH	Guadco LLC (d/b/a Keystone Canna Remedies)	1309 Stefko Blvd., Bethlehem, PA 18017	Dispensary	Medical	6/29/2022

US State or Country	License Number	Agency	Name of License Holder	Address	Category	Medical or Adult Use License	Expiration Date
MD	G-17-00012 EIN: 37-1793564	MMCC	HMS Health, LLC	4106 Harvard Place, Unit B2, Frederick, MD 21703	Cultivation	Medical	8/31/2023
MD	P-18-00003 EIN: 83-2618679	MMCC	HMS Processing, LLC DBA HMS Processing - Frederick	4106 Harvard Place, Unit B2, Frederick, MD 21703	Processing	Medical	9/27/2024
Canada	LIC-7FINC9ZUTW-2021	Health Canada	TerrAscend Canada	3610 Mavis Road, Mississauga, ON, Canada L5C 1W2	Processing	Both (Currently only operating as Adult Use)	6/25/2024

EXHIBIT INDEX

Exhibit No.	Description of Exhibit
2.1	Arrangement Agreement, dated October 8, 2018, by and among TerrAscend Corp., Canopy Growth Corporation, Canopy Rivers Corporation, JW Opportunities Master Fund, Ltd., JW Partners, LP and Pharmaceutical Opportunities Fund, LP.*
2.2	Securities Purchase Agreement, dated February 10, 2019, by and among BTHHM Berkeley, LLC, PNB Noriega, LLC, V Products, LLC, certain limited liability company interest holders of each of the forgoing entities, Michael Thomsen and TerrAscend Corp. and WDB Holding CA, Inc.*
2.3	Securities Purchase Agreement, dated February 10, 2019, by and among RHMT, LLC, Deep Thought, LLC, Howard Street Partners, LLC, certain limited liability company interest holders of each of the forgoing entities, Michael Thomsen, and TerrAscend Corp. and WDB Holding CA, Inc.*
2.4	Securities Purchase and Exchange Agreement, dated August 1, 2019, by and among Ilera Holdings LLC, Mera I LLC, Mera II LLC, TerrAscend Corp., WDB Holding PA, Inc. and Osagie Imasogie.*
2.5	Securities Purchase Agreement, dated February 10, 2019, by and among Gravitas Nevada Ltd, Verdant Nevada LLC, Green Ache'rs Consulting Limited, TerrAscend Corp. and WDB Holding, NV, Inc.*
2.6	Arrangement Agreement, dated August 31, 2021, by and between TerrAscend Corp. and Gage Growth Corp.*
2.7	Membership Interest Purchase Agreement, dated August 31, 2021, by and between WDB Holdings MI, Inc. and 3 State Park, LLC, AEY Holdings, LLC, AEY Capital, LLC, AEY Thrive, LLC and Seller.*
2.8	Amending Agreement, dated October 4, 2021, by and between TerrAscend Corp. and Gage Growth Corp.
3.1	Articles of TerrAscend Corp., dated March 7, 2017.
3.2	Articles of Amendment to the Articles of TerrAscend Corp., dated May 22, 2020.

3.3	By-laws of TerrAscend Corp., dated March 7, 2017.
10.1	Form of Voting Support Agreement.
10.2	Debenture Agreement, dated March 10, 2020, by and between Canopy Growth and TerrAscend Canada Inc.*
10.3	Credit Agreement, dated December 18, 2020, by and among WDB Holding PA, Inc., the lenders party thereto and Acquiom Agency Services LLC, as Administrative Agent.
10.4	Employment Agreement, dated May 1, 2018, by and between TerrAscend Corp. and Michael Nashat.
10.5	Employment Agreement, dated August 16, 2018, by and between TerrAscend Corp. and Adam Kozak.
10.6	Independent Contractor Agreement, dated December 1, 2019, by and between TerrAscend Corp. and Lisa Swartzman.
10.7	Amendment to Independent Contractor Agreement, dated June 2, 2021, by and between TerrAscend Corp. and Lisa Swartzman.
10.8	Consulting Agreement, dated January 9, 2020, by and between TerrAscend Corp. and JA Connect LLC.
10.9	Employment Agreement, dated December 3, 2020, by and between TerrAscend Corp. and Greg Rochlin.
10.10	Employment Agreement, dated April 22, 2020, by and between TerrAscend Corp. and Keith Stauffer.

10.11	Employment Agreement, dated May 1, 2020, by and between TerrAscend Corp. and Jason Ackerman.
10.12	Separation Agreement, dated March 6, 2020, by and between TerrAscend Corp. and Michael Nashat.
10.13	Separation Agreement and General Release, dated July 29, 2021, by and between TerrAscend Corp. and Greg Rochlin.
10.14	Separation Agreement and General Release, dated August 17, 2021, by and between TerrAscend Corp. and Jason Ackerman.
10.15	Form of Indemnity Agreement.
10.16	TerrAscend Corp. Stock Option Plan.**
10.17	Form of Notice of Option Grant.**
10.18	Form of Option Agreement.**
10.19	TerrAscend Corp. RSU Plan.**
10.20	Form of Notice of RSU Grant and Agreement.**
21.1	List of Subsidiaries of TerrAscend Corp.

* Certain confidential information has been excluded from this exhibit because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed.

** To be filed by amendment.

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized.

TERRASCEND CORP.

/s/ Jason Wild
By: Jason Wild
Title: Executive Chairman

Date: November 1, 2021

Exhibit 2.1

CERTAIN CONFIDENTIAL INFORMATION (MARKED BY BRACKETS AS "[***]") HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED.

ARRANGEMENT AGREEMENT

TERRASCEND CORP.

- and -

CANOPY GROWTH CORPORATION

CANOPY RIVERS CORPORATION

JW OPPORTUNITIES MASTER FUND, LTD.

JW PARTNERS, LP

PHARMACEUTICAL OPPORTUNITIES FUND, LP

October 8, 2018

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ARRANGEMENT AGREEMENT

THIS AGREEMENT is made as of October 8, 2018,

AMONG:

TERRASCEND CORP.,
a corporation existing under the laws of the Province of Ontario

(the "**Company**")

- and -

CANOPY GROWTH CORPORATION,
a corporation existing under the federal laws of Canada

("**Canopy Growth**")

- and -

CANOPY RIVERS CORPORATION,
a corporation existing under the federal laws of Canada

("**Canopy Rivers**")

- and -

JW OPPORTUNITIES MASTER FUND, LTD.,
a corporation existing under the laws of the Cayman Islands

("**JW Opportunities**")

- and -

JW PARTNERS, LP,
a limited partnership existing under the laws of Delaware, USA

("**JW Partners**")

- and -

PHARMACEUTICAL OPPORTUNITIES FUND, LP,
a limited partnership existing under the laws of Delaware, USA

("**Pharma Opportunities**" and, together with JW Opportunities and JW Partners, the "**JW Entities**")

WHEREAS the Company wishes to undertake a reorganization of its capital;

AND WHEREAS the Board has unanimously determined (with conflicted directors abstaining) that the Arrangement is fair to the Company Shareholders and in the best interests of the Company, and has resolved to recommend that the Company Shareholders vote in favour of the Arrangement;

AND WHEREAS the Parties intend to carry out the transactions contemplated herein by way of a plan of arrangement under the provisions of the OBCA;

AND WHEREAS the Company has entered into support and voting agreements with all of the directors and senior officers of the Company pursuant to which, among other things, such directors and officers have agreed to vote all of the Common Shares held by them in favour of the Arrangement Resolution, on the terms and subject to the conditions set forth in such agreements;

AND WHEREAS the Parties have entered into this Agreement to provide for the matters referred to in the foregoing recitals and for other matters related to the transactions herein provided for.

NOW THEREFORE, in consideration of the covenants and agreements herein contained, the Parties agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Defined Terms

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

"**Agreement**" means this arrangement agreement, including all schedules hereto, as may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

"**Arrangement**" means the arrangement under section 182 of the OBCA on the terms and subject to the conditions set out in the Plan of Arrangement.

"**Arrangement Resolution**" means the special resolution approving this Plan of Arrangement to be considered at the Company Meeting by the Company Shareholders entitled to vote thereon pursuant to the Interim Order, substantially in the form of Schedule B.

"**Articles of Arrangement**" means the articles of arrangement of the Company in respect of the Arrangement, required by the OBCA to be sent to the Director after the Final Order is made, which shall include the Plan of Arrangement and otherwise be in a form satisfactory to Canopy Growth, Canopy Rivers, the JW Entities and the Company, each acting reasonably.

"**Authorization**" means, with respect to any Person, any order, permit, approval, consent, waiver, licence or similar authorization of any Governmental Entity having jurisdiction over the Person.

"**Board**" means the board of directors of the Company, as constituted from time to time.

"**Board Recommendation**" has the meaning specified in Section 2.4(b).

"**Business Day**" means any day of the year, other than a Saturday, Sunday or any day on which major banks are closed for business in Toronto, Ontario.

"**Canopy Growth**" has the meaning specified in the preamble.

"**Canopy Growth Stock Exchange Approval**" means the approval of the TSX and NYSE of the terms of the Arrangement.

"**Canopy Rivers**" has the meaning specified in the preamble.

"**Canopy Rivers Stock Exchange Approval**" means the approval of the TSXV of the terms of the Arrangement.

"**Canopy Warrants**" means (i) the outstanding Warrants issued by the Company to Canopy Growth on December 8, 2017, being 9,545,456 Warrants as of the date of the Arrangement Agreement represented by Warrant certificate 2017-05; and (ii) the outstanding Warrants issued by the Company to Canopy Rivers on December 8, 2017, being 9,545,456 Warrants as of the date of the Arrangement Agreement represented by Warrant certificate 2017-04.

"**Certificate of Arrangement**" means the certificate of arrangement issued by the Director pursuant to subsection 183(2) of the OBCA in respect of the Articles of Arrangement.

"**Closing**" has the meaning specific in Section 2.7(b).

"**Common Shares**" means the common shares in the capital of the Company.

"**Company**" has the meaning specified in the preamble.

"**Company Circular**" means the notice of the Company Meeting and accompanying management information circular, including all schedules, appendices and exhibits to, and information incorporated by reference in, such management information circular, to be sent to the Company Shareholders in connection with the Company Meeting, as amended, supplemented or otherwise modified from time to time in accordance with the terms of this Agreement.

"**Company Meeting**" means the special meeting of Company Shareholders, including any adjournment or postponement of such special meeting in accordance with the terms of this Agreement, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution and for any other purpose as may be set out in the Company Circular and agreed to in writing by the Parties.

"**Company Shareholders**" means the registered or beneficial holders of the Common Shares, as the context requires.

"**Constating Documents**" means articles of incorporation, amalgamation, or continuation, articles and notice of articles, by-laws and other constating documents, as applicable, and all amendments to such documents.

"**Court**" means the Ontario Superior Court of Justice (Commercial List), or other court as applicable.

"**CSE**" means the Canadian Securities Exchange.

"**CSE Approval**" means the approval of the CSE of the terms of the Arrangement.

"**Director**" means the Director appointed pursuant to section 278 of the OBCA.

"**Effective Date**" means the date shown on the Certificate of Arrangement giving effect to the Arrangement.

"**Effective Time**" means 12:01 a.m. (Toronto time) on the Effective Date, or such other time as the Parties agree to in writing before the Effective Date.

"**Exchangeable Share Protection Agreement**" means the exchangeable share protection agreement between Canopy Growth, Canopy Rivers and the Company, substantially in the form of Schedule C.

"**Exchangeable Shares**" has the meaning specified in the Plan of Arrangement.

"**Final Order**" means the final order of the Court made pursuant to section 182(5)(f) of the OBCA in a form acceptable to Canopy Growth, Canopy Rivers, the JW Entities and the Company, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of Canopy Growth, Canopy Rivers, the JW Entities and the Company, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to Canopy Growth, Canopy Rivers, the JW Entities and the Company, each acting reasonably) on appeal.

"**Governmental Entity**" means (i) any international, multinational, national, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau, ministry, agency or instrumentality, domestic or foreign, (ii) any subdivision or authority of any of the above, (iii) any quasi-governmental or private body exercising any regulatory, anti-trust, foreign investment, expropriation or taxing authority under or for the account of any of the foregoing or (iv) any stock exchange.

"**Interim Order**" means the interim order of the Court made pursuant to section 182(5) of the OBCA, in a form acceptable to Canopy Growth, Canopy Rivers, the JW Entities and the Company, each acting reasonably, providing for, among other things, the calling and holding of the Company Meeting, as such order may be amended by the Court with the consent of Canopy Growth, Canopy Rivers, the JW Entities and the Company, each acting reasonably.

"**JW Entities**" means, collectively, (i) JW Opportunities, (ii) JW Partners and (iii) Pharma Opportunities.

"**JW Opportunities**" has the meaning specified in the preamble.

"**JW Partners**" has the meaning specified in the preamble.

"**JW Warrants**" means the outstanding Warrants issued by the Company to the JW Entities on December 8, 2017, being an aggregate of 28,636,361 Warrants as of the date of the Arrangement Agreement represented by Warrant certificates 2017-01, 2017-02 and 2017-03.

"**Law**" means, with respect to any Person, any and all applicable law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, notice, judgment, decree, ruling or other similar requirement, whether domestic or foreign, enacted, adopted, promulgated or applied by a Governmental Entity that is binding upon or applicable to such Person or its business, undertaking, property or securities, and to the extent that they have the force of law, policies, guidelines, notices and protocols of any Governmental Entity, as amended unless expressly specified otherwise.

"**MI 61-101**" means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.

"**Misrepresentation**" means an untrue statement of a material fact or an omission to state a material fact required or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made.

"**Notice**" has the meaning specified in Section 7.3.

"**NYSE**" means the New York Stock Exchange.

"**OBCA**" means the *Business Corporations Act* (Ontario).

"**Options**" means the options to purchase Common Shares issued pursuant to the Company's Stock Option Plan dated March 8, 2017, as amended on August 6, 2018.

"**Order**" means a judgment, writ, order, decision, ruling, injunction or decree of any Governmental Entity;

"**Outside Date**" means February 8, 2019.

"**Parties**" means Canopy Growth, Canopy Rivers, the JW Entities and the Company, and"**Party**" means any one of them.

"**Person**" includes any individual, partnership, association, body corporate, trust, organization, estate, trustee, executor, administrator, legal representative, government (including Governmental Entity), syndicate or other entity, whether or not having legal status.

"**Pharma Opportunities**" has the meaning specified in the preamble.

"**Plan of Arrangement**" means the plan of arrangement proposed under section 182 of the OBCA, substantially in the form of Schedule A, and any amendments or variations made thereto in accordance with this Agreement or Section 4.1 thereof or made at the direction of the Court with the consent of Canopy Growth, Canopy Rivers, the JW Entities and the Company, each acting reasonably.

"**Proportionate Voting Shares**" has the meaning specified in the Plan of Arrangement.

"**Regulatory Approvals**" means the CSE Approval, the Canopy Growth Stock Exchange Approval and the Canopy Rivers Stock Exchange Approval.

"**Required Approval**" has the meaning specified in Section 2.2(b).

"**Restricted Share Exemption**" means an exemption from certain provisions of Securities Laws relating to restricted securities to, among other things, allow the Common Shares to retain their name following the Effective Time, which has been applied for by the Company;

"**Securities Authorities**" means the Ontario Securities Commission and any other applicable securities commission or securities regulatory authority of a province or territory of Canada.

"**Securities Laws**" means the *Securities Act* (Ontario) and any other applicable Canadian securities laws, rules and regulations and published policies thereunder.

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval maintained on behalf of the Securities Authorities.

"**Subject Shares**" has the meaning specified in Section 4.2(a)(ii).

"**Subscription Agreements**" means the subscription agreements entered into between the Company and each of Canopy Growth, Canopy Rivers and the JW Entities dated November 15, 2017.

"**Support and Voting Agreements**" means each of the support and voting agreements dated the date hereof between the Company and each of the directors and senior officers of the Company.

"**Tax Act**" means the *Income Tax Act* (Canada).

"**Taxes**" means (i) any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever imposed by any Governmental Entity, whether computed on a separate, consolidated, unitary, combined or other basis, including those levied on, or measured by, or described with respect to, income, gross receipts, profits, gains, windfalls, capital, capital stock, production, recapture, transfer, land transfer, license, gift, occupation, wealth, environment, net worth, indebtedness, surplus, sales, goods and services, harmonized sales, provincial sales, use, value-added, excise, special assessment, stamp, withholding, business, franchising, real or personal property, health, employee health, payroll, workers' compensation, employment or unemployment, severance, social services, social security, education, utility, surtaxes, customs, import or export, and including all license and registration fees and all employment insurance, health insurance and government pension plan premiums or contributions; (ii) all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Entity on or in respect of amounts of the type described in clause (i) above or this clause (ii); (iii) any liability for the payment of any amounts of the type described in clauses (i) or (ii) as a result of being a member of an affiliated, consolidated, combined or unitary group for any period; and (iv) any liability for the payment of any amounts of the type described in clauses (i) or (ii) as a result of any express or implied obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any party, and in each case, whether disputed or not.

"**Transfer**" has the meaning specified in Section 4.2(a)(iii).

"**Transfer Agent**" means, prior to the Effective Time, the Person appointed as the transfer agent and registrar of the Common Shares, and following the Effective Time, the Person appointed as the transfer agent and registrar of the Common Shares, Proportionate Voting Shares and the Exchangeable Shares.

"**TSX**" means the Toronto Stock Exchange.

"**TSXV**" means the TSX Venture Exchange.

"**United States**" or "**U.S.**" means the United States of America, its territories and possessions, any State of the United States and the District of Columbia;

"**U.S. Securities Act**" means the United States Securities Act of 1933.

"**Warrants**" means warrants of the Company exercisable for Common Shares.

1.2 **Certain Rules of Interpretation**

In this Agreement, unless otherwise specified:

(a) **Headings, etc**. The provision of a Table of Contents, the division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and do not affect the construction or interpretation of this Agreement.

(b) **Currency**. All references to dollars or to $ are references to Canadian dollars, unless otherwise specified.

(c) **Gender and Number**. Any reference to gender includes all genders. Words importing the singular number only include the plural and vice versa.

(d) **Certain Phrases and References, etc**. The words "including", "includes" and "include" mean "including (or includes or include) without limitation," and "the aggregate of", "the total of", "the sum of", or a phrase of similar meaning means "the aggregate (or total or sum), without duplication, of." Unless stated otherwise, "Article", "Section", and "Schedule" followed by a number or letter mean and refer to the specified Article or Section of or Schedule to this Agreement. The term "Agreement" and any reference in this Agreement to this Agreement or any other agreement or document includes, and is a reference to, this Agreement or such other agreement or document as it may have been, or may from time to time be, amended, restated, replaced, supplemented or novated and includes all schedules to it.

(e) **Capitalized Terms**. Unless otherwise specified, all capitalized terms used in any Schedule have the meanings ascribed to them in this Agreement.

(f) **Statutes**. Any reference to a statute refers to such statute and all rules and regulations made under it, as it or they may have been or may from time to time be amended or re-enacted, unless stated otherwise.

(g) **Computation of Time**. A period of time is to be computed as beginning on the day following the event that began the period and ending at 5:00 p.m. on the last day of the period, if the last day of the period is a Business Day, or at 5:00 p.m. on the next Business Day if the last day of the period is not a Business Day.

(h) **Time References**. References to time are to local time, Toronto, Ontario.

(i) **Affiliates and Subsidiaries**. For the purpose of this Agreement, a Person is an "**affiliate**" of another Person if one of them is a subsidiary of the other or each one of them is controlled, directly or indirectly, by the same Person. A "**subsidiary**" means a Person that is controlled directly or indirectly by another Person and includes a subsidiary of that subsidiary. A Person is considered to "**control**" another Person if: (i) the first Person beneficially owns or directly or indirectly 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.

ARTICLE 2
THE ARRANGEMENT

2.1 Arrangement

The Parties agree that the Arrangement will be implemented in accordance with and subject to the terms and conditions of this Agreement and the Plan of Arrangement.

2.2 Interim Order

As soon as reasonably practicable after the date of this Agreement, the Company shall apply, in a manner reasonably acceptable to the other Parties, pursuant to section 182 of the OBCA and, in cooperation with the other Parties, prepare, file and diligently pursue an application for the Interim Order, which shall provide, among other things:

(a) for the classes of persons to whom notice is to be provided in respect of the Arrangement and the Company Meeting and for the manner in which such notice is to be provided;

(b) that the required level of approval (the "**Required Approval**") for the Arrangement Resolution shall be (i) two-thirds of the votes cast on the Arrangement Resolution by Company Shareholders present in person or represented by proxy at the Company Meeting; and (ii) a simple majority of the votes cast on the Arrangement Resolution by Company Shareholders present in person or represented by proxy at the Company Meeting, excluding for this purpose votes attached to Common Shares held by persons described in items (a) through (d) of section 8.1(2) of MI 61-101;

(c) for the notice requirements with respect to the presentation of the application to the Court for the Final Order;

(d) that the Company Meeting may be adjourned or postponed from time to time by the Company in accordance with the terms of this Agreement without the need for additional approval of the Court;

(e) confirmation of the record date for the purposes of determining the Company Shareholders entitled to notice of and to vote at the Company Meeting in accordance with the Interim Order;

(f) that the record date for the Company Shareholders entitled to notice of and to vote at the Company Meeting will not change in respect of any adjournment(s) of the Company Meeting, unless required by applicable Laws;

(g) that, in all other respects, the terms, restrictions and conditions of the Company's Constating Documents, including quorum requirements and all other matters, shall apply in respect of the Company Meeting; and

(h) for such other matters as the Company may reasonably require, subject to obtaining the prior consent of the other Parties, such consent not to be unreasonably withheld, conditioned or delayed.

2.3 The Company Meeting

Subject to the terms of this Agreement and (other than in the case of Section 2.3(a)) the receipt of the Interim Order, the Company shall:

(a) fix and publish a record date for the purposes of determining Company Shareholders entitled to receive notice of and vote at the Company Meeting;

(b) convene and conduct the Company Meeting in accordance with the Interim Order, the Company's Constating Documents and Law as soon as reasonably practicable;

(c) give notice to the other Parties of the Company Meeting and allow the other Parties' respective representatives, legal counsel and financial advisors to attend the Company Meeting, both in accordance with the Interim Order;

(d) promptly advise the other Parties, at such times as such other Parties may reasonably request, as to the aggregate tally of the proxies received by the Company in respect of the Arrangement Resolution; and

(e) promptly advise the other Parties of receipt of any communication (written or oral) from any Company Shareholder, other securityholder of the Company or any other stakeholder in opposition to the Arrangement (except for non-substantive communications).

2.4 The Company Circular

(a) Subject to compliance with Section 2.4(d) by the other Parties, the Company shall promptly prepare and complete the Company Circular together with any other documents required by Law in connection with the Company Meeting and the Arrangement, and the Company shall, promptly after obtaining the Interim Order, cause the Company Circular and such other documents to be filed and sent to each Company Shareholder and other Person as required by the Interim Order and Law, in each case so as to permit the Company Meeting to be held as soon as reasonably practicable, as specified in Section 2.3(b).

(b) On the date of mailing thereof, the Company shall ensure that the Company Circular complies in all material respects with Law and the Interim Order, does not contain any Misrepresentation (except that the Company shall not be responsible for any information included in the Company Circular related to the other Parties or their respective affiliates that was furnished by any of the other Parties for inclusion in the Company Circular pursuant to Section 2.4(d)) and provides the Company Shareholders with sufficient information to permit them to form a reasoned judgement concerning the matters to be placed before the Company Meeting. Without limiting the generality of the foregoing, the Company Circular shall include: (i) a statement that the Board has unanimously (subject to any abstentions), after receiving legal and financial advice, determined that the Arrangement Resolution is in the best interests of the Company and recommends that the Company Shareholders vote in favour of the Arrangement Resolution (the "**Board Recommendation**"), and (ii) a statement that each director and senior officer of the Company has agreed to vote any Common Shares owned or controlled by such individual in favour of the Arrangement Resolution pursuant to the Support and Voting Agreements.

(c) The Company shall give the other Parties and their respective legal counsel and financial advisors a reasonable opportunity to review and comment on drafts of the Company Circular and other related documents, and shall give reasonable consideration to any comments made by them, and agrees that all information relating solely to the other Parties or their respective affiliates included in the Company Circular must be in a form and content satisfactory to the applicable other Party, acting reasonably.

(d) Each of the other Parties shall provide the Company with, on a timely basis, all information regarding such other Party and its affiliates as required by applicable Laws for inclusion in the Company Circular or in any amendments or supplements to the Company Circular. The applicable other Party shall ensure that such information does not contain any Misrepresentation.

(e) Each Party shall promptly notify the other Parties if it becomes aware that the Company Circular contains a Misrepresentation, or otherwise requires an amendment or supplement. The Parties shall co-operate in the preparation of any such amendment or supplement as required or appropriate, and the Company shall promptly mail, file or otherwise publicly disseminate any such amendment or supplement to the Company Shareholders and, if required by the Court or by Law, file the same with the Securities Authorities or any other Governmental Entity as required.

2.5 Final Order

If the Interim Order is obtained and the Arrangement Resolution is approved at the Company Meeting in accordance with the terms of the Interim Order, the Company shall take all steps necessary to submit the Arrangement to the Court and diligently pursue an application for the Final Order pursuant to section 182 of the OBCA, as soon as reasonably practicable, but in any event not later than three Business Days, after the Arrangement Resolution is passed at the Company Meeting as provided for in the Interim Order.

2.6 Court Proceedings

(a) Each of Canopy Growth, Canopy Rivers and the JW Entities shall cooperate with and assist the Company in, and consent to the Company, seeking the Interim Order and the Final Order, including by providing the Company on a timely basis with any information regarding itself or its affiliates as reasonably requested by the Company or as required by Law to be supplied by it in connection therewith.

(b) In connection with all Court proceedings relating to obtaining the Interim Order and the Final Order, and in each case subject to Law, the Company shall:

(i) diligently pursue, and cooperate with Canopy Growth, Canopy Rivers and the JW Entities in diligently pursuing, the Interim Order and the Final Order;

(ii) provide Canopy Growth, Canopy Rivers, the JW Entities and their respective legal counsel with a reasonable opportunity to review and comment upon drafts of all material to be filed with the Court in connection with pursuing the Interim Order or the Final Order, and give reasonable consideration to all such comments;

(iii) provide legal counsel to each of Canopy Growth, Canopy Rivers and the JW Entities with copies of any notice of appearance, evidence or other documents served on the Company or its legal counsel in respect of the application for the Interim Order or the Final Order or any appeal from them, and any notice, written or oral, indicating the intention of any Person to appeal, or oppose the granting of, the Interim Order or the Final Order;

(iv) not object to legal counsel to Canopy Growth, Canopy Rivers or the JW Entities making such submissions on the hearing of the motion for the Interim Order and the application for the Final Order as such counsel considers appropriate, provided that the Company is advised of the nature of any submissions on a timely basis prior to the hearing and such submissions are consistent in all material respects with this Agreement and the Plan of Arrangement;

(v) ensure that all material filed with the Court in connection with pursuing the Interim Order or the Final Order is consistent in all material respects with this Agreement and the Plan of Arrangement;

(vi) oppose any proposal from any Person that the Final Order contain any provision inconsistent with this Agreement;

(vii) if at any time after the issuance of the Final Order and prior to the Effective Date, the Company is required by the terms of the Final Order or by Law to return to Court with respect to the Final Order, it shall do so after notice to, and in consultation and cooperation with, Canopy Growth, Canopy Rivers and the JW Entities; and

(viii) not file any material with the Court in connection with pursuing the Interim Order or the Final Order or serve any such material, or agree to modify or amend any material so filed or served, except as contemplated by this Agreement or with the prior consent of Canopy Growth, Canopy Rivers and the JW Entities, which consent may not be unreasonably withheld, conditioned or delayed, provided that consent may be withheld with respect to any modification or amendment to such filed or served materials that expands or increases the obligations of the Party withholding consent or diminishes or limits the rights of the Party withholding consent set forth in any such filed or served materials or under this Agreement.

2.7 Articles of Arrangement and Effective Date

(a) The Company shall file the Articles of Arrangement with the Director, and the Effective Date shall occur, on the date which is three Business Days after the date on which all conditions set forth in Section 5.1 to Section 5.5 have been satisfied or waived (excluding conditions that, by their terms, cannot be satisfied until the Effective Date, but subject to the satisfaction or, where not prohibited, the waiver by the applicable Party or Parties in whose favour the condition is, of those conditions as of the Effective Date), unless another time or date is agreed to in writing by the Parties. From and after the Effective Time, the Arrangement will have all of the effects provided by applicable Law, including the OBCA.

(b) The closing of the Arrangement (the "**Closing**") will take place at the offices of Blake, Cassels & Graydon LLP, 199 Bay St., Suite 4000, Toronto, Ontario, M5L 1A9 or at such other location as may be agreed upon by the Parties.

2.8 Exchange of Shares

Forthwith following the Effective Time, the Company shall, subject to the terms of the Plan of Arrangement, issue and deliver to the Transfer Agent one or more irrevocable treasury directions authorizing the Transfer Agent, as the registrar and transfer agent of the Proportionate Voting Shares and Exchangeable Shares, to register and issue the aggregate number of Proportionate Voting Shares and Exchangeable Shares, as applicable, to which each of Canopy Growth, Canopy Rivers and the JW Entities are entitled pursuant to the Plan of Arrangement.

2.9 Withholding Taxes

The Company and the Transfer Agent, as applicable, shall be entitled to deduct and withhold from any Proportionate Voting Shares or Exchangeable Shares deliverable or consideration otherwise deliverable to any former Common Shareholder or holder of Warrants such amounts as they may be required to deduct and withhold therefrom under any provision of applicable Laws in respect of Taxes. To the extent that any amounts are so deducted and withheld, such amounts shall be treated for all purposes hereof as having been paid to the Person to whom such amounts would otherwise have been paid, provided that such withheld amounts are actually remitted to the appropriate taxing authority. To satisfy the amount required to be deducted or withheld from any payment to any such Common Shareholder or holder of Warrants, the Company or the Transfer Agent, as applicable, may sell or otherwise dispose of (or exercise any exchange or conversion rights applicable and then sell or otherwise dispose of the underlying Common Shares) any portion of the Common Shares, Proportionate Voting Shares or Exchangeable Voting Shares deliverable to such holder as is necessary to provide sufficient funds to enable the Company or the Transfer Agent, as applicable, to comply with such deduction and/or withholding requirements.

2.10 U.S. Securities Law Matters

The Parties agree that the Arrangement will be carried out with the intention that all Proportionate Voting Shares issued under the Arrangement to the JW Entities will be issued by the Company in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by section 3(a)(10) thereof or another available exemption. In order to ensure the availability of the exemption under section 3(a)(10) of the U.S. Securities Act, the Parties agree that the Arrangement will be carried out on the following basis:

(a) the Arrangement will be subject to the approval of the Court;

(b) the Court will be advised as to the intention of the Parties to rely on the exemption from the registration requirements of the U.S. Securities Act under section 3(a)(10) thereof prior to the hearing required to approve the Arrangement;

(c) before approving the Arrangement, the Court will be required to satisfy itself as to the procedural and substantive fairness of the Arrangement to the Company Shareholders;

(d) the Company will ensure that the JW Entities will be given adequate notice advising them of their right to attend the Final Order hearing and will provide them with sufficient information for them to exercise that right;

(e) the JW Entities hereby acknowledge that they have been advised that the Proportionate Voting Shares issued pursuant to the Arrangement have not been registered under the U.S. Securities Act and will be issued by the Company in reliance on the exemption under section 3(a)(10) of the U.S. Securities Act;

(f) the Final Order approving the Arrangement that is obtained from the Court will expressly state that the Plan of Arrangement is fair and reasonable (as that term is understood for the purposes of section 182 of the OBCA) and is approved by the Court; and

(g) the Interim Order approving the Company Meeting will specify that each Company Shareholder will have the right to appear before the Court at the Final Order hearing so long as they deliver a Notice of Appearance within the time prescribed by the Interim Order.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Company

(a) The Company represents and warrants to the other Parties that the representations and warranties set forth in Schedule D are true and correct as of the date hereof and acknowledges and agrees that the other Parties are relying upon such representations and warranties in connection with the entering into of this Agreement.

(b) The representations and warranties of the Company contained in this Agreement shall survive the completion of the Arrangement and shall not expire and be terminated when this Agreement is terminated in accordance with its terms.

(c) Except for the representations and warranties set forth in this Agreement, neither the Company nor any other Person has made or makes any other express or implied representation and warranty, either written or oral, on behalf of the Company.

3.2 Representations and Warranties of the Parties Other than the Company

(a) Except for representations and warranties specifically limited to a particular Party, each of the Parties other than the Company, severally but not jointly, represents and warrants to the Company that the representations and warranties set forth in Schedule E are true and correct as of the date hereof in respect of such Party and acknowledges and agrees that the Company is relying upon such representations and warranties in connection with the entering into of this Agreement. Where a representation and warranty set forth in Schedule E is specifically limited to a particular Party, such Party represents and warrants to the Company that such representation and warranty is true and correct as of the date hereof and acknowledges and agrees that the Company is relying upon such representation and warranty in connection with the entering into of this Agreement.

(b) The representations and warranties of the Parties other than the Company contained in this Agreement shall survive the completion of the Arrangement and shall not expire and be terminated when this Agreement is terminated in accordance with its terms.

(c) Except for the representations and warranties set forth in this Agreement, none of the Parties other than the Company, nor any other Person, has made or makes any other express or implied representation and warranty, either written or oral, on behalf of the Parties other than the Company.

ARTICLE 4
COVENANTS

4.1 Covenants of the Company Relating to the Arrangement

(a) Subject to the terms and conditions of this Agreement, the Company shall perform all obligations required to be performed by the Company under this Agreement, cooperate with the other Parties in connection therewith, and do all such other commercially reasonable acts and things as may be necessary or desirable in order to complete and make effective, as soon as reasonably practicable, the Arrangement and, without limiting the generality of the foregoing, the Company shall and, where appropriate, shall cause its subsidiaries to:

(i) other than in connection with obtaining the Regulatory Approvals, which shall be governed by the provisions of Section 4.4, use its commercially reasonable efforts, upon reasonable consultation with the other Parties, to oppose, lift or rescind any injunction, restraining or other order, decree or ruling seeking to restrain, enjoin or otherwise prohibit or adversely affect the completion of the Arrangement and defend, or cause to be defended, any proceedings to which it is a party or brought against it or its directors or officers challenging the Arrangement or this Agreement, provided that neither the Company nor any of its subsidiaries will consent to the entry of any judgment or settlement with respect to any such proceeding without the prior written approval of the other Parties, not to be unreasonably withheld, conditioned or delayed;

(ii) use its commercially reasonable efforts to satisfy all conditions precedent in this Agreement and carry out the terms of the Interim Order and the Final Order applicable to it and comply promptly with all requirements imposed by Law on it with respect to this Agreement or the Arrangement; and

(iii) not take any action, or refrain from taking any commercially reasonable action, or permit any action to be taken or any commercially reasonable action not to be taken, which is inconsistent with this Agreement or which would reasonably be expected to prevent, materially delay or otherwise impede the completion of the Arrangement.

(b) The Company shall promptly notify the other Parties of:

(i) any notice or other communication from any Person alleging that the consent (or waiver, permit, exemption, order, approval, agreement, amendment or confirmation) of such Person is required in connection with this Agreement or the Arrangement;

(ii) unless prohibited by Law, any notice or other communication from any Governmental Entity in connection with this Agreement (and the Company shall contemporaneously provide a copy of any such written notice or communication to the other Parties); or

(iii) any material filing, action, suit, claim, investigation or proceeding commenced or, to its knowledge, threatened against, relating to or involving or otherwise affecting the Company or its affiliates in connection with this Agreement or the Arrangement.

4.2 Covenants of the Parties Other than the Company Relating to the Arrangement

(a) Subject to the terms and conditions of this Agreement, each of the Parties other than the Company shall perform all obligations required to be performed by it under this Agreement, cooperate with the Company in connection therewith, and do all such other commercially reasonable acts and things as may be necessary or desirable in order to complete and make effective, as soon as reasonably practicable, the Arrangement and, without limiting the generality of the foregoing, each of the Parties other than the Company shall and, where appropriate, shall cause its subsidiaries to:

(i) other than in connection with obtaining the Regulatory Approvals, which shall be governed by the provisions of Section 4.4, use its commercially reasonable efforts, upon reasonable consultation with the Company, to oppose, lift or rescind any injunction, restraining or other order, decree or ruling seeking to restrain, enjoin or otherwise prohibit or adversely affect the completion of the Arrangement and defend, or cause to be defended, any proceedings to which it is a party or brought against it or its directors or officers challenging the Arrangement or this Agreement, provided that neither the Party nor any of its subsidiaries will consent to the entry of any judgment or settlement with respect to any such proceeding without the prior written approval of the Company, not to be unreasonably withheld, conditioned or delayed;

(ii) vote, or cause to be voted, any Common Shares directly or indirectly owned or controlled by the Party or any of its affiliates (the "**Subject Shares**") (i) in favour of the Arrangement Resolution; (ii) in favour of any other matter necessary for the consummation of the transactions contemplated by this Agreement; and (iii) against, and not otherwise support, any matter that could reasonably be expected to delay, prevent, impede or frustrate the Company Meeting or the successful completion of the Arrangement or any of the transactions contemplated by the Arrangement Agreement;

(iii) unless required by Law, not, directly or indirectly, prior to the approval of the Arrangement Resolution (i) sell, transfer, gift, assign, grant a participation interest in, option, pledge, hypothecate, grant a security or voting interest in or otherwise convey or encumber (each, a "**Transfer**"), or enter into any agreement, option or other arrangement (including any profit sharing arrangement) with respect to the Transfer of any of its Subject Shares to any Person, (ii) except as required herein, grant any proxies or power of attorney in respect of its Subject Shares or deposit any of its Subject Shares into any voting trust or enter into any voting arrangement, whether by proxy, voting agreement or otherwise, (iii) enter into any agreement affecting or restricting the ability of the Party to exercise all voting rights attaching to its Subject Shares, or (iv) agree to take any of the actions described in the foregoing clauses (i) to (iii);

(iv) promptly notify the Company, at first orally and then in writing, of the amount of any new Common Shares acquired by, or in respect of which control or direction over the voting is, directly or indirectly, acquired by, the Party after the date hereof and any such Common Shares shall be subject to the terms of this Agreement as though owned by the Party on the date hereof and shall be included in the definition of "Subject Shares";

(v) not, directly or indirectly (i) solicit proxies, or become a participant in a solicitation, in opposition to or competition with the transactions contemplated by this Agreement, (ii) act jointly or in concert with others with respect to voting securities of the Company for the purpose of opposing or competing with the transactions contemplated by this Agreement, (iii) unless required by Law, publicly withdraw support from the transactions contemplated by this Agreement, or (iv) join in the requisition of any meeting of the securityholders of the Company for the purpose of considering any resolution for any matter that could reasonably be expected to delay, prevent, impede or frustrate the Company Meeting or the successful completion of the Arrangement and each of the transactions contemplated by this Agreement;

(vi) use its commercially reasonable efforts to satisfy all conditions precedent in this Agreement and carry out the terms of the Interim Order and the Final Order applicable to it and comply promptly with all requirements imposed by Law on it or its affiliates with respect to this Agreement or the Arrangement; and

(vii) not take any action, or refrain from taking any commercially reasonable action, or permit any action to be taken or any commercially reasonable action not to be taken, which is inconsistent with this Agreement or which would reasonably be expected to prevent, materially delay or otherwise impede the completion of the Arrangement.

(b) Each of the Parties other than the Company shall promptly notify the Company of:

(i) any notice or other communication from any Person alleging that the consent (or waiver, permit, exemption, order, approval, agreement, amendment or confirmation) of such Person is required in connection with this Agreement or the Arrangement;

(ii) unless prohibited by Law, any notice or other communication from any Governmental Entity in connection with this Agreement (and the applicable Party shall contemporaneously provide a copy of any such written notice or communication to the Company); or

(iii) any material filing, action, suit, claim, investigation or proceeding commenced or, to the knowledge of the Party, threatened against, relating to or involving or otherwise affecting such Party or its affiliates in connection with this Agreement or the Arrangement.

4.3 Conduct of Business of the Company

Each of Canopy Growth, Canopy Rivers and the JW Entities covenants and agrees that, during the period from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, it shall not seek to enforce its rights under section 6(vv) of the applicable Subscription Agreement; provided that the Company does not, directly or indirectly, prior to the Effective Time: (a) derive revenue from the cultivation, distribution or possession of marijuana in the United States; or (b) consummate any acquisition of, investment in, or merger, amalgamation, arrangement or similar transaction with, an entity that engages in the business of cultivating, distributing or possessing marijuana in the United States.

4.4 Regulatory Approvals

(a) As soon as reasonably practicable after the date hereof, the Company shall make or cause to be made all notifications, filings, applications and submissions required or advisable in order to obtain the CSE Approval, use commercially reasonable efforts to obtain the CSE Approval in a timely manner so as to enable the Closing to occur as soon as reasonably practicable (and in any event no later than the Outside Date) and keep the other Parties reasonably informed as to the status of the CSE Approval.

(b) Canopy Growth shall use commercially reasonable efforts to maintain the Canopy Growth Stock Exchange Approval so as to enable the Closing to occur as soon as reasonably practicable (and in any event no later than the Outside Date) and promptly advise the Company of any changes (or threatened changes) in the status of the Canopy Growth Stock Exchange Approval.

(c) Canopy Rivers shall use commercially reasonable efforts to maintain the Canopy Rivers Stock Exchange Approval so as to enable the Closing to occur as soon as reasonably practicable (and in any event no later than the Outside Date) and promptly advise the Company of any changes (or threatened changes) in the status of the Canopy Rivers Stock Exchange Approval.

(d) Subject to applicable Law, the Parties will coordinate and cooperate in exchanging information and supplying assistance that is reasonably requested in connection with this Section 4.4. The Parties will provide each other with copies of any substantive written or electronic communication received from Governmental Entities on or after the date hereof with respect to all applications, filings or other processes in respect of the Regulatory Approvals (with any competitively and/or commercially sensitive information being permitted to be redacted) and provide the other Parties the opportunity to review and comment on drafts of any substantive notification, filing, application or submission (with any competitively and/or commercially sensitive information being permitted to be redacted) in connection with the Regulatory Approvals, with any such comments being given reasonable consideration.

(e) If any objections are asserted by any Governmental Entity under any applicable Law with respect to the transactions contemplated by this Agreement, or if any

proceeding is instituted or threatened by any Governmental Entity challenging or which could lead to a challenge of any of the transactions contemplated by this Agreement as not in compliance with any Law, the Parties shall use commercially reasonable efforts consistent with the terms of this Agreement to resolve or avoid such proceeding so as to allow Closing to occur on or prior to the Outside Date.

4.5 Public Communications

A Party shall not, and shall cause its affiliates not to, issue any press release or make any other public statement or disclosure with respect to this Agreement or the Arrangement without the consent of the other Parties (which consent shall not be unreasonably withheld, conditioned or delayed); provided, however, that the foregoing shall be subject to each Party's (and their affiliates') overriding obligation to make any disclosure or filing in accordance with applicable Laws, including Securities Laws, and if, based on the advice of its external legal counsel, such disclosure or filing is required, the disclosing Party (or affiliate of a Party) shall use reasonable efforts to give the other Parties prior notice and a reasonable opportunity to review or comment on the disclosure or filing (other than with respect to confidential information contained in such disclosure or filing), and if such prior notice is not possible, shall give such notice immediately following the making of such disclosure or filing. The Party (or its affiliate) making such disclosure shall give reasonable consideration to any comments made by the other Parties and/or their respective legal counsel. Notwithstanding the foregoing, the Company may have discussions with Company Shareholders, other holders of Company securities, financial analysts, commercial counterparties and other stakeholders relating to this Agreement or the transactions contemplated by it, provided that such discussions are not inconsistent with the most recent press releases, public disclosures or public statements made by the Company or any other Party that were approved by all Parties prior to filing or release, as applicable. The Parties acknowledge that the Company will file this Agreement and a material change report relating thereto on SEDAR.

4.6 Notice Provisions

(a) Each Party shall promptly notify the other Party of the occurrence, or failure to occur, of any event or state of facts which occurrence or failure would, or would be reasonably likely to:

(i) cause any of the representations or warranties of such Party contained in this Agreement to be untrue or inaccurate in any material respect on the date hereof or on the Effective Date; or

(ii) result in the failure, in any material respect, to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by such Party under this Agreement.

(b) Notification provided under this Section 4.6 will not affect the representations, warranties, covenants, agreements or obligations of the Parties (or remedies with respect thereto) or the conditions to the obligations of the Parties under this Agreement.

ARTICLE 5
CONDITIONS

5.1 Mutual Conditions Precedent

The Parties will not complete the Arrangement unless each of the following conditions is satisfied on or prior to the Effective Time, which conditions may only be waived, in whole or in part, by the unanimous consent of the Parties:

(a) **Arrangement Resolution.** The Arrangement Resolution has been approved and adopted at the Company Meeting in accordance with the Interim Order.

(b) **Interim and Final Order.** The Interim Order and the Final Order have each been obtained on terms consistent with this Agreement, and have not been set aside or modified in a manner unacceptable to any Party, acting reasonably, on appeal or otherwise.

(c) **CSE Approval.** The CSE Approval has been made, given or obtained, and such CSE Approval is in force and has not been modified in any material respect without the consent of the Parties.

(d) **Articles of Arrangement.** The Articles of Arrangement to be sent to the Director under the OBCA in accordance with this Agreement shall be in a form and content satisfactory to the Parties, each acting reasonably.

(e) **Illegality.** No Law is in effect that makes the completion of the Arrangement illegal or otherwise prohibits or enjoins the Company or the other Parties from completing the Arrangement.

5.2 Additional Condition Precedent in Favour of the Company

The Company is not required to complete the Arrangement unless the Proportionate Voting Shares to be issued to the JW Entities pursuant to the Arrangement are exempt from the registration requirements of the U.S. Securities Act pursuant to section 3(a)(10) thereof, which condition may only be waived, in whole or in part, by the Company.

5.3 Additional Condition Precedent in Favour of the Parties Other than the Company

The Parties will not complete the Arrangement unless each of the following conditions is satisfied on or prior to the Effective Time, which conditions may only be waived, in whole or in part, by the unanimous consent of the Parties other than the Company:

(a) **Company Representation and Warranties.** The representations and warranties of the Company set forth in this Agreement are true and correct in all respects, without regard to any materiality qualifications contained in them, as of the Effective Time, as though made on and as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), except where the failure or failures of all such representations and warranties to be so true and correct in all respects would not reasonably be expected to have a material adverse effect on the business, affairs, operations, financial performance, results of operations or financial condition of the Company, and all of the Parties other than the Company shall have received a certificate of the Company addressed to all of the Parties other than the Company and dated the Effective Date, signed on behalf of the Company by two senior executive officers of the Company (on the Company's behalf and without personal liability), confirming the same as of the Effective Date.

(b) **Company Covenants.** All covenants of the Company under this Agreement to be performed on or before the Effective Time which have not been waived by all of the Parties other than the Company shall have been duly performed by the Company in all material respects and all of the Parties other than the Company shall have received a certificate of the Company addressed to all of the Parties other than the Company and dated the Effective Date, signed on behalf of the Company by two senior executive officers of the Company (on the Company's behalf and without personal liability), confirming the same as of the Effective Date.

5.4 Additional Conditions Precedent in Favour of Canopy Growth

The Parties will not complete the Arrangement unless each of the following conditions is satisfied on or prior to the Effective Time, which conditions may only be waived, in whole or in part, by Canopy Growth:

(a) **Canopy Growth Stock Exchange Approval.** The Canopy Growth Stock Exchange Approval remains in force and has not been modified in any material respect without the consent of Canopy Growth.

(b) **Exchangeable Share Protection Agreement.** The Company, Canopy Growth and Canopy Rivers shall have entered into the Exchangeable Share Protection Agreement, to be effective as of the Effective Time.

5.5 Additional Conditions Precedent in Favour of Canopy Rivers

The Parties will not complete the Arrangement unless each of the following conditions is satisfied on or prior to the Effective Time, which conditions may only be waived, in whole or in part, by Canopy Rivers:

(a) **Canopy Rivers Stock Exchange Approval.** The Canopy Rivers Stock Exchange Approval remains in force and has not been modified in any material respect without the consent of Canopy Rivers.

(b) **Exchangeable Share Protection Agreement.** The Company, Canopy Growth and Canopy Rivers shall have entered into the Exchangeable Share Protection Agreement, to be effective as of the Effective Time.

5.6 Satisfaction of Conditions

The conditions precedent set out in Section 5.1 to Section 5.5 will be conclusively deemed to have been satisfied, waived or released when the Certificate of Arrangement is issued by the Director.

ARTICLE 6
TERM AND TERMINATION

6.1 Term

This Agreement shall be effective from the date hereof until the earlier of the Effective Time and the termination of this Agreement in accordance with its terms.

6.2 Termination

(a) This Agreement may be terminated prior to the Effective Time by:

(i) the mutual written agreement of the Parties;

(ii) any Party, if:

(A) the Required Approval is not obtained at the Company Meeting in accordance with the Interim Order, provided that a Party may not terminate this Agreement pursuant to this Section 6.2(a)(ii)(A) if the failure to obtain the Required Approval has been caused by, or is a result of, a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of its covenants or agreements under this Agreement;

(B) after the date of this Agreement, any court of competent jurisdiction or other Governmental Entity has issued an Order that makes the completion of the Arrangement illegal or otherwise prohibits or enjoins the Parties from completing the Arrangement (unless such Order has been withdrawn, reversed or otherwise made inapplicable), and such Order has, if applicable, become final and non-appealable, provided the Party seeking to terminate this Agreement pursuant to this Section 6.2(a)(ii)(B) has used its commercially reasonable efforts to, as applicable and to the extent within its control, appeal or overturn such Order or otherwise have it lifted or rendered non-applicable in respect of the Arrangement; or

(C) the Effective Time does not occur on or prior to the Outside Date, provided that a Party may not terminate this Agreement pursuant to this Section 6.2(a)(ii)(C) if the failure of the Effective Time to so occur has been primarily caused by, or is primarily a result of, a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of its covenants or agreements under this Agreement; or

(iii) the Company, if the Board withdraws the Board Recommendation;

(b) The Party desiring to terminate this Agreement pursuant to this Section 6.2 (other than pursuant to Section 6.2(a)(i)*[Mutual Agreement]*) shall give written notice of such termination to the other Parties, specifying in reasonable detail the basis for such Party's exercise of its termination right.

6.3 Effect of Termination/Survival

If this Agreement is terminated pursuant to Section 6.1 or Section 6.2, this Agreement shall become void and of no further force or effect without liability of any Party (or any shareholder, director, officer, employee, agent, consultant or representative of such Party) to any other Party to this Agreement, except that, in the event of termination under Section 6.1, Section 2.8, Section 2.9, Article 3 (and the related Schedules) and Section 7.2 through to and including Section 7.15 shall survive in accordance with their terms and, in the event of termination under Section 6.2, this Section 6.3 and Section 7.2 through to and including Section 7.15 shall survive in accordance with their terms, and provided further that no Party shall be relieved of any liability for any breach by it of this Agreement prior to such termination.

ARTICLE 7
GENERAL PROVISIONS

7.1 Amendments

(a) This Agreement and the Plan of Arrangement may, at any time and from time to time before or after the holding of the Company Meeting but not later than the Effective Time, subject to the Interim Order and the Final Order and Laws, be amended by mutual written agreement of the Parties, without further notice to or authorization on the part of the Company Shareholders, and any such amendment may without limitation:

(i) change the time for performance of any of the obligations or acts of the Parties;

(ii) modify any representation or warranty contained in this Agreement or in any document delivered pursuant to this Agreement;

(iii) modify any of the covenants contained in this Agreement and waive or modify performance of any of the obligations of the Parties;

(iv) modify any mutual conditions contained in this Agreement; and/or

(v) if the Restricted Share Exemption is not granted, effect the amendments contemplated in Section 7.1(b).

(b) If the Restricted Share Exemption is not granted prior to the Effective Time, the Parties agree to enter into an agreement to amend this Agreement and the Plan of Arrangement to contemplate an amendment to the Constating Documents of the Company as part of the Plan of Arrangement to change the name of the Common Shares to subordinated voting shares following the creation of the Proportionate Voting Shares and to update references to Common Shares following the Effective Time accordingly.

7.2 Expenses

All out-of-pocket third party transaction expenses incurred in connection with this Agreement and the Plan of Arrangement, including all costs, expenses and fees of the Company incurred prior to or after the Effective Date in connection with, or incidental to, the Plan of Arrangement, shall be paid by the Party incurring such expenses, whether or not the Arrangement is completed.

7.3 Notices

Any notice, direction or other communication given pursuant to this Agreement (each a"**Notice**") must be in writing, sent by hand delivery, courier or email and is deemed to be given and received: (i) on the date of delivery by hand or courier if it is a Business Day and the delivery was made prior to 5:00 p.m. (local time in the place of receipt), and otherwise on the next Business Day; or (ii) if sent by email (with confirmation of transmission) on the date of transmission if it is a Business Day and transmission was made prior to 5:00 p.m. (local time in the place of receipt) and otherwise on the next Business Day, in each case to the Parties at the following addresses (or such other address for a Party as specified by like Notice):

(a) to the Company at:

TerrAscend Corp.
P. O. Box 43125
Mississauga, Ontario, L5B 4A7

Attention: Michael Nashat
Email: [***]

with a copy to:

Blake, Cassels & Graydon LLP
199 Bay St., Suite 4000
Toronto, Ontario, M5L 1A9

Attention: Kevin Rusli
Email: kevin.rusli@blakes.com

(b) to Canopy Growth at:

Canopy Growth Corporation
1 Hershey Drive
Smiths Falls, Ontario, K7A 0A8

Attention: Phil Shaer
Email: [***]

with a copy to:

Cassels, Brock & Blackwell LLP
40 King Street West, Suite 2100

Toronto, Ontario, M5H 3C2

Attention: Jonathan Sherman
Email: jsherman@casselsbrock.com

(c) to Canopy Rivers at:

Canopy Rivers Corporation
40 King Street West, Suite 2100
Toronto, Ontario, M5H 3C2

Attention: Matthew Mundy
Email: [***]

with a copy to:

Cassels, Brock & Blackwell LLP
40 King Street West, Suite 2100
Toronto, Ontario, M5H 3C2

Attention: Jonathan Sherman
Email: jsherman@casselsbrock.com

(d) to any of the JW Entities at:

c/o JW Asset Management, LLC
489 Fifth Ave, 29th Fl
New York, NY 10017

Attention: Jason Wild
Email: [***]

Rejection or other refusal to accept, or inability to deliver because of a changed address of which no Notice was given, shall be deemed to be receipt of the Notice as of the date of such rejection, refusal or inability to deliver. Sending a copy of a Notice to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the Notice to that Party. The failure to send a copy of a Notice to legal counsel does not invalidate delivery of that Notice to a Party.

7.4 Time of the Essence

Time is of the essence in this Agreement.

7.5 Injunctive Relief

The Parties agree that irreparable harm would occur for which money damages would not be an adequate remedy at Law in the event that any of the provisions of this Agreement were not performed by a Party in accordance with their specific terms or were otherwise breached by a Party. It is accordingly agreed that each Party shall be entitled to injunctive and other equitable relief to prevent breaches or threatened breaches of this Agreement, and to specifically enforce compliance with, or performance of, the terms of this Agreement against any other Party without any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief, this being in addition to any other remedy to which a Party may be entitled at Law or in equity.

7.6 Third Party Beneficiaries

The Parties intend that this Agreement will not benefit or create any right or cause of action in favour of any Person, other than the Parties and that no Person, other than the Parties, shall be entitled to rely on the provisions of this Agreement in any action, suit, proceeding, hearing or other forum.

7.7 Waiver

No waiver of any of the provisions of this Agreement will constitute a waiver of any other provision (whether or not similar). No waiver will be binding unless executed in writing by the Party to be bound by the waiver. A Party 's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a Party from any other or further exercise of that right or the exercise of any other right.

7.8 Entire Agreement

This Agreement constitutes the entire agreement between the Parties with respect to the transactions contemplated by this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, between the Parties. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, between the Parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement. The Parties have not relied and are not relying on any other information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement.

7.9 Successors and Assigns

(a) This Agreement becomes effective only when executed by the Parties. After that time, it will be binding upon and enure to the benefit of the Parties and their respective successors and permitted assigns.

(b) Neither this Agreement nor any of the rights or obligations under this Agreement are assignable or transferable by any Party without the prior written consent of the other Parties.

7.10 Severability

If any provision of this Agreement is determined to be illegal, invalid or unenforceable by an arbitrator or any court of competent jurisdiction, that provision will be severed from this Agreement and the remaining provisions shall remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

7.11 Governing Law

(a) This Agreement will be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

(b) Each Party irrevocably attorns and submits to the exclusive jurisdiction of the Ontario courts situated in the City of Toronto and waives objection to the venue of any proceeding in such court or that such court provides an inconvenient forum.

7.12 Further Assurances

Each Party hereto shall, from time to time and at all times hereafter, at the request of any other Party hereto, but without further consideration, do all such further acts and things, and execute and deliver all such further documents and instruments and provide all such further assurances as may be reasonably required in order to fully perform and carry out the terms and intent hereof.

7.13 Rules of Construction

The Parties to this Agreement waive the application of any Law or rule of construction providing that ambiguities in any agreement or other document shall be construed against the party drafting such agreement or other document.

7.14 No Liability

No director or officer of any Party shall have any personal liability whatsoever to any other Party under this Agreement or any other document delivered under this Agreement.

7.15 Counterparts

This Agreement may be executed in any number of counterparts (including counterparts by facsimile or other method of electronic communication) and all such counterparts taken together shall be deemed to constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed facsimile or similar executed electronic copy of this Agreement, and such facsimile or similar executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

[*Remainder of page intentionally left blank. Signature page follows.*]

IN WITNESS WHEREOF the Parties have executed this Arrangement Agreement.

TERRASCEND CORP.

By: /s/ *Michael Nashat*
Name: Michael Nashat
Title: President & CEO

CANOPY GROWTH CORPORATION

By: /s/ *Phil Shaer*
Name: Phil Shaer
Title: Chief Legal Officer

CANOPY RIVERS CORPORATION

By: /s/ *Eddie Lucarelli*
Name: Eddie Lucarelli
Title: Chief Financial Officer

JW OPPORTUNITIES MASTER FUND, LTD.

By: /s/ *Jason Wild*
Name: Jason Wild
Title: Authorized Signatory

JW PARTNERS, LP, by its general partner, **JW GP, LLC**

By: /s/ *Jason Wild*
Name: Jason Wild
Title: Authorized Signatory

PHARMACEUTICAL OPPORTUNITIES FUND, LP, by its general partner, **JW GP, LLC**

By: /s/ *Jason Wild*

Name: Jason Wild
Title: Authorized Signatory

Signature Page - Arrangement Agreement

SCHEDULE A
PLAN OF ARRANGEMENT

SCHEDULE A
PLAN OF ARRANGEMENT

PLAN OF ARRANGEMENT UNDER SECTION 182
OF THE *BUSINESS CORPORATIONS ACT* (ONTARIO)

ARTICLE1
INTERPRETATION

1.1 Definitions

Unless indicated otherwise, where used in this Plan of Arrangement, capitalized terms used but not defined shall have the meanings specified in the Arrangement Agreement and the following terms shall have the following meanings (and grammatical variations of such terms shall have corresponding meanings):

"**Arrangement**" means the arrangement under Section 182 of the OBCA on the terms and subject to the conditions set out in this Plan of Arrangement.

"**Arrangement Agreement**" means the arrangement agreement made as of October 8, 2018 among the JW Entities, Canopy Growth, Canopy Rivers and the Company (including the Schedules thereto) as it may be amended, modified or supplemented from time to time in accordance with its terms.

"**Arrangement Resolution**" means the special resolution approving this Plan of Arrangement to be considered at the Company Meeting by the Company Shareholders entitled to vote thereon pursuant to the Interim Order.

"**Articles of Arrangement**" means the articles of arrangement of the Company in respect of the Arrangement, required by the OBCA to be sent to the Director after the Final Order is made, which shall include this Plan of Arrangement and otherwise be in a form satisfactory to the JW Entities, Canopy Growth, Canopy Rivers and the Company, each acting reasonably.

"**Business Day**" means any day of the year, other than a Saturday, Sunday or any day on which major banks are closed for business in Toronto, Ontario.

"**Certificate of Arrangement**" means the certificate of arrangement issued by the Director pursuant to subsection 183(2) of the OBCA in respect of the Articles of Arrangement.

"**Canopy Growth**" means Canopy Growth Corporation, a corporation incorporated under the federal laws of Canada.

"**Canopy Rivers**" means Canopy Rivers Corporation, a corporation incorporated under the federal laws of Canada.

"**Canopy Warrants**" means (i) the outstanding Warrants issued by the Company to Canopy Growth on December 8, 2017, being 9,545,456 Warrants as of the date of the Arrangement Agreement represented by Warrant certificate 2017-05; and (ii) the outstanding Warrants issued by the Company to Canopy Rivers on December 8, 2017, being 9,545,456 Warrants as of the date of the Arrangement Agreement represented by Warrant certificate 2017-04.

"**Common Share VWAP**" means $7.5778, being the volume weighted average trading price of the Common Shares on the CSE for the five trading days immediately prior to the date of the Arrangement Agreement.

"**Common Shares**" means the common shares in the capital of the Company.

"**Company**" means TerrAscend Corp., a corporation incorporated under the laws of the Province of Ontario.

"**Company Meeting**" means the special meeting of Company Shareholders, including any adjournment or postponement of such special meeting in accordance with the terms of the Arrangement Agreement, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution and for any other purpose as may be set out in the Company Circular and agreed to in writing by the Parties.

"**Company Shareholders**" means the registered or beneficial holders of Common Shares, as the context requires.

"**Court**" means the Ontario Superior Court of Justice (Commercial List), or other court as applicable.

"**Director**" means the Director appointed pursuant to Section 278 of the OBCA.

"**Effective Date**" means the date shown on the Certificate of Arrangement giving effect to the Arrangement.

"**Effective Time**" means 12:01 a.m. (Toronto time) on the Effective Date, or such other time as the Parties agree to in writing before the Effective Date.

"**Exchangeable Shares**" has the meaning specified in Section 2.3(a).

"**Final Order**" means the final order of the Court made pursuant to Section 182(5)(f) of the OBCA in a form acceptable to the JW Entities, Canopy Growth, Canopy Rivers and the Company, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of the JW Entities, Canopy Growth, Canopy Rivers and the Company, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to the JW Entities, Canopy Growth, Canopy Rivers and the Company, each acting reasonably) on appeal.

"**Governmental Entity**" means (i) any international, multinational, national, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau, ministry, agency or instrumentality, domestic or foreign, (ii) any subdivision or authority of any of the above, (iii) any quasi-governmental or private body exercising any regulatory, anti-trust, foreign investment, expropriation or taxing authority under or for the account of any of the foregoing or (iv) any stock exchange.

"**Interim Order**" means the interim order of the Court made pursuant to section 182(5) of the OBCA, in a form acceptable to the JW Entities, Canopy Growth, Canopy Rivers and the Company, each acting reasonably, providing for, among other things, the calling and holding of the Company Meeting, as such order may be amended by the Court with the consent of the JW Entities, Canopy Growth, Canopy Rivers and the Company, each acting reasonably.

"**JW Entities**" means, collectively, (i) JW Opportunities Master Fund, Ltd., a corporation incorporated under the laws of the Cayman Islands (ii) JW Partners, LP, a limited partnership formed under the laws of Delaware, USA and (iii) Pharmaceutical Opportunities Fund, LP, a limited partnership formed under the laws of Delaware, USA.

"**JW Warrants**" means the outstanding Warrants issued by the Company to the JW Entities on December 8, 2017, being an aggregate of 28,636,361 Warrants as of the date of the Arrangement Agreement represented by Warrant certificates 2017-01, 2017-02 and 2017-03.

"**Law**" means, with respect to any Person, any and all applicable law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, notice, judgment, decree, ruling or other similar requirement, whether domestic or foreign, enacted, adopted, promulgated or applied by a Governmental Entity that is binding upon or applicable to such Person or its business, undertaking, property or securities, and to the extent that they have the force of law, policies, guidelines, notices and protocols of any Governmental Entity, as amended unless expressly specified otherwise.

"**Lien**" means any mortgage, charge, pledge, hypothec, security interest, lien (statutory or otherwise), or adverse right or claim, or other third party interest or encumbrance of any kind.

"**OBCA**" means the *Business Corporations Act* (Ontario).

"**Options**" means the options to purchase Common Shares issued pursuant to the Company's Stock Option Plan dated March 8, 2017, as amended on August 6, 2018.

"**Parties**" means the JW Entities, Canopy Growth, Canopy Rivers and the Company, and "**Party**" means any one of them.

"**Person**" includes any individual, partnership, association, body corporate, trust, organization, estate, trustee, executor, administrator, legal representative, government (including Governmental Entity), syndicate or other entity, whether or not having legal status.

"**Plan of Arrangement**" means this plan of arrangement proposed under Section 182 of the OBCA, and any amendments or variations made in accordance with the Arrangement Agreement or Section 4.1 hereof or made at the direction of the Court in the Interim Order or Final Order with the prior written consent of the JW Entities, Canopy Growth, Canopy Rivers and the Company, each acting reasonably.

"**Proportionate Voting Shares**" has the meaning specified in Section 2.3(a).

"**Subscription Agreements**" means the subscription agreements entered into between the Company and each of the JW Entities, Canopy Growth and Canopy Rivers dated November 15, 2017.

"**Tax Act**" means the *Income Tax Act* (Canada).

"**Transfer Agent**" means, prior to the Effective Time, the Person appointed as the transfer agent and registrar of the Common Shares, and following the Effective Time, the Person appointed as the transfer agent and registrar of the Common Shares, Proportionate Voting Shares and the Exchangeable Shares.

"**Warrants**" means all outstanding warrants to purchase Common Shares, including the Canopy Warrants and the JW Warrants.

1.2 Certain Rules of Interpretation

In this Plan of Arrangement, unless otherwise specified:

(a) **Headings, etc.** The division of this Plan of Arrangement into Articles and Sections and the insertion of headings are for convenient reference only and do not affect the construction or interpretation of this Plan of Arrangement.

(b) **Currency.** All references to dollars or to $ are references to Canadian dollars, unless specified otherwise.

(c) **Gender and Number.** Any reference to gender includes all genders. Words importing the singular number only include the plural and vice versa.

(d) **Certain Phrases, etc.** The words (i) "including", "includes" and "include" mean "including (or includes or include) without limitation," (ii) "the aggregate of", "the total of", "the sum of", or a phrase of similar meaning means "the aggregate (or total or sum), without duplication, of," and (iii) unless stated otherwise, "Article", "Section", and "Schedule" followed by a number or letter mean and refer to the specified Article or Section of or Schedule to this Plan of Arrangement.

(e) **Statutes.** Any reference to a statute refers to such statute and all rules, resolutions and regulations made under it, as it or they may have been or may from time to time be amended or re-enacted, unless stated otherwise.

(f) **Computation of Time.** A period of time is to be computed as beginning on the day following the event that began the period and ending at 5:00 p.m. on the last day of the period, if the last day of the period is a Business Day, or at 5:00 p.m. on the next Business Day if the last day of the period is not a Business Day. If the date on which any action is required or permitted to be taken under this Plan of Arrangement by a Person is not a Business Day, such action shall be required or permitted to be taken on the next succeeding day which is a Business Day.

(g) **Time References.** References to time herein are to local time, Toronto, Ontario.

ARTICLE2
THE ARRANGEMENT

2.1 Arrangement Agreement

This Plan of Arrangement is made pursuant to the Arrangement Agreement.

2.2 Binding Effect

This Plan of Arrangement and the Arrangement, upon the filing of the Articles of Arrangement and the issuance of the Certificate of Arrangement, will become effective and be binding on the JW Entities, Canopy Growth, Canopy Rivers, the Company, all holders and beneficial owners of Common Shares, Options and Warrants, the Transfer Agent and all other Persons, at and after the Effective Time without any further act or formality required on the part of any Person.

2.3 Arrangement

At the Effective Time each of the following events shall occur and shall be deemed to occur sequentially as set out below without any further authorization, act or formality, in each case, unless stated otherwise, effective as at five minute intervals starting at the Effective Time:

(a) the articles of the Company will be amended to: (i) authorize the issuance of an unlimited number of a new class of proportionate voting shares (the "**Proportionate Voting Shares**"); (ii) authorize the issuance of an unlimited number of a new class of exchangeable shares (the"**Exchangeable Shares**"); (iii) authorize the issuance of an unlimited number of a new class of preferred shares, issuable in series (the "**Preferred Shares**"); and (iv) add the rights, privileges, restrictions and conditions attaching to the Proportionate Voting Shares, Common Shares, Exchangeable Shares and Preferred Shares set out in Exhibit A;

(b) each Common Share held by any of the JW Entities shall, without any further action by or on behalf of the JW Entities, be deemed to be assigned and transferred by the holder thereof to the Company (free and clear of all Liens) in exchange for 0.001 of a Proportionate Voting Share, and:

(i) the JW Entities shall cease to be the holders thereof and to have any rights as holders of such Common Shares other than the right to receive Proportionate Voting Shares in respect thereof in accordance with this Plan of Arrangement;

(ii) the JW Entities shall be removed from the register of the Common Shares maintained by or on behalf of the Company and added to the register of the Proportionate Voting Shares maintained by or on behalf of the Company; and

(iii) the Common Shares transferred to the Company shall be cancelled;

(c) each Canopy Warrant held by either Canopy Growth or Canopy Rivers shall, without any further action by or on behalf of Canopy Growth or Canopy Rivers, be deemed to be acquired by the Company (resulting, for the avoidance of doubt, in the cancellation of such Canopy Warrant) in exchange for the issuance by the Company to Canopy Growth or Canopy Rivers, as applicable, of a fraction of a Common Share per Canopy Warrant equal to (i) the Common Share VWAP minus the exercise price of the Canopy Warrant; divided by (ii) the Common Share VWAP;

(d) each Common Share held by either Canopy Growth or Canopy Rivers (including each Common Share issued in accordance with Section 2.3(c)) shall, without any further action by or on behalf of Canopy Growth or Canopy Rivers, be deemed to be assigned and transferred by the holder thereof to the Company (free and clear of all Liens) in exchange for one Exchangeable Share, and:

(i) Canopy Growth and Canopy Rivers shall cease to be the holders thereof and to have any rights as holders of such Common Shares other than the right to receive Exchangeable Shares in respect thereof in accordance with this Plan of Arrangement;

(ii) Canopy Growth and Canopy Rivers shall be removed from the register of the Common Shares maintained by or on behalf of the Company and added to the register of the Exchangeable Shares maintained by or on behalf of the Company; and

(iii) the Common Shares transferred to the Company shall be cancelled;

(e) the JW Warrants will be amended to reflect that each JW Warrant is exercisable for 0.001 of a Proportionate Voting Share instead of one Common Share; and

(f) each of the Subscription Agreements will be amended to delete Section 6(vv)*[Canadian Operations]* thereof,

provided that none of the foregoing will occur or will be deemed to occur unless all of the foregoing occur and, if they occur, all of the foregoing will be deemed to occur without further act or formality.

ARTICLE3
CERTIFICATES AND PAYMENTS

3.1 Issuance of Shares

(a) Forthwith following the Effective Time, the Company shall, subject to Section 3.1(b), issue and deliver to the Transfer Agent one or more irrevocable treasury directions authorizing the Transfer Agent, as the registrar and transfer agent of the Common Shares, Proportionate Voting Shares and Exchangeable Shares, to register and issue the aggregate number of Proportionate Voting Shares and Exchangeable Shares, as applicable, to which each of the JW Entities, Canopy Growth and Canopy Rivers are entitled in accordance with Sections 2.3(b) and (d).

(b) Upon surrender to the Transfer Agent for cancellation of a certificate or certificates (as applicable) which, immediately prior to the Effective Time, represented outstanding Common Shares that were transferred or deemed to be transferred, as applicable, pursuant to Section 2.3, together with such additional documents and instruments as the Transfer Agent may reasonably require, the holder of the Common Shares represented by such surrendered certificate(s) shall be entitled to receive in exchange therefore, and the Transfer Agent shall deliver to such holder, the applicable consideration that such holder has the right to receive under this Plan of Arrangement for such Common Shares, less any amounts withheld pursuant to Section 3.4, and any certificate(s) so surrendered shall forthwith be cancelled.

(c) Until surrendered as contemplated by this Section 3.1, each certificate that immediately prior to the Effective Time represented Common Shares that were transferred or deemed to be transferred, as applicable, pursuant to Section 2.3 shall be deemed after the Effective Time to represent only the right to receive upon such surrender the consideration which such holder has the right to receive under this Plan of Arrangement for such Common Shares, less any amounts withheld pursuant to Section 3.4.

(d) No holder of Common Shares, Options or Warrants as of the Effective Time shall be entitled to receive any consideration with respect to such Common Shares, Options or Warrants under this Plan of Arrangement other than any consideration to which such holder is entitled to receive in accordance with Section 2.3 and this Section 3.1 and, for greater certainty, no such holder will be entitled to receive any interest, dividends, premium or other payment in connection therewith.

3.2 Fractional Shares

No fractional Common Shares or Exchangeable Shares shall be issued to Canopy Growth or Canopy Rivers pursuant to this Plan of Arrangement. A holder of Canopy Warrants or a Common Shareholder otherwise entitled to a fractional interest in a Common Share or Exchangeable Share shall receive the nearest whole number of Common Shares or Exchangeable Shares, as applicable, with fractions equal to 0.5 or more being rounded up. Fractional Proportionate Voting Shares equal to 0.001 of a Proportionate Voting Share or greater may be issued to the JW Entities pursuant to this Plan of Arrangement. A Common Shareholder otherwise entitled to a fractional interest in an Exchangeable Share that is less than 0.001 shall receive the nearest thousandth of an Exchangeable Share, with fractions equal to 0.0005 or more being rounded up.

3.3 Lost Certificates

In the event any certificate which immediately prior to the Effective Time represented one or more outstanding Common Shares that were transferred pursuant to Section 2.3 shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such certificate to be lost, stolen or destroyed, the Transfer Agent will issue in exchange for such lost, stolen or destroyed certificate the applicable number of Proportionate Voting Shares or Exchangeable Shares, subject to any withholdings in accordance with Section 3.4. When authorizing such issuance in exchange for any lost, stolen or destroyed certificate, the Person to whom such Proportionate Voting Shares or Exchangeable Shares are to be delivered shall as a condition precedent to the delivery of such Proportionate Voting Shares or Exchangeable Shares, give a bond satisfactory to the Company and the Transfer Agent (acting reasonably) in such sum as the Company may direct, or otherwise indemnify the Company in a manner satisfactory to the Company, acting reasonably, against any claim that may be made against the Company with respect to the certificate alleged to have been lost, stolen or destroyed.

3.4 Withholding Rights

The Company and the Transfer Agent, as applicable, shall be entitled to deduct and withhold from any Proportionate Voting Shares or Exchangeable Shares deliverable or consideration otherwise deliverable to any former Common Shareholder such amounts as they may be required to deduct and withhold therefrom under any provision of applicable Laws in respect of Taxes. To the extent that any amounts are so deducted and withheld, such amounts shall be treated for all purposes hereof as having been paid to the Person to whom such amounts would otherwise have been paid, provided that such withheld amounts are actually remitted to the appropriate taxing authority. To satisfy the amount required to be deducted or withheld from any payment to any such Common Shareholder, the Company or the Transfer Agent, as applicable, may sell or otherwise dispose of (or exercise any exchange or conversion rights applicable and then sell or otherwise dispose of the underlying Common Shares) any portion of the Proportionate Voting Shares or Exchangeable Voting Shares deliverable to such holder as is necessary to provide sufficient funds to enable the Company or the Transfer Agent, as applicable, to comply with such deduction and/or withholding requirements.

3.5 No Liens

Any exchange or transfer of securities pursuant to this Plan of Arrangement shall be free and clear of any Liens or other claims of third parties of any kind.

3.6 Existing Options and Warrants

For clarity, from and after the Effective Time all Options and Warrants issued and outstanding following the Effective Time, other than the JW Warrants, will remain exercisable for Common Shares.

3.7 Paramountcy

From and after the Effective Time, this Plan of Arrangement shall take precedence and priority over any and all Common Shares, Options and Warrants issued or outstanding prior to the Effective Time.

3.8 Tax Election

The Company will, at the request of Canopy Rivers or Canopy Growth, jointly elect with Canopy River or Canopy Growth, as applicable, under subsection 85(1) of the Tax Act with respect to the transfer of the Canopy Warrants. Such elections will be duly and timely prepared (in the form and manner prescribed by the Tax Act and the regulations thereunder) by Canopy Rivers or Canopy Growth, as applicable, timely delivered to the Company for execution (providing the Company with reasonable time to review in advance of the filing deadline), whereupon such elections will be timely signed by an appropriate signing officer of the Company and returned to Canopy Rivers or Canopy Growth, as applicable, for timely filing. The agreed amount for the purposes of paragraph 85(1)(a) of the Tax Act in respect of the Canopy Warrants will be such amount as is determined by Canopy Rivers or Canopy Growth, as applicable, within the limits prescribed in the Tax Act. The Company will, at the request of Canopy Rivers and/or Canopy Growth, as applicable, jointly elect with Canopy Rivers and/or Canopy Growth, as applicable, under corresponding provisions of applicable provincial income tax legislation with respect to the transfer of the Company Warrants in respect of which a request to file a tax election is made by Canopy Rivers or Canopy Growth, as applicable. The foregoing provisions of this Section 3.8 will apply to the making of any such provincial elections, with necessary changes. The Company will not be responsible or liable for any taxes, interest, penalties, damages or expenses resulting from the failure by anyone to properly complete or file an election referred to above in the form and manner and within the time prescribed by the Tax Act or relevant provincial tax legislation, as the case may be, unless such taxes, interest, penalties, damages or expenses result solely from the failure by the Company to fulfil its obligations under this Section 3.8.

3.9 Shares Fully Paid

All Common Shares, Proportionate Voting Shares and Exchangeable Shares issued pursuant to this Plan of Arrangement shall be fully paid and non-assessable, and the Company shall be deemed to have received the full consideration therefor.

ARTICLE4
AMENDMENTS

4.1 Amendments to Plan of Arrangement

(a) The JW Entities, Canopy Growth, Canopy Rivers and the Company may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment, modification and/or supplement must (i) be set out in writing, (ii) be approved by the JW Entities, Canopy Growth, Canopy Rivers and the Company, each acting reasonably, (iii) filed with the Court and, if made following the Company Meeting, approved by the Court, and (iv) communicated to the Company Shareholders if and as required by the Court.

(b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by the Company at any time prior to the Company Meeting (provided that the JW Entities, Canopy Growth and Canopy Rivers shall have consented thereto) with or without any other prior notice or communication, and if so proposed and accepted by the Persons voting at the Company Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

(c) Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the Company Meeting shall be effective only if (i) it is consented to in writing by the JW Entities, Canopy Growth, Canopy Rivers and the Company (in each case, acting reasonably), and (ii) if required by the Court, it is consented to by some or all of the Company Shareholders voting in the manner directed by the Court.

(d) Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date unilaterally by the Company, provided that it concerns a matter which, in the reasonable opinion of the Company, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not expected by the Company, acting reasonably, to be materially prejudicial to any other Party.

4.2 Termination

This Plan of Arrangement may be withdrawn prior to the Effective Time in accordance with the terms of the Arrangement Agreement.

ARTICLE5
FURTHER ASSURANCES

5.1 Further Assurances

Notwithstanding that the transactions and events set out in this Plan of Arrangement shall occur and shall be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the Parties shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by either of them in order to further document or evidence any of the transactions or events set out in this Plan of Arrangement.

EXHIBIT A

RIGHTS, PRIVILEGES, RESTRICTIONS AND CONDITIONS ATTACHING TO SHARES

Except as set out below, the Proportionate Voting Shares, Common Shares and Exchangeable Shares (collectively, the "**Shares**") have the same rights, are equal in all respects and are treated by the Corporation as if they were shares of one class only.

Notwithstanding any other provision herein, but subject to the *Business Corporations Act* (Ontario) (the "**Act**"), the special rights and restrictions attached to any class of Shares may be modified if the amendment is authorized by not less than 66 ⅔% of the votes cast at a meeting of holders of Shares duly held for that purpose. However, if the holders of Proportionate Voting Shares, as a class, the holders of Common Shares, as a class, or the holders of Exchangeable Shares, as a class, are to be affected in a manner materially different from any other classes of Shares, the amendment must, in addition, be authorized by not less than 66 ⅔% of the votes cast at a meeting of the holders of the class of Shares which is affected differently.

PROPORTIONATE VOTING SHARES

1. **Voting Rights.** The holders of the Proportionate Voting Shares shall be entitled to receive notice of, and to attend, all meetings of the shareholders of the Corporation and shall have 1000 votes for each Proportionate Voting Share held at all meetings of the shareholders of the Corporation, except for meetings at which only holders of another specified class or series of shares of the Corporation are entitled to vote separately as a class or series.

2. **Dividends.** The holders of the Proportionate Voting Shares shall be entitled to receive, subject to the rights of the holders of any other class of shares, any dividend declared by the Corporation. If, as and when dividends are declared by the directors, each Proportionate Voting Share shall be entitled to 1,000 times the amount paid or distributed per Common Share (or, if a stock dividend is declared, each Proportionate Voting Share shall be entitled to receive the same number of Proportionate Voting Shares per Proportionate Voting Share as the number of Common Shares entitled to be received per Common Share).

3. **Dissolution.** In the event of the dissolution, liquidation or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of the Proportionate Voting Shares shall, subject to the rights of any other class of shares, be entitled to receive the remaining property of the Corporation on the basis that each Proportionate Voting Share shall be entitled to 1,000 times the amount distributed per Common Share, but otherwise there is no preference or distinction among or between the Proportionate Voting Shares and the Common Shares.

4. **Subdivision or Consolidation.** No subdivision or consolidation of the Proportionate Voting Shares may be carried out unless, at the same time, the Common Shares and Exchangeable Shares are subdivided or consolidated in a manner so as to preserve the relative rights of the holders of each class of securities.

5. **Conversion at Option of Holder.** Each issued and outstanding Proportionate Voting Share may at any time, at the option of the holder, be converted into 1,000 Common Shares. The conversion right may be exercised at any time and from time to time by notice in writing delivered to the Corporation's transfer agent (the "**Transfer Agent**") accompanied by the certificate or certificates representing the Proportionate Voting Shares or, if uncertificated, such other evidence of ownership as the Transfer Agent may require, in respect of which the holder wishes to exercise the right of conversion. The notice must be signed by the registered holder of the Proportionate Voting Shares in respect of which the right of conversion is being exercised or by his, her or its duly authorized attorney and must specify the number of Proportionate Voting Shares which the holder wishes to have converted. Upon receipt of the conversion notice and share certificate(s) or other evidence of ownership satisfactory to the Transfer Agent, the Corporation will issue a share certificate or other evidence of ownership representing Common Shares on the basis set out above to the registered holder of the Proportionate Voting Shares. If fewer than all of the Proportionate Voting Shares represented by a certificate accompanying the notice are to be converted, the holder is entitled to receive a new certificate representing the shares comprised in the original certificate which are not to be converted. No fractional Common Shares will be issued on any conversion of Proportionate Voting Shares. Proportionate Voting Shares converted into Common Shares hereunder will automatically be cancelled.

6. **Conversion at Option of Corporation.** If the directors of the Corporation, in good faith, determine that it is no longer advisable to maintain the Proportionate Voting Shares as a separate class of shares (a "**Conversion Event**"), then, effective on the date approved by the directors, all of the Proportionate Voting Shares shall, without any further action on the part of any holder of Proportionate Voting Shares, immediately and automatically be converted into Common Shares at the conversion ratio of 1000 Common Shares for each Proportionate Voting Share. Promptly following conversion, the Corporation will issue a share certificate or other evidence of ownership representing Common Shares on the basis set out above to the registered holders of Proportionate Voting Shares. No fractional Common Shares will be issued on any conversion of Proportionate Voting Shares. Proportionate Voting Shares converted into Common Shares hereunder will automatically be cancelled. If a Conversion Event occurs, the directors shall not be entitled to issue any further Proportionate Voting Shares.

7. **Fractional Shares.** Any fractional Proportionate Voting Shares issued and outstanding shall have the rights set forth above, provided that each 0.001 of a Proportionate Voting Share shall: (i) entitle the holder to one vote at all meetings of the shareholders of the Corporation, except for meetings at which only holders of another specified class or series of shares of the Corporation are entitled to vote separately as a class or series; (ii) if, as and when dividends are declared by the directors, be entitled to the amount paid or distributed per Common Share (or, if a stock dividend is declared, each 0.001 of a Proportionate Voting Share shall be entitled to receive 0.001 of a Proportionate Voting Share for each Common Share that a holder of a Common Shares is entitled to receive); (iii) shall be entitled to receive the remaining property of the Corporation on the basis that each 0.001 of a Proportionate Voting Share shall be entitled to the amount distributed per Common Share; and (iv) may be converted into one Common Share.

COMMON SHARES

1. **Voting Rights.** The holders of the Common Shares shall be entitled to receive notice of, and to attend, all meetings of the shareholders of the Corporation and shall have one vote for each Common Share held at all meetings of the shareholders of the Corporation, except for meetings at which only holders of another specified class or series of shares of the Corporation are entitled to vote separately as a class or series.

2. **Dividends.** The holders of the Common Shares shall be entitled to receive, subject to the rights of the holders of any other class of shares, any dividend declared by the Corporation. If, as and when dividends are declared by the directors, each Common Share shall be entitled to 0.001 times the amount paid or distributed per Proportionate Voting Share (or, if a stock dividend is declared, each Common Share shall be entitled to receive the same number of Common Shares per Common Share as the number of Proportionate Voting Shares entitled to be received per Proportionate Voting Share).

3. **Dissolution.** In the event of the dissolution, liquidation or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of the Common Shares shall, subject to the rights of any other class of shares, be entitled to receive the remaining property of the Corporation on the basis that each Common Share shall be entitled to 0.001 times the amount distributed per Proportionate Voting Share, but otherwise there is no preference or distinction among or between the Proportionate Voting Shares and the Common Shares.

4. **Subdivision or Consolidation.** No subdivision or consolidation of the Common Shares may be carried out unless, at the same time, the Proportionate Voting Shares and Exchangeable Shares are subdivided or consolidated in a manner so as to preserve the relative rights of the holders of each class of securities.

5. **Conversion.** Each issued and outstanding Common Share may at any time, at the option of the holder, be converted into 0.001 of a Proportionate Voting Share. The conversion right may be exercised at any time and from time to time by notice in writing delivered to the Transfer Agent accompanied by the certificate or certificates representing the Common Shares or, if uncertificated, such other evidence of ownership as the Transfer Agent may require, in respect of which the holder wishes to exercise the right of conversion. The notice must be signed by the registered holder of the Common Shares in respect of which the right of conversion is being exercised or by his, her or its duly authorized attorney and must specify the number of Common Shares which the holder wishes to have converted. Upon receipt of the conversion notice and share certificate(s) or other evidence of ownership satisfactory to the Transfer Agent, the Corporation will issue a share certificate or other evidence of ownership representing Proportionate Voting Shares on the basis set out above to the registered holder of the Common Shares. If fewer than all of the Common Shares represented by a certificate accompanying the notice are to be converted, the holder is entitled to receive a new certificate representing the shares comprised in the original certificate which are not to be converted. Common Shares converted into Proportionate Voting Shares hereunder will automatically be cancelled. The right to convert Common Shares into Proportionate Voting Shares hereunder shall terminate if a Conversion Event occurs.

EXCHANGEABLE SHARES

1. **Voting Rights.** The holders of Exchangeable Shares shall not be entitled to receive notice of, attend, or vote at meetings of the shareholders of the Corporation; provided that the holders of Exchangeable Shares shall, however, be entitled to receive notice of meetings of shareholders called for the purpose of authorizing the dissolution of the Corporation or the sale of its undertaking or assets, or a substantial part thereof, but holders of Exchangeable Shares shall not be entitled to vote at such meetings of the shareholders of the Corporation.

2. **Dividends.** The holders of the Exchangeable Shares shall not be entitled to receive any dividends.

3. **Dissolution.** In the event of the dissolution, liquidation or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of the Exchangeable Shares shall not be entitled to receive any amount, property or assets of the Corporation.

4. **Exchange Right.** Each issued and outstanding Exchangeable Share may at any time following the Exchange Start Date applicable to the holder of such Exchangeable Share, at the option of the holder, be exchanged for one Common Share. The conversion right may be exercised at any time and from time to time by notice in writing delivered to the Transfer Agent accompanied by the certificate or certificates representing the Exchangeable Shares or, if uncertificated, such other evidence of ownership as the Transfer Agent may require, in respect of which the holder wishes to exercise the right of conversion. The notice must be signed by the registered holder of the Exchangeable Shares in respect of which the right of conversion is being exercised or by his, her or its duly authorized attorney and must specify the number of Exchangeable Shares which the holder wishes to have converted. Upon receipt of the conversion notice and share certificate(s) or other evidence of ownership satisfactory to the Transfer Agent, the Corporation will issue a share certificate or other evidence of ownership representing Common Shares on the basis set out above to the registered holder of the Exchangeable Shares. If fewer than all of the Exchangeable Shares represented by a certificate accompanying the notice are to be exchanged, the holder is entitled to receive a new certificate representing the shares comprised in the original certificate which are not to be converted. Exchangeable Shares converted into Common Shares hereunder will automatically be cancelled.

"**Exchange Start Date**" means the date following satisfaction of the following terms and conditions: (i) the Triggering Event has occurred; and (ii) all stock exchanges upon which the securities of the holder of the Exchangeable Share (or any entity of which the holder is a subsidiary) are listed for trading have approved the exchange of the Exchangeable Share into a Common Share, to extent that any such approval is required.

"**Triggering Event**" means the earlier of: (i) the date that federal laws regarding the cultivation, distribution or possession of marijuana in the United States are changed, such that the Corporation is fully compliant with federal regulation in the United States; and (ii) the date that all stock exchanges upon which the securities of the holder of the Exchangeable Share (or any entity of which the holder is a subsidiary) are listed for trading have amended their policies to permit listed issuers to invest in entities that are engaged in the cultivation, distribution or possession of marijuana in states in the United States where it is legal to do so, such that the holder of the Exchangeable Share (and any entity of which the holder is a subsidiary) is fully compliant with all rules and regulations of all stock exchanges upon which the securities of the holder of the Exchangeable Shares (or any entity of which the holder is a subsidiary) are listed for trading.

5. **Change of Control Adjustment.** Upon any consolidation, amalgamation, arrangement, merger, redemption, compulsory acquisition or similar transaction of or involving the Common Shares, or a sale or conveyance of all or substantially all the assets of the Corporation to any other body corporate, trust, partnership or other entity (each a "**Change of Control**"), each Exchangeable Share that is outstanding on the effective date of a Change of Control shall remain outstanding and, upon the exchange of such Exchangeable Share thereafter, shall be entitled to receive and shall accept, in lieu of the number of Common Shares that the holder thereof would have been entitled to receive prior to such effective date (assuming the Exchange Start Date had occurred), the number of shares or other securities or property (including cash) that such holder would have been entitled to receive on such Change of Control, if, on the effective date of such Change of Control, the holder had been the registered holder of the number of Common Shares which it was entitled to acquire upon the exchange of the Exchangeable Share as of such date (assuming the Exchange Start Date had occurred) (the "**Adjusted Exchange Consideration**").

If the Adjusted Exchange Consideration includes cash, then the Corporation shall, or shall cause the other body corporate, trust, partnership or other entity resulting from or party to such Change of Control to, deposit with an escrow agent appointed by the Corporation on the closing date of the Change of Control the aggregate cash that would be payable to holders of Exchangeable Shares if all of the outstanding Exchangeable Shares were exchanged immediately following the Change of Control. All such funds shall be held by the escrow agent in a segregated interest-bearing account for the benefit of the holders of Exchangeable Shares, and shall solely be used to satisfy the cash portion of the Adjusted Exchange Consideration upon exchanges of Exchangeable Shares from time to time after the Exchange Start Date (with holders of Exchangeable Shares being entitled to any accumulated interest on the funds from the date of initial deposit to and including the business day immediately preceding the date of exchange, on a *pro rata* basis).

If, in connection with a Change of Control, a holder of a Common Share may elect a form of consideration (including, without limitation, shares, other securities, cash or other property) from options made available, then all holders of Exchangeable Shares shall be deemed to have elected to receive an equal percentage of each of the different types of consideration offered, unless otherwise agreed in writing by all holders of Exchangeable Shares in accordance with the terms of the transaction and prior to any applicable election deadline. In such case, the Adjusted Exchange Consideration shall equal the consideration that a holder of Common Shares making an

election on the terms set forth in the preceding sentence would have received in the transaction.

After any adjustment pursuant to these terms, the term "Common Shares", where used above, shall be interpreted to mean securities of any class or classes which, as a result of such adjustment and all prior adjustments pursuant to this section, the holder is entitled to receive upon the exchange of Exchangeable Shares, and the number of Common Shares indicated by any exchange of an Exchangeable Share shall be interpreted to mean the number of Common Shares or other property or securities the holder of the Exchangeable Share is entitled to receive upon the exchange of an Exchangeable Share as a result of such adjustment and all prior adjustments pursuant to these terms.

6. **Subdivision or Consolidation.** No subdivision or consolidation of the Exchangeable Shares may be carried out unless, at the same time, the Proportionate Voting Shares and Common Shares are subdivided or consolidated in a manner so as to preserve the relative rights of the holders of each class of securities.

PREFERRED SHARES

The rights privileges, restrictions and conditions attaching to the Preferred Shares are as follows:

1. **One or More Series.** The Preferred Shares may at any time and from time to time be issued in one or more series.

2. **Terms of Each Series.** Subject to the Act, the directors may fix, before the issue thereof, the number of Preferred Shares of each series, the designation, rights, privileges, restrictions and conditions attaching to the Preferred Shares of each series, including, without limitation, any voting rights, any right to receive dividends (which may be cumulative or non-cumulative and variable or fixed) or the means of determining such dividends, the dates of payment thereof, any terms and conditions of redemption or purchase, any conversion rights, and any rights on the liquidation, dissolution or winding up of the Corporation, any sinking fund or other provisions, the whole to be subject to the issue of a certificate of amendment setting forth the designation, rights, privileges, restrictions and conditions attaching to the Preferred Shares of the series.

3. **Ranking of Preferred Shares.** The Preferred Shares of each series shall, with respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, rank on a parity with the Preferred Shares of every other series and be entitled to preference over the Proportionate Voting Shares, Common Shares and Exchangeable Shares. If any amount of cumulative dividends (whether or not declared) or declared non-cumulative dividends or any amount payable on any such distribution of assets constituting a return of capital in respect of the Preferred Shares of any series is not paid in full, the Preferred Shares of such series shall participate rateably with the Preferred Shares of every other series in respect of all such dividends and amounts.

SCHEDULE B
ARRANGEMENT RESOLUTION

1. The arrangement (the "**Arrangement**") under section 182 of the *Business Corporations Act* (Ontario) (the "**OBCA**") involving TerrAscend Corp. (the "**Company**"), pursuant to the arrangement agreement between the Company, Canopy Growth Corporation, Canopy Rivers Corporation, JW Opportunities Master Fund, Ltd., JW Partners, LP and Pharmaceutical Opportunities Fund, LP dated October 8, 2018, as it may be modified, supplemented or amended from time to time in accordance with its terms (the "**Arrangement Agreement**"), as more particularly described and set forth in the management information circular of the Company dated■, 2018 (the "**Circular**"), and all transactions contemplated thereby, are hereby authorized, approved and adopted.

2. The plan of arrangement of the Company, as it has been or may be modified, supplemented or amended in accordance with the Arrangement Agreement and its terms (the "**Plan of Arrangement**"), the full text of which is set out as Appendix ■ to the Circular, is hereby authorized, approved and adopted.

3. The: (i) Arrangement Agreement and all the transactions contemplated therein; (ii) actions of the directors of the Company in approving the Arrangement and the Arrangement Agreement; and (iii) actions of the directors and officers of the Company in executing and delivering the Arrangement Agreement and any modifications, supplements or amendments thereto, and causing the performance by the Company of its obligations thereunder, are hereby ratified and approved.

4. Notwithstanding that this resolution has been passed (and the Arrangement adopted) by the holders of common shares of the Company (the "**Company Shareholders**") or that the Arrangement has been approved by the Ontario Superior Court of Justice (Commercial List) (the "**Court**"), the directors of the Company are hereby authorized and empowered, without further notice to or approval of the Company Shareholders: (i) to amend, modify or supplement the Arrangement Agreement or the Plan of Arrangement to the extent permitted by their terms; and (ii) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement and any related transactions.

5. Any one director or officer of the Company be and is hereby authorized and directed for and on behalf of the Company to make an application to the Court for an order approving the Arrangement, to execute, under the corporate seal of the Company or otherwise, and to deliver to the Director under the OBCA for filing articles of arrangement and such other documents as are necessary or desirable to give effect to the Arrangement and the Plan of Arrangement in accordance with the Arrangement Agreement.

6. Any officer or director of the Company is hereby authorized and directed, for and on behalf of the Company, to execute or cause to be executed and to deliver or cause to be delivered, all such other documents and instruments and to perform or cause to be performed all such other acts and things as, in such person's opinion, may be necessary or desirable to give full force and effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of any such other document or instrument or the doing of any such other act or thing.

SCHEDULE C
EXCHANGEABLE SHARE PROTECTION AGREEMENT

EXCHANGEABLE SHARE PROTECTION AGREEMENT

THIS AGREEMENT is made as of **[·]**, 201**[8]**,

AMONG:

TERRASCEND CORP.,

a corporation existing under the laws of the Province of Ontario

(the "**Company**")

- and -

CANOPY GROWTH CORPORATION,
a corporation existing under the federal laws of Canada

("**Canopy Growth**")

- and -

CANOPY RIVERS CORPORATION,
a corporation existing under the federal laws of Canada

("**Canopy Rivers**" and together with the Company and Canopy Growth, the "**Parties**")

WHEREAS in connection with a statutory arrangement of the Company under the *Business Corporations Act* (Ontario) completed on the date hereof (the "**Arrangement**"), the Company issued exchangeable shares in the capital of the Company ("**Exchangeable Shares**") to both Canopy Growth and Canopy Rivers in exchange for the common shares in the capital of the Company ("**Common Shares**") held by Canopy Growth and Canopy Rivers on that date;

AND WHEREAS the Exchangeable Shares are non-voting, non-participating shares in the capital of the Company that are exchangeable, on a one-for-one basis, for Common Shares of the Company, subject to certain terms and conditions set out in the articles of the Company (as they may be amended or supplemented from time to time), which include, among other things, that such Exchangeable Shares will not be exchangeable until: (a) the cultivation, distribution or possession of marijuana in the United States is legal under federal law in the United States or the stock exchanges on which securities of Canopy Growth or Canopy Rivers, as applicable, are listed permit the investment by Canopy Growth or Canopy Rivers, as applicable, in an entity that participates in the cultivation, distribution or possession of marijuana in the United States; and (ii) the stock exchanges on which securities of Canopy Growth or Canopy Rivers, as applicable, are listed permit the exchange of such Exchangeable Shares;

AND WHEREAS because the Exchangeable Shares are non-voting and non-participating shares in the capital of the Company and cannot currently be exchanged into Common Shares, as a condition to Canopy Growth and Canopy Rivers agreeing to support the Arrangement, they are seeking assurances from the Company that it will not intentionally erode the value of the Common Shares underlying the Exchangeable Shares during the period that the Exchangeable Shares are outstanding by the Company undertaking certain transactions with respect to the Common Shares;

AND WHEREAS the Parties have entered into this Agreement to address the concerns raised by Canopy Growth and Canopy Rivers;

NOW THEREFORE, in consideration of the foregoing and the covenants and agreements herein contained, the Parties agree as follows:

1. The Company covenants to Canopy Growth and Canopy Rivers that it shall not make any dividend payments or other distributions of any kind or nature to holders of the Company's securities until the earlier of (i) December 31, 2028; (ii) such time as there are no longer any Exchangeable Shares issued and outstanding; or (iii) a Change of Control (as defined in the articles of the Company) has occurred resulting in Adjusted Exchange Consideration (as defined in the articles of the Company) comprising only cash and the aggregate amount of such Adjusted Exchange Consideration payable upon exchange to holders of Exchangeable Shares outstanding on the date of the Change of Control is placed into escrow in accordance with the terms of the articles of the Company.

2. The Company covenants to Canopy Growth and Canopy Rivers that it shall not undertake a voluntary dissolution, liquidation or winding-up of the Company or any other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs until such time as there are no longer any Exchangeable Shares issued and outstanding.

3. The Company covenants to each of Canopy Growth and Canopy Rivers that it shall not amend its articles to affect any change in the share capital of the Company that could reasonably be expected to have a negative effect on the Exchangeable Shares without the prior written consent of Canopy Growth and Canopy Rivers, as applicable, such consent not to be unreasonably withheld or delayed.

4. The Company covenants to each of Canopy Growth and Canopy Rivers that it shall not create a series of preferred shares in the capital of the Company that would reasonably be expected to have a negative effect on the Exchangeable Shares without the prior written consent of Canopy Growth and Canopy Rivers, as applicable, such consent not to be unreasonably withheld or delayed; provided that a class of preferred shares that has the right to the same number of votes per share as a Common Share but no right to receive dividends or participate in the assets of the Company on wind up or dissolution shall not be considered to negatively affect the Exchangeable Shares.

5. Each of Canopy Growth and Canopy Rivers only receives the benefits of the covenants in Sections 1 to 3 above for so long as such Party holds Exchangeable Shares.

6. This Agreement shall automatically terminate when there are no longer any Exchangeable Shares issued and outstanding.

7. Time is of the essence in this Agreement.

8. The Company agrees that irreparable harm to Canopy Growth and Canopy Rivers would occur for which money damages would not be an adequate remedy at law in the event that any of the provisions of this Agreement were not performed by the Company in accordance with their specific terms or were otherwise breached by the Company. It is accordingly agreed that each of Canopy Growth and Canopy Rivers shall be entitled to injunctive and other equitable relief to prevent breaches or threatened breaches of this Agreement, and to specifically enforce compliance with, or performance of, the terms of this Agreement against the Company without any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief, this being in addition to any other remedy to which a Party may be entitled at law or in equity.

9. The Parties intend that this Agreement will not benefit or create any right or cause of action in favour of any person or entity other than the Parties and that no person or entity other than the Parties shall be entitled to rely on the provisions of this Agreement in any action, suit, proceeding, hearing or other forum.

10. No waiver of any of the provisions of this Agreement will constitute a waiver of any other provision (whether or not similar). No waiver will be binding unless executed in writing by the Party to be bound by the waiver. A Party 's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a Party from any other or further exercise of that right or the exercise of any other right.

11. This Agreement becomes effective only when executed by the Parties. After that time, it will be binding upon and enure to the benefit of the Parties and their respective successors and permitted assigns. Neither this Agreement nor any of the rights or obligations under this Agreement are assignable or transferable by any Party without the prior written consent of the other Parties.

12. If any provision of this Agreement is determined to be illegal, invalid or unenforceable by an arbitrator or any court of competent jurisdiction, that provision will be severed from this Agreement and the remaining provisions shall remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

13. This Agreement will be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

14. The Parties to this Agreement waive the application of any law or rule of construction providing that ambiguities in any agreement or other document shall be construed against the party drafting such agreement or other document.

15. This Agreement may be executed in any number of counterparts (including counterparts by facsimile or other method of electronic communication) and all such counterparts taken together shall be deemed to constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed facsimile or similar executed electronic copy of this Agreement, and such facsimile or similar executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

[*Remainder of page intentionally left blank. Signature page follows.*]

IN WITNESS WHEREOF the Parties have executed this Exchangeable Share Protection Agreement.

TERRASCEND CORP.

By: _____
Name: Michael Nashat
Title: President & CEO

CANOPY GROWTH CORPORATION

By: _____
Name:
Title:

CANOPY RIVERS CORPORATION

By: _____
Name:
Title:

SCHEDULE D
COMPANY REPRESENTATIONS AND WARRANTIES

1. **Organization.** The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its incorporation.

2. **Corporate Authorization.** The Company has the requisite corporate power and authority to enter into and perform its obligations under this Agreement. The execution, delivery and performance by the Company of its obligations under this Agreement and the completion of the Arrangement and the other transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of the Company and no other corporate proceedings on the part of the Company are necessary to authorize this Agreement or the completion of the Arrangement and the other transactions contemplated hereby other than approval by the Company Shareholders in the manner required by the Interim Order and Law and approval by the Court.

3. **Execution and Binding Obligation.** This Agreement has been duly executed and delivered by the Company, and constitutes a legal, valid and binding agreement of the Company enforceable against it in accordance with its terms subject only to any limitation under bankruptcy, insolvency or other Laws affecting the enforcement of creditors' rights generally and the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.

4. **Governmental Authorization.** The execution, delivery and performance by the Company of its obligations under this Agreement and the completion of the Arrangement and the other transactions contemplated hereby do not require any Authorization or other action by or in respect of, or filing with, or notification to, any Governmental Entity by the Company or by any of its subsidiaries other than: (a) the Interim Order and any approvals required by the Interim Order; (b) the Final Order; (c) filings with the Director under the OBCA, (d) the CSE Approval; and (e) filings with the Securities Authorities or the CSE, and (f) Authorizations which, if not taken or made, would not, individually or in the aggregate, materially impede the ability of the Company to complete the Arrangement and the transactions contemplated hereby.

5. **Non-Contravention.** The execution, delivery and performance by the Company of its obligations under this Agreement and the completion of the Arrangement and the other transactions contemplated hereby do not and will not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition):

(a) contravene, conflict with, or result in any violation or breach of the Company's Constating Documents;

(b) conflict with, or result in any violation or breach of any material contract or material Authorization to which the Company or any of its subsidiaries is a party or is otherwise bound, except as would not, individually or in the aggregate, have a material adverse effect on the business, affairs, operations, financial performance, results of operations or financial condition of the Company; or

(c) assuming compliance with the matters referred to in Paragraph 4 above, contravene, conflict with or result in a violation or breach of any Law applicable to the Company, or any of its properties or assets, except as would not, individually or in the aggregate, materially impede the ability of the Company to complete the Arrangement and the transactions contemplated hereby.

6. **Third Party Consents and Approvals.** No consents, approvals or notices from any third party are required in order for the Company to proceed with the execution and delivery of this Agreement or the completion by it of the transactions contemplated by this Agreement other than those which, if not obtained, would not, individually or in the aggregate, materially impede the ability of the Company to complete the Arrangement and the transactions contemplated hereby.

7. **Shares to be Issued.** All Exchangeable Shares and Proportionate Voting Shares will, when issued in accordance with the terms of the Arrangement, be duly authorized, validly issued, fully-paid and non-assessable shares of the Company.

8. **Litigation.** There are no claims, actions, suits, arbitrations, inquiries, investigations or proceedings pending or, to the knowledge of the Company, threatened, against the Company before any Governmental Entity, nor is the Company subject to any outstanding judgement, order, writ, injunction or decree that, either individually or in the aggregate, is reasonably likely to prevent or materially delay the completion of the Arrangement or the transactions contemplated hereby.

9. Capitalization.

(a) The authorized capital of the Company consists of an unlimited number of Common Shares. As of October 5, 2018, there were: (i) 96,103,187 Common Shares issued and outstanding; (ii) 7,340,981 Options issued and outstanding providing for the issuance of up to 7,340,981 Common Shares; and (iii) 51,375,958 Warrants issued and outstanding providing for the issuance of up to 51,375,958 Common Shares.

(b) Except as listed above in Paragraph 9(a), there are no issued, outstanding or authorized options, equity-based awards, warrants, calls, conversion, pre-emptive, redemption, repurchase, stock appreciation or other rights, or any other agreements, arrangements, instruments or commitments of any kind that obligate the Company or any of its subsidiaries to, directly or indirectly, issue or sell any securities of the Company or of any of its subsidiaries, or give any Person a right to subscribe for or acquire, any securities of the Company or of any of its subsidiaries.

(c) There are no issued, outstanding or authorized notes, bonds, debentures or other evidences of indebtedness or any other agreements, arrangements, instruments or commitments of any kind that give any Person, directly or indirectly, the right to vote with holders of Common Shares on any matter except as required by Law.

SCHEDULE E
REPRESENTATIONS AND WARRANTIES OF THE PARTIES OTHER THAN THE COMPANY

1. **Organization.** The Party is an entity duly incorporated or organized, as the case may be, and is validly existing under the laws of the jurisdiction of its incorporation or organization.

2. **Authorization.** The Party has the requisite power and authority to enter into and perform its obligations under this Agreement. The execution, delivery and performance by the Party of its obligations under this Agreement and the completion of the Arrangement and the other transactions contemplated hereby have been duly authorized by all necessary action on the part of the Party and no other internal proceedings on the part of the Party are necessary to authorize this Agreement or the completion of the Arrangement and the other transactions contemplated hereby.

3. **Execution and Binding Obligation.** This Agreement has been duly executed and delivered by the Party, and constitutes a legal, valid and binding agreement of the Party enforceable against the Party in accordance with its terms, subject only to any limitation under bankruptcy, insolvency or other Laws affecting the enforcement of creditors' rights generally and the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.

4. **Governmental Authorization.** The execution, delivery and performance by the Party of its obligations under this Agreement and the completion of the Arrangement and the transactions contemplated hereby do not require any Authorization or other action by or in respect of, or filing with, or notification to, any Governmental Entity by the Party other than: (a) the Interim Order and any approvals required by the Interim Order; (b) the Final Order; (c) filings with the Director under the OBCA; (d) the CSE Approval; (e) the Canopy Growth Stock Exchange Approval (in the case of Canopy Growth only); (f) the Canopy Rivers Stock Exchange Approval (in the case of Canopy Rivers only); (g) compliance with any applicable Securities Laws as well as the rules and policies of the CSE and (h) any Authorizations which, if not obtained, or any other actions by or in respect of, or filings with, or notifications to, any Governmental Entity which, if not taken or made, would not, individually or in the aggregate, materially impede the ability of the Party to complete the Arrangement and the transactions contemplated hereby.

5. **Non-Contravention.** The execution, delivery and performance by the Party of its obligations under this Agreement and the completion of the Arrangement and the other transactions contemplated hereby do not and will not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition):

(a) contravene, conflict with, or result in any violation or breach of the Party's Constating Documents; or

(b) assuming compliance with the matters referred to in Paragraph 4 above, contravene, conflict with or result in a violation or breach of any Law applicable to the Party or any of its properties or assets, except as would not, individually or in the aggregate, materially impede the ability of the Party to complete the Arrangement and the transactions contemplated hereby.

6. **Litigation.** There are no claims, actions, suits, arbitrations, inquiries, investigations or proceedings pending or, to the knowledge of the Party, threatened, against the Party before any Governmental Entity, nor is the Party subject to any outstanding judgement, order, writ, injunction or decree that, either individually or in the aggregate, is reasonably likely to prevent or materially delay the completion of the Arrangement or the transactions contemplated hereby.

7. **Security Ownership.** Except as set forth in the chart below and the 1,000,000 Options held by Mr. Jason Wild (who exercises control or direction over the JW Entities), neither the Party nor any of its affiliates beneficially owns (of record or beneficially) or exercises control or direction over any securities of the Company. The Party is the sole beneficial owner of the securities listed below next to its name, with good and marketable title thereto, free and clear of any and all mortgages, liens, charges, restrictions, security interests, adverse claims, pledges, encumbrances and demands or rights of others of any nature or kind whatsoever. No Person has any agreement or option, or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option, for the purchase, acquisition or transfer of any of the securities listed below next to the Party's name, or any interest therein or right thereto, except pursuant to this Agreement.

Party	Common Shares	Warrants
Canopy Growth	11,285,456	9,545,456
Canopy Rivers	11,285,456	9,545,456
JW Opportunities	8,605,827	6,827,650
JW Partners	24,848,277	20,482,953
Pharma Opportunities	1,567,425	1,325,758

8. **Securities Voting.** The Party has the sole and exclusive right to vote the securities listed next to its name in the chart in Paragraph 7, above as contemplated herein. Except as required herein, none of the securities listed next to the Party's name in the chart in Paragraph 7 above is subject to any proxy, power of attorney, attorney-in-fact, voting trust, vote pooling or other agreement with respect to the right to vote, call meetings of shareholders or give consents or approvals of any kind.

9. **Canopy Growth Stock Exchange Approval.** Canopy Growth (and no other Party) represents and warrants that (i) it has received the Canopy Growth Stock Exchange Approval; (ii) such Canopy Growth Stock Exchange Approval is, as of the date hereof, in force and has not been modified in any material respect and (iii) it has no knowledge of any proposed material modification or revocation of the Canopy Growth Stock Exchange Approval by either the TSX or the NYSE.

10. **Canopy Rivers Stock Exchange Approval.** Canopy Rivers (and no other Party) represents and warrants that (i) it has received the Canopy Rivers Stock Exchange Approval; (ii) such Canopy Rivers Stock Exchange Approval is, as of the date hereof, in force and has not been modified in any material respect and (iii) it has no knowledge of any proposed material modification or revocation of the Canopy Rivers Stock Exchange Approval by the TSXV.

11. **Residency.** The Party is resident in the country set forth opposite its name in the chart below.

Party	Jurisdiction of Residency
Canopy Growth	Canada
Canopy Rivers	Canada
JW Opportunities	Cayman Islands
JW Partners	United States
Pharma Opportunities	United States

Exhibit 2.2

CERTAIN CONFIDENTIAL INFORMATION (MARKED BY BRACKETS AS "[***]") HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED.

EXECUTION COPY

SECURITIES PURCHASE AGREEMENT

By and Among

BTHHM Berkeley, LLC ("BTHHM"),

PNB Noriega, LLC ("Noriega"),

V Products, LLC ("V Products")

(BTHHM, Noriega and V Products are each a "Company" and collectively the "Companies"),

the limited liability company interest holders of each of the Companies set forth on the Schedule of Sellers attached hereto (each a "Seller" and collectively the "Sellers")

Michael Thomsen, as the Sellers' Agent ("Sellers' Agent"), and

TerrAscend Corp. ("Parent")

and
WDB Holding CA, Inc.
("Buyer")

February 10, 2019

SECURITIES PURCHASE AGREEMENT

This Securities Purchase Agreement (this "Agreement"), dated as of February 10, 2019, is entered into by and among BTHHM Berkeley, LLC, a California limited liability company ("BTHHM"), PNB Noriega, LLC, a California limited liability company ("Noriega"), V Products, LLC, a California limited liability company ("V Products") (BTHHM, Noriega, and V Products are each a "Company" and collectively the "Companies"), the Seller Principals (as defined below), and the holders of the limited liability company interests of each of the Companies set forth on the Schedule of Sellers attached hereto as Exhibit A (each a "Seller" and collectively the "Sellers"), TerrAscend Corp., a corporation incorporated under the *Business Corporations Act* (Ontario) ("Parent"), WDB Holding CA, Inc., a Delaware corporation and wholly-owned subsidiary of Parent ("Buyer"), and Michael Thomsen, an individual residing in the State of California, as agent for the Sellers (the "Sellers' Agent").

RECITALS

WHEREAS, BTHHM and Noriega are engaged in the business of selling, and dispensing cannabis and cannabis-related products, accessories and branded merchandise in California under the trade name "The Apothecarium," and V Products is engaged in the business of manufacturing, processing, packaging and wholesaling edible cannabis products under the trade name "Valhalla."

WHEREAS, Sellers collectively own 100% of the issued and outstanding limited liability company interests (the "Units") of the Companies.

WHEREAS, Sellers desire to sell to Buyer, and Buyer desires to purchase from Sellers, the Units.

WHEREAS, concurrently with the execution of this Agreement, Buyer is entering into a stock purchase agreement (the "San Francisco SPA") to purchase certain limited liability company units and other securities of RHMT, LLC, Deep Thought LLC, and Howard Street Partners LLC (the "San Francisco Companies"), and a stock purchase agreement (the "Las Vegas SPA") to purchase the outstanding limited liability units of Gravitas Ltd (the "Las Vegas Company") each of which (other than V Products) is engaged in the business of selling, and dispensing cannabis and cannabis-related products, accessories and branded merchandise under the trade name "The Apothecarium" or (in the case of V Products) is in engaged in the business of manufacturing cannabis edibles under the trade name "Valhalla";

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Defined Terms. The following terms have the meanings specified or referred to in this Article I:

(a) "Action" means any claim, action, cause of action, Product Claim, demand, lawsuit, arbitration, inquiry, audit, notice of violation, proceeding, litigation, citation, deficiency notice, summons, subpoena or investigation of any nature, civil, criminal, administrative, regulatory or otherwise, whether at law or in equity.

(b) "Affiliate" means, with respect to any specified Person, any other Person who, directly or indirectly, controls, is controlled by, or is under common control with such Person, including, without limitation, any general partner, managing member, officer or director of such Person or any venture capital fund now or hereafter

existing that is controlled by one or more general partners or managing members of, or shares the same management company with, such Person.

(c) "Base Escrow" means US$[***], in cash, available to satisfy indemnification owed by the Sellers and Seller Principals to Buyer Indemnified Parties under Section 9 of this Agreement. The Base Escrow amount will be calculated at closing and equal 7.5% of the Purchase Price pursuant to Section 2.02(a) hereunder plus 7.5% of the purchase price under Section 2.02 of the SF SPA.

(d) "BTHHM Sellers" means the owners of the outstanding limited liability company interests of BTHHM, as identified and in the percentages set forth on the Schedule of Sellers.

(e) "Business" means: (a) with respect to BTHHM, the future operation of a not-yet-operational-or-licensed retail cannabis dispensary in Berkeley, California; (b) with respect to PNB Noriega, the future operation of a not-yet-operational-or-licensed retail cannabis dispensary in San Francisco, California; and (c) with respect to V Products, the operation of a cannabis gummies manufacturing facility in San Rafael and/or Santa Rosa, California.

(f) "Business Day" means any day except Saturday, Sunday or any other day on which commercial banks located in San Francisco, California or Toronto, Ontario are authorized or required by Law to be closed for business.

(g) "Buyer and Parent Fundamental Representations" means the representations and warranties of Buyer and Parent in Sections 5.01, 5.02, 5.03, 5.06, 5.07 and 5.09.

(h) "Canadian Securities Laws" means, collectively, the applicable securities legislation and related rules, regulations, instruments and published policy statements of each of the applicable Provinces and Territories of Canada.

(i) "Code" means the Internal Revenue Code of 1986, as amended.

(j) "Contracts" means all contracts, leases, deeds, mortgages, licenses, instruments, notes, commitments, undertakings, indentures, joint ventures and all other agreements, commitments and legally binding arrangements, whether written or oral.

(k) "Controlled Substances Act" means Title 21 of the United States Code, Chapter 13 §801*et seq.*

(l) "CSE" means the Canadian Securities Exchange.

(m) "Cannabis Licenses" means (i) the operational medicinal and adult-use retailer, distributor, and manufacturer licenses granted to the Companies by the California Bureau of Cannabis Control and Department of Public Health, and (ii) each other Permit issued to Companies by any Governmental Authority in connection therewith.

(n) "Common Shares" has the meaning set forth in Section 5.09.

(o) "Company Intellectual Property" means, with respect to a Company, any and all of the following: (a) all names used by Company and the Business, including corporate and fictitious names, trade names, domain names, registered and unregistered trademarks, service marks and applications therefor, and all logos, slogans and other trade dress and commercial symbols with which the goodwill of Company or any of its services may be associated, and all translations, adaptations, derivations and combinations thereof and all applications, registrations and renewals in connection therewith, together with all goodwill associated therewith; (b) all inventions, discoveries and all other developments and works of any kind (whether or not patentable, whether or not complete and whether or not recorded in writing or any other form or medium or reduced to practice), and all patents, patent applications and inventions and discoveries (or reduced to practice), all improvements thereto, and all patents, patent applications and patent disclosures, together with all reissuances, continuations, continuations in part, revisions, extensions and reexaminations thereof; (c) all copyrightable works, copyrights and applications, registrations and renewals thereof (including with respect to software, marketing materials, business plans or instructional or training materials), and all derivative works therefrom; (d) mask works and all applications, registrations and renewals in connection therewith; (e) computer software (including all versions thereof), including source code, object, executable and binary code, objects, comments, screens, user interfaces, report formats, templates, menus, buttons and icons and all files, data, materials, manuals, design notes and other items and documentation related to any of the foregoing; (f) web sites, web site domain names and other e-commerce assets and resources of any kind or nature; (g) trade secrets and confidential information and proprietary rights, including ideas, concepts, methods, plans, business models, strategies, processes, technology, know-how and the like, and including all proprietary compilations of data (such as customer lists, prospect lists or supplier lists) whether or not the individual elements or items are confidential or proprietary; (h) all other intellectual property and proprietary rights of any kind, nature or description; (i) all proprietary recipes, formulas, manufacturing processes, packaging and labeling relating to the Products; (j) contents of all diagrams, schematics, algorithms, formulae, plans, graphics, designs, mats, plates, negatives, films, blueprints, drawings, sketches and other renderings or tangible embodiments of any of the foregoing (in whatever form or medium) and (k) all goodwill associated with the foregoing.

(p) "Company Transaction Expenses" means, for each Company: (a) the fees and expenses owed by a Seller or Company to their investment bankers, attorneys, accountants and other professionals payable in connection with this Agreement or the consummation of the transactions contemplated hereby, (b) the aggregate amount of any transaction bonuses or similar payments owed by a Company to any director, officer or employee of such Company triggered by the consummation of such transactions (including both the employer and employee portions of all employment, payroll and withholding Tax obligations relating to or arising from such bonuses or payments) and (c) the aggregate amount of management fees, loans, transaction fees, sale bonuses or similar payments owed by a Company to a Seller that are unpaid as of, or are triggered by, the consummation of such transactions, in the case of each of the foregoing clauses (a), (b) and (c), regardless of whether such fees, expenses or other amounts are due and payable as of the Closing.

(q) "Data Laws" means Laws, regulations, guidelines, and rules in any jurisdiction (federal, state, local, and non-U.S.) applicable to data privacy, data security, and/or personal information, including the Federal Trade Commission's Fair Information Principles, as well as industry standards applicable to Companies.

(r) "Encumbrance" means and includes:

(i) with respect to any personal property, any intangible property or any property other than Real Property, any security or other property interest or right, claim, lien, pledge, option, charge, community property interest, security interest, contingent or conditional sale, or other title claim or retention agreement or lease or use agreement in the nature thereof, interest or other right or claim of third parties, whether voluntarily incurred or arising by operation of Law, and including any agreement to grant or submit to any of the foregoing in the future; and

(ii) with respect to any Real Property (whether and including owned real estate or leased real estate), any mortgage, lien, easement, interest, right of way, condemnation or eminent domain proceeding, encroachment, any building, use or other form of restriction, encumbrance or other claim (including adverse or

prescriptive) or right of third parties (including any Governmental Authority), any lease or sublease, boundary dispute, and agreements with respect to any real property including: purchase, sale, right of first refusal, option, construction, building or property service, maintenance, property management, conditional or contingent sale, use or occupancy, franchise or concession, whether voluntarily incurred or arising by operation of Law, and including any agreement to grant or submit to any of the foregoing in the future.

(s) "Environmental Laws" means any and all Laws relating to any of the following: (a) pollution or the protection of the environment (including, without limitation, air, surface water, ground water and land); (b) solid, gaseous or liquid waste generation, treatment, storage, disposal or transportation of Hazardous Materials; (c) exposure to Hazardous Materials; or (c) manufacture, processing, treatment, distribution, use, storage, transportation, emission, disposal or release of Hazardous Materials, each as in effect on and as interpreted as of the date hereof and on the Closing Date. Without limiting the generality of the foregoing, Environmental Laws shall include all of the following (in effect on the date hereof and on the Closing Date): (1) the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 (codified at Title 42 U.S.C. Sections 9601 *et seq.*); as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 USCA §9601 *et seq.*; (2) the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, as amended by the Hazardous and Solid Waste Amendments of 1984, 42 USCA §6901 *et seq.*; (3) the Federal Water Pollution Control Act Amendments of 1972, as amended by the Clean Water Act of 1977, 33 USCA §1251 *et seq.*; (4) the Toxic Substances Control Act of 1976, 15 USCA §2601 *et seq;* (5) the Emergency Planning and Community Right-to-Know Act of 1986, 42 USCA §11001 *et seq*; (6) the Clean Air Act of 1966, as amended by the Clean Air Act Amendments of 1990, 42 USCA §7401 *et seq*; (7) the National Environmental Policy Act of 1970, 42 USCA §4321 *et seq.*; (8) the River and Harbors Act of 1899, 33 USCA §401 *et seq.*; (9) the Endangered Species Act of 1973, 16 USCA §1531 *et seq.*; (10) the Occupational Safety and Health Act of 1970, 29 USCA §651 *et seq.*; (11) the Safe Drinking Water Act of 1974, 42 USCA §300f *et seq.*; (12) the Hazardous Materials Transportation Act, 49 USCA App. §5101 *et seq.*; (13) the California Environmental Quality Act (CEQA), Pub. Res. Code, § 21000 *et seq.;* and (14) any and all regulations adopted with respect to the foregoing Laws, and all similar federal, state and local environmental statutes and ordinances and the regulations, orders and decrees now promulgated.

(t) "Escrow Agent" means Global Loan Agency Services Limited, dba GLAS.

(u) "Escrow Amount" means the Base Escrow plus the Tax Escrow.

(v) "Escrow Agent Fee" shall mean US$7,750.00 (*estimated)*.

(w) "Exchange Act" means the Securities Exchange Act of 1934.

(x) "Excise Tax Liability" means any amounts payable by V Products to Blackbird Logistics Corp., BLKBRD CA, Blkbrd Software, LLC or their affiliated entities (collectively, "Blackbird") or the California Department of Tax and Fee Administration or with respect to potential miscalculations or failures to collect and remit excise tax related to the delivery and sales of V Products' cannabis goods.

(y) "Fundamental Representations" means, with respect to Sellers and Companies, the representations and warranties in Article III, and Sections 4.01, 4.02, 4.03, 4.06(a), 4.06(b), 4.18, and 4.22.

(z) "GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the accounting profession), or in such other statements by such entity as may be in general use by significant segments of the U.S. accounting profession, which are applicable to the facts and circumstances on the date of determination.

(aa) "Governmental Authority" means any country, state, provincial, territorial, commonwealth, city, town, township, borough, village, district, territory or other political subdivision thereof; any federal, state, provincial, territorial, local, municipal, foreign or other government or governmental, quasi-governmental or other regulatory authority of any nature (including any agency, branch, department, board, commission, court, tribunal or other entity exercising governmental or quasi-governmental powers); any multinational organization or body; any body exercising, or entitled or purporting to exercise, any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power, including any arbitrator; any self-regulatory or professional or trade organization having authority to regulate the Business, including the California Bureau of Cannabis Control, California Department of Food and Agriculture, California Department of Public Health, California Department of Tax and Fee Administration, the CSE, or any instrumentality or official of any of the foregoing.

(bb) "Hazardous Material" means (a) those substances included within the definitions of "hazardous substances," "hazardous materials," "toxic substances," or "solid waste" (or words of similar intent or meaning) under applicable Environmental Law including, without limitation, CERCLA, RCRA, CEQA, and the Hazardous Materials Transportation Act, 49 U.S.C. Sections 5101 et seq. as amended, and in the regulations promulgated pursuant to said laws; (b) those chemicals known to cause cancer or reproductive toxicity, as published pursuant to the Safe Drinking Water and Toxic Enforcement Act of 1986, Sections 25249.5 et seq. of the Health & Safety Code as amended; (c) those substances listed in the United States Department of Transportation Table (49 CFR 172.101 and amendments thereto) or by the Environmental Protection Agency (or any successor agency) as hazardous substances (40 CFR Part 302.4 and amendments thereto); (d) any material, waste or substance which is (i) petroleum, (ii) asbestos, (iii) polychlorinated biphenyls, (iv) designated as a "hazardous substance" pursuant to Section 311 of the Clean Water Act, 33 U.S.C. Section 1251 et seq. (33 U.S.C. Section 1321) or listed pursuant to Section 307 of the Clean Water Act (33 U.S.C. Section 1317); (v) flammable explosives; (vi) radioactive materials or substances; or (vii) mold, spores or fungus; and (e) such other substances, materials and wastes which are regulated, as of the date hereof or the Closing Date, as hazardous, toxic or radioactive under applicable local, state or Federal law, or which are classified as hazardous, toxic or radioactive under any Environmental Law.

(cc) "Indebtedness" means, with respect to a Company, without duplication: (i) all liabilities for borrowed money, whether current or funded; (ii) all obligations evidenced by a note, bond, debenture, letter of credit, draft or similar instrument; (iii) that portion of obligations with respect to capital leases, if any, that is properly classified as a liability on a balance sheet; (iv) all other obligations of Companies, other than Permitted Accounts Payable; (v) notes payable and drafts accepted representing extensions of credit; (vi) any obligation owed for all or any part of the deferred purchase price of property or services, unless otherwise included as a current liability in the Working Capital adjustment described below; (vii) all obligations of a Company to its members or managers; (viii) all Tax obligations of a Company (including any amounts under audit by any tax authority, other than the Known Tax Obligations); (ix) any amounts, fines, penalties or claims asserted against a Company by any Governmental Authority; (x) all interest on the items set forth in (i) through (ix) above; (xi) any guarantees of indebtedness of any other person; (xii) all indebtedness and obligations of the types described in the foregoing clauses (i) through (xi) above to the extent secured by any lien on any property or asset owned or held by a Company, regardless of whether the indebtedness secured thereby shall have been assumed by a Company or is nonrecourse to the credit of a Company.

(dd) "Inventory" means all inventory of or relating to the Business (including, without limitation, raw materials, work in process, packaging, ingredients, finished goods, merchandise and supplies).

(ee) "Key Personnel" means the Persons identified on Schedule III.

(ff) "Known Tax Obligations" are the federal Tax Liabilities for the years and in the amounts listed on Exhibit B attached hereto.

(gg) "Law" means any statute, law, ordinance, regulation, rule, code, order, constitution, treaty, common law, judgment, decree, other requirement or rule of law of any Governmental Authority, but does not include any United States federal law to the extent such federal law or treaty would be violated, or protections under such law would be unavailable to a party, as a result of operating or owning a state licensed cannabis business in compliance with California law.

(hh) "Liabilities" means any liabilities, obligations or commitments of any nature whatsoever, asserted or unasserted, known or unknown, absolute or contingent, accrued or unaccrued, matured or unmatured, or otherwise.

(ii) "Material Adverse Effect" means any event, change, development or occurrence that, individually or together with any other event, change, development or occurrence, has had, or reasonably would be expected to have, a material adverse effort on Companies' Business, results of operations, properties, assets or conditions (whether financial or otherwise), Permits, relations with customers, any material asset, Key Personnel or prospects, whether long-term or short-term, whether or not anticipated, except for the effects of changes in the general economy that do not impact the Companies disproportionately relative to other Persons of comparable size in the Companies' industry.

(jj) "Noriega Sellers" means the owners of the outstanding limited liability company interests of Noriega, as identified and in the percentages set forth on the Schedule of Sellers.

(kk) "Non-Foreign Certificate" shall mean a duly executed non-foreign affidavit, dated as of the Closing Date, sworn under penalty of perjury and in form and substance required under the Treasury Regulations issued pursuant to Section 1445 of the Code, and reasonably acceptable to Buyer, stating that the Person issuing such affidavit is not a "foreign person" as defined in Section 1445 of the Code.

(ll) "Obligations" with respect to a Borrower (as defined in Section 2.05), means such Borrower's obligations to pay when due any debts, principal, interest, fees, expenses, and other amounts such Borrower owes Parent now or later, under the terms of the Promissory Notes.

(mm) "Order" means any order, writ, judgment, injunction, decree, stipulation, assessment, determination or award entered by or with any Governmental Authority.

(nn) "Parent Disclosure Record" means all documents publicly filed under the profile of the Parent on SEDAR since January 1, 2018.

(oo) "Parent Shares" has the meaning set forth in Section 2.02(a)(ii).

(pp) "Permit" means any permit, license, franchise certificate, consent, accreditation and other authorization of a Governmental Authority.

(qq) "Permitted Accounts Payable" means normal and customary accounts payable of the Companies incurred in connection with the Business.

(rr) "Permitted Encumbrances" means those Encumbrances disclosed to Buyer and set forth on Exhibit B.

(ss) "Person" means any individual, corporation, partnership, trust, limited liability company, association or other entity.

(tt) "Proportionate Voting Shares" has the meaning set forth in Section 5.09.

(uu) "Post-Closing Tax Period" means any taxable period beginning after the Closing Date and, with respect to any taxable period beginning before and ending after the Closing Date, the portion of such taxable period beginning after the Closing Date.

(vv) "Post-Closing Taxes" means Taxes of a Company or Seller for any Post-Closing Tax Period.

(ww) "Pre-Closing Tax Period" means any taxable period ending on or before the Closing Date and, with respect to any taxable period beginning before and ending after the Closing Date, the portion of such taxable period ending on and including the Closing Date.

(xx) "Pre-Closing Taxes" means Taxes of a Company or Seller for any Pre-Closing Tax Period.

(yy) "Product" means any product manufactured, distributed or sold by the Business.

(zz) "Real Property" means the real property owned, leased or subleased by Companies, together with all buildings, structures and facilities located thereon.

(aaa) "Restricted Period" means the earlier of: (i) two (2) years after the Closing Date; or (ii) as to each Seller Principal, such earlier date, if any, that such Seller Principal is no longer employed by Companies or the Buyer, or any Affiliate thereof; provided, however, that the Seller Principal's employment was terminated without "cause" by the employer thereof, or for "good reason" by such Seller Principal; as the terms "cause" and "good reason" are defined in the respective Employment Agreements of each Seller Principal as required by Section 2.08 hereof.

(bbb) "RULLCA" means the California Revised Uniform Limited Liability Company Act, Title 2.6, Section 17701.01 *et seq.*

(ccc) "Securities Authorities" means the Ontario Securities Commission and any other applicable securities commission or securities regulatory authority of a province or territory of Canada.

(ddd) "SEDAR" means the System for Electronic Document Analysis and Retrieval maintained on behalf of the Securities Authorities.

(eee) "Sellers' Agent" has the meaning set forth in the preamble above.

(fff) "Sellers' Contribution to Escrow" means cash in an amount equal to $[***]as a contribution to the Tax Escrow, plus cash in an amount equal to 13.35% of the total Base Escrow Amount as a contribution to the Base Escrow, which amount is subject to adjustment as provided in Section 2.06 herein.

(ggg) "Seller Principal(s)" means: (a) solely with respect to BTHHM, Michael Thomsen, Ryan Hudson, Arion Luce, Anthony Shira, and Jamie Shira (each, a "BTHHM Seller Principal," collectively the "BTHHM Seller Principals"); (b) solely with respect to PNB Noriega, Michael Thomsen, Ryan Hudson, Arion Luce, Anthony Shira, Jamie Shira, (each, a "Noriega Seller Principal," collectively, the "Noriega Seller Principals"); and (c) solely with respect to V Products, Michael Thomsen, Ryan Hudson, Arion Luce, Anthony Shira, Jamie Shira, Drew Bulfer, and Brian Scott (each, a "V Products Seller Principal," collectively, the "V Products Seller Principals").

(hhh) "Special Representations" means, with respect to Sellers and Companies, the representations and warranties in Article III, and Sections 4.01, 4.02, 4.03, 4.05, 4.06, 4.11, 4.18, 4.20, 4.21 and 4.22.

(iii) "Subsidiary" means a Person that is controlled directly or indirectly by another Person and includes a Subsidiary of that Subsidiary. A Person is considered to "control" another Person if: (i) the first Person beneficially owns or directly or indirectly 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.

(jjj) "Taxes" means all federal, state, local, provincial, foreign and other income, gross receipts, sales, use, production, ad valorem, transfer, franchise, registration, profits, license, lease, service, service use, withholding, payroll, excise, employment, unemployment, estimated, excise, severance, environmental, stamp, occupation, premium, property (real or personal), real property gains, windfall profits, customs, duties or other taxes, fees, assessments or charges of any kind whatsoever, together with any interest, additions or penalties with respect thereto and any interest in respect of such additions or penalties, whether or not disputed, and including any obligations to indemnify or otherwise assume or succeed to the Tax Liabilities of any other Person.

(kkk) "Tax Escrow" means US$[***] available to satisfy indemnification amounts owed by the Sellers and Seller Principals to Buyer Indemnified Parties under Section 9.02(d), 9.02(e) and 9.02(g) of this Agreement (claims relating to Taxes), which amount is subject to adjustment as provided in Section 2.06 herein.

(lll) "Tax Return" means any return, declaration, report, claim for refund, information return, or statement or other document relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

(mmm) "UCC" means the Uniform Commercial Code-Secured Transactions in effect in the State of California, as amended from time to time.

(nnn) "V Products Sellers" means the owners of the outstanding limited liability company interests of V Products, as identified and in the percentages set forth on the Schedule of Sellers.

Section 1.02 **Table of Definitions**. The following terms have the meanings set forth in the Sections referenced below:

Agreement	Preamble
Approval	Section 7.04
Balance Sheet	Section 4.10
Balance Sheet Date	Section 4.10
BTHHM Disclosure Schedule	Article IV
Business	Section 1.01(e)
Buyer	Preamble
Buyer Indemnified Parties	Section 9.02
Cash Consideration	Section 2.02(a)(i)
Closing	Section 2.07
Closing Adjustment	Section 2.03(b)(i)(3)
Closing Date	Section 2.07
Closing Indebtedness Schedule	Section 2.04(a)
Closing Working Capital	Section 2.03(b)(i)(2)
Closing Working Capital Statement	Section 2.03(b)(i)
Common Shares	Section 5.09
Companies	Preamble
Company Assets	Section 4.09(a)
Company Owner	Section 3.06(a)
Company Transaction Expense Schedule	Section 2.04(b)
Debt Payoff Letters	Section 2.04(a)
Direct Claim	Section 9.05(c)
Disputed Amounts	Section 2.03(c)(iii)
Estimated Closing Adjustment	Section 2.03(a)(ii)
Estimated Closing Working Capital	Section 2.03(a)(i)(2)
Estimated Closing Working Capital Statement	Section 2.03(a)(i)
Exchangeable Shares	Section 5.09
Facilities	Section 4.21
Financial Statements	Section 4.10
H&S Code	Section 3.06(c)(iv)
Indemnified Party	Section 9.05(a)
Indemnifying Party	Section 9.05(a)
Independent Accountant	Section 2.03(c)(iii)
Interim Financial Statements	Section 4.10
IP License	Section 4.06(c)
Las Vegas Company	Recitals
Las Vegas SPA	Recitals
Leases	Section 4.09(c)

Loss	Section 9.02
Material Contract	Section 4.07
Noriega Disclosure Schedule	Article IV
Parent	Preamble
Parent Shares	Section 2.02(a)(ii)
PCB	Section 4.21
Penal Code	Section 3.06(c)(iii)
Physical Inventory	Section 2.03(a)(i)(2)
Preferred Shares	Section 5.09
Product Claim	Section 4.20
Proportionate Voting Shares	Section 5.09(a)
Purchase Price	Section 2.02(a)
Recalls	Section 4.20(a)
Released Claims	Section 11.02(a)
Released Party	Section 11.02(a)
Releasing Party	Section 11.02(a)
Resolution Period	Section 2.03(c)(ii)
Reverse Termination Fee	Section 10.03
Review Period	Section 2.03(c)(i)
Rules	Section 12.13
San Francisco Companies	Recitals
San Francisco SPA	Recitals
Seller	Preamble
Sellers' Agent	Preamble
Sellers Majority	Section 12.01(a)
Statement of Objections	Section 2.03(c)(ii)
Straddle Period	Section 6.02
Supplemental Disclosure Schedule	Section 7.03(c)
Target Working Capital	Section 2.03(a)(ii)
Third Party Claim	Section 9.05(b)
Transaction Agreements	Section 4.01(b)
Unaudited Financial Statements	Section 4.10
Units	Recitals
V Products Disclosure Schedule	Article IV
Working Capital	Section 2.03(a)(i)(2)

ARTICLE II

PURCHASE AND SALE

Section 2.01 **Purchase and Sale**. Subject to the terms, conditions, representations and warranties, covenants and other agreements of the Parties set forth within this Agreement, at the Closing (as defined herein) Sellers shall sell to Buyer, and Buyer shall purchase from Sellers, all of the Units, free and clear of any Encumbrance, for the consideration specified in Section 2.02.

Section 2.02 **Consideration**.

(a) Subject to adjustment pursuant to Section 2.03 and 2.04 hereof, the aggregate purchase price of US$[***] (the "Purchase Price") to be paid by or on behalf of Buyer to the Sellers at the Closing for the Units shall consist of the following:

(i) US Five Million Three Hundred Sixty-eight Thousand Five Hundred Dollars (US $5,368,500) in cash (the "Cash Consideration"); and

(ii) subject to compliance with securities laws and the policies of the CSE, 894.75 Proportionate Voting Shares of Parent (the "Parent Shares") with an aggregate issuance price equivalent to US$[***] (based on the daily average exchange rate reported by the Bank of Canada on the day prior to the date of issuance). The number of Parent Shares to be issued hereunder will be adjusted to take into effect any stock dividend, stock split, subdivision, combination, reclassification or similar non-dilutive event (the "Event") affecting the Proportionate Voting Shares prior to Closing, with the Parent Shares to be issued hereunder at Closing representing the same percentage of the outstanding Proportionate Voting Shares as they did immediately prior to the Event.

(b) The Purchase Price (consisting of the Cash Consideration and the Parent Shares, and as adjusted by the Sellers' Contribution to Escrow) shall be allocated among the Companies and the Sellers in the amounts and in the percentages as set forth on the Schedule of Sellers attached hereto as Exhibit A.

(c) An aggregate of US$[***] constituting the Sellers' Contribution to Escrow, subject to adjustment as provided in Section 2.06, shall be withheld from the Cash Consideration and deposited with the Escrow Agent in the manner identified in Section 2.06 hereafter.

Section 2.03 **Purchase Price Adjustment**.

(a) Closing Adjustments.

(i) At least five (5) Business Days before the Closing, Sellers shall prepare and deliver to Buyer a statement for each Company (each, an "Estimated Closing Working Capital Statement"), which statement shall be prepared in accordance with GAAP and this Agreement and contain, in each case as of the Closing Date:

(1) an estimated balance sheet of such Company (without giving effect to the transactions contemplated hereby), and

(2) an estimate of the Working Capital as of the Closing Date for each Company (with respect to each Company, its "Estimated Closing Working Capital").

For purposes hereof, "Working Capital" as to a Company shall mean the excess of such Company's current assets, including cash and cash equivalents, over such Company's current liabilities (excluding Taxes), as determined in accordance with GAAP applied on a consistent basis with the Company's Financial Statements, without giving effect to the consummation of the transactions contemplated by this Agreement, and adjusted to exclude the Company's accounts receivable aged beyond 90 days of invoice date. The inventory component of the Working Capital, if applicable, shall be determined by Buyer and each Company jointly conducting a physical count of such Company's Inventory as proximate to the Closing Date as practicable, which amount shall be adjusted to reflect sales, the production of finished goods, the purchase of raw materials and other transactions between the time of such physical count and the Effective Time using standard accounting cutoff procedures to arrive at a value which shall be deemed the physical inventory as of the Closing Date ("Physical Inventory").

(ii) The "Estimated Closing Adjustment" for each Company shall be an amount equal to the Estimated Closing Working Capital minus such Company's target working capital set forth on the Schedule of Sellers attached (for each Company, its "Target Working Capital"). If the Estimated Closing Adjustment is a positive number, the Cash Consideration payable to the Sellers of such Company (in accordance with the Schedule of Sellers) shall be increased by the amount of the Estimated Closing Adjustment. If the Estimated Closing Adjustment is a negative number, the Cash Consideration payable to the Sellers such Company shall be reduced by the amount of the Estimated Closing Adjustment.

(b) Post-Closing Adjustment.

(i) Not later than ninety (90) days after the Closing Date, Buyer shall prepare and deliver to Sellers a statement for each Company (each, a "Closing Working Capital Statement" and collectively, the "Closing Working Capital Statements"), which statement shall be prepared in accordance with GAAP applied on a basis consistent with the calculation of the Estimated Closing Working Capital and contain:

(1) an unaudited balance sheet of such Company (without giving effect to the transactions contemplated hereby) as of the Closing Date;

(2) a calculation of the Working Capital (which shall take into account the results of the Physical Inventory) for such Company as of the Closing Date (with respect to each Company, its "Closing Working Capital"); and

(3) the resulting "Closing Adjustment," which, for each Company, shall be an amount equal to such Company's Closing Working Capital minus its Target Working Capital.

(c) Examination and Review.

(i) Examination. After receipt of the Closing Working Capital Statements, Sellers shall have thirty (30) days (the "Review Period") to review each Closing Working Capital Statement. During the Review Period, the Sellers' Agent and its representatives will have access to the books and records of the Companies, to the extent that such books and records are necessary to verify the amounts set forth in the Closing Working Capital Statements, as Sellers may reasonably request for the purpose of reviewing and analyzing the Closing Working Capital Statements and to prepare a Statement of Objections (as hereafter defined), provided that, such access shall be in a manner that does not unreasonably interfere with the normal business operations of the Companies.

(ii) Objection. On or prior to the last day of the Review Period, Sellers may object to any Closing Working Capital Statement by causing Sellers' Agent to deliver to Buyer a written statement setting forth Sellers' objections in reasonable detail, indicating by Company each disputed item or amount and the basis for Sellers' disagreement therewith (a "Statement of Objections"). If Sellers fail to deliver a Statement of Objections before the expiration of the Review Period, then each Closing Working Capital Statement and each corresponding Closing Adjustment (as defined above) reflected in the Closing Working Capital Statements shall be deemed to have been accepted by Sellers. If Sellers' Agent delivers a Statement of Objections before the expiration of the Review Period, Sellers' Agent and Buyer shall negotiate in good faith to resolve such objections within thirty (30) days after the delivery of a Statement of Objections (the "Resolution Period"), and, if the same are so resolved within the Resolution Period, the Closing Adjustment and the Closing Working Capital Statements, with such changes as may be agreed in writing by Sellers' Agent and Buyer, shall be final and binding.

(iii) Resolution of Disputes. If Sellers' Agent and Buyer fail to reach an agreement with respect to all of the matters set forth in the Statement of Objections before expiration of the Resolution Period, then any amounts remaining in dispute (the "Disputed Amounts") shall be submitted for resolution to an impartial nationally recognized firm of independent certified public accountants appointed by mutual agreement of Buyer and Sellers' Agent (the "Independent Accountant") who, acting as experts and not arbitrators, shall resolve the Disputed Amounts only and make any corresponding adjustments to the Closing Adjustment, as the case may be, and Closing Working Capital Statement. The parties hereto agree that all adjustments shall be made without regard to materiality. The Independent Accountant shall only decide the specific items under dispute by the parties and its decision for each Disputed Amount must be within the range of values assigned to each such item in the applicable Closing Working Capital Statement and the Statement of Objections, respectively.

(iv) Fees of the Independent Accountant. The fees and expenses of the Independent Accountant shall be paid by the party that is not the prevailing party. If any Disputed Amounts are submitted to the Independent Accountant, then, for purposes of this Section 2.03(c)(iv), Sellers shall be the prevailing party in such proceeding if a majority of the dollar amounts of the unresolved Disputed Amounts are decided by the Independent Accountant in favor of Sellers, and Buyer shall be the prevailing party if a majority of the dollar amounts of the unresolved Disputed Amounts are decided by the Independent Accountant in favor of Buyer (e.g., by way of example but not by way of limitation, if there are Two Hundred Thousand Dollars (US$200,000) of disputed items to be determined by the Independent Accountant and the Independent Accountant determines that Buyer's claims prevail with respect to One Hundred Twenty-Five Thousand Dollars (US$125,000) and Sellers' claims prevail with respect to Seventy-Five Thousand Dollars (US$75,000), then Buyer would be the prevailing party).

(v) Determination by Independent Accountant. The Independent Accountant shall make a determination as soon as practicable within thirty (30) days (or such other time as the parties hereto shall agree in writing) after its engagement, and its resolution of the Disputed Amounts and its adjustments to the Closing Working Capital Statements and/or the Closing Adjustments shall be conclusive and binding upon the parties hereto. Judgment on the award of the Independent Accountant may be entered by any court of competent jurisdiction.

(vi) Payments of Post-Closing Adjustment. Within ten (10) Business Days of acceptance of the applicable Closing Working Capital Statements or if there are Disputed Amounts, then within ten (10) Business Days of the resolution described in clause (iii) above, with respect to each Company and each Company's

Closing Working Capital Statement; either (1) Buyer shall pay to the applicable Sellers the aggregate amount by which the Closing Adjustment is greater (or less negative) than the Estimated Closing Adjustment, or (2) Sellers' Agent shall direct the Escrow Agent to pay to Buyer the amount by which the Closing Adjustment is less (or more negative) than the Estimated Closing Adjustment from the Escrow Amount). Payments under this Section 2.03(vi) to Sellers shall be made in the percentages set forth in the Schedule of Sellers by wire transfer of immediately available funds. Buyer will also be entitled, at its sole option, to set-off any payment of the Closing Adjustment payable by Sellers against any future payments payable to Sellers. The obligations of Sellers set forth in this Section shall be joint and several.

(d) Adjustments for Tax Purposes. Any payments made pursuant to Section 2.03 shall be treated as an adjustment to the Purchase Price by the parties for Tax purposes, unless otherwise required by Law.

Section 2.04 Indebtedness and Company Transaction Expenses.

(a) Sellers shall deliver to the Buyer at least three (3) business days prior to the Closing Date a schedule (the "Closing Indebtedness Schedule") that contains a complete and accurate statement of the amount of the Indebtedness owed by each Company, together with wire transfer instructions for the payoff of the Indebtedness and payoff letters from each payee (the "Debt Payoff Letters") in form, scope and substance acceptable to Buyer stating the full amount of the outstanding Indebtedness due to such payee as of the Closing Date (including any applicable *per diem* amounts) and any applicable payment instructions. At the Closing, Buyer shall pay in full (on behalf of the Companies or Sellers) all Indebtedness reflected on the Closing Indebtedness Schedule by wire transfers of immediately available funds to the holders of such Indebtedness, such that on the Closing the Companies have no Indebtedness.

(b) Company Transaction Expenses. At least three (3) business days prior to the Closing Date, Sellers shall deliver to the Buyer, for each Company, a schedule (the "Company Transaction Expense Schedule") that contains a complete and accurate statement of the amount of such Company's Transaction Expenses, together with wire transfer instructions for the payment of such Company's Transaction Expenses that will be unpaid as of the Closing Date. At the Closing, Buyer shall (on behalf of the Companies and Sellers), or Sellers shall cause each Company to (and shall provide sufficient funds to such Company to enable it to), pay all Company Transaction Expenses set forth on the Company Transaction Expense Schedule in accordance with the payment instructions set forth in the Company Transaction Expense Schedule.

(c) Closing Indebtedness and Transaction Expenses with respect to each Company shall be paid out of the Cash Consideration payable by Buyer with respect to such Company as set forth in the Schedule of Sellers attached.

Section 2.05 [Reserved]

Section 2.06 Escrow.

(a) At Closing Buyer shall withhold from the Cash Consideration and furnish to Escrow Agent the Sellers' Contribution to Escrow. The Sellers' Contribution to Escrow shall be contributed by the Sellers of each Company in the percentages described in the table below. The Escrow Account shall consist of two separate subaccounts: (1) a subaccount in the amount of the Base Escrow, consisting of Sellers' Contribution to the Base Escrow under this Agreement and a contribution from the sellers under the San Francisco SPA, all of which is available to satisfy indemnification amounts owed by the Sellers and Seller Principals to Buyer Indemnified Parties under Section 9 of this Agreement and Section 9 of the San Francisco SPA, and (2) a subaccount in the amount of US$[***] as the Tax Escrow, consisting of US$[***] as Sellers' Contribution to the Tax Escrow under this Agreement, and US$[***] as a contribution from the Sellers under the San Francisco SPA, all of which is available to satisfy indemnification amounts owed by the Sellers and Seller Principals to Buyer Indemnified Parties under Section 9.02(d), 9.02(e) and 9.02(g) of this Agreement (claims relating to Taxes), and under Section 9.02(d) and 9.02(e) of the San Francisco SPA), each of which will be held and disbursed in accordance with the terms of the Escrow Agreement in substantially the form attached hereto (subject to the approval of the Escrow Agent) as Exhibit C. The Escrow Agent Fee shall be paid 50% by Buyer and 50% by Sellers as provided in Section 2.08.

	BTHHM Contribution	**V Products Contribution**	**PNB Noriega Contribution**
Base Escrow	[***]%	[***]%	[***]%
Tax Escrow	[***]%	[***]%	[***]%

(b) In the event the Closing has not occurred by [***], then the Tax Escrow may be increased, and Sellers' Contribution to Escrow under this Agreement may be increased, in amount recommended by Buyer's third party tax advisors EisnerAmper, to take into account potential tax liability of the Companies for calendar year 2019.

Section 2.07 Closing. Subject to the terms and conditions of this Agreement, the closing of the transactions contemplated by this Agreement (the "Closing") shall take place no later than two (2) Business Days after the last of the conditions to Closing set forth in Article VIII have been satisfied or waived (other than conditions which, by their nature, are to be satisfied on the Closing Date) at the offices of Fox Rothschild LLP, 1001 Fourth Avenue, Suite 4500, Seattle, WA 98154, or at such other time or on such other date or at such other place as Buyer and the Sellers may mutually agree upon in writing (the day on which the Closing takes place being the "Closing Date"). The consummation of the transactions contemplated by this Agreement shall be deemed to occur at 12:01 a.m. on the Closing Date.

Section 2.08 Closing Deliveries.

(a) Deliveries of the Companies and the Sellers At the Closing, and except as may otherwise be set forth on the disclosure schedules, Sellers shall deliver to Buyer the following:

(i) Evidence of termination of all of the agreements set forth on Schedule 2.08(a)(i) hereto;

(ii) Copies of all consents, approvals, waivers and authorizations referred to in Sections 3.02 and 4.04 of the Company Disclosure Schedules;

(iii) Proof in form, scope and substance reasonably satisfactory to Buyer that the Approval (as defined in Section 7.04(c) for each Company's ownership changes has been received from all relevant Governmental Authorites (a "Governmental Authorization") and that each Permit is current, in good standing and may continue to be held by each Company (and is not subject to termination or cancellation) following the Closing of the transactions contemplated hereby, such that as of the Closing, each Company has full right, title and interest in and to all licenses, Permits and Governmental Authorizations necessary to own and operate the Business;

(iv) Fully executed Employment Agreements between Buyer or a Buyer Affiliate and the Key Personnel substantially in the form attached hereto as Exhibit D or as the parties agree;

(v) Non-competition and non-solicitation agreements substantially in the form attached hereto as Exhibit E or as agreed by the parties executed by each of the Seller Principals;

(vi) The Escrow Agreement, in the form attached as Exhibit C, duly executed by the Sellers' Agent on behalf of the Sellers and Escrow Agent;

(vii) A good standing certificate (or its equivalent) for each Company from the Secretary of State or similar Governmental Authority of each jurisdiction under the Laws in which such Company is organized and registered to do business as a foreign entity;

(viii) For each Seller that is not a natural person, a good standing certificate (or its equivalent) from the Secretary of State or similar Governmental Authority of each jurisdiction under the Laws in which such Seller is incorporated and registered to do business as a foreign entity;

(ix) Uniform Commercial Code searches of filings made pursuant to Article 9 thereof in the State of California, in form, scope and substance reasonably satisfactory to Buyer, confirming the absence of Encumbrances on the Companies (other than Permitted Encumbrances) as of a date within ten (10) days of the Closing;

(x) Docket or similar searches of relevant federal and state courts with regard to any pending litigation involving, or judgment against, a Company or its Sellers in form, scope and substance reasonably satisfactory to Buyer, confirming the absence of pending litigation other than as disclosed on Schedule 9.02(h) and Encumbrances (other than Permitted Encumbrances) as of a date on or before the Closing;

(xi) Evidence that all Indebtedness of the Companies has been paid and all Companies Transaction Expenses have been paid.

(xii) Landlord estoppels which respect to each of the Leases;

(xiii) An assignment separate from certificate, executed by each Seller, with respect to the Units transferred to Buyer hereunder;

(xiv) Written resignations, effective as of the Closing, of any Managers and officers (as used in RULLCA) of the Companies;

(xv) A Settlement and General Release agreement executed by [***] and the other parties named therein, pursuant to which [***] agree to sell to PNB Noriega all of their right, title and interest in any ownership interest they may have in PNB Noriega, for a cash payment of [***];

(xvi) Proof in form satisfactory to Buyer that all domain names identified on Schedule 4.06(a) are registered exclusively to V Products;

(xvii) A fully executed copy of that certain Services Agreement – Wholesale Transportation between Blackbird Logistics, Corp. and V Products;

(xviii) A fully executed assignment of that certain License Agreement dated October 1, 2016 by and between RHMT LLC and PNB Berkeley LLC, in form, scope and substance reasonably acceptable to Buyer;

(xix) Proof in form satisfactory to Buyer that V Products has opened a bank account with a financial institution acceptable to Buyer;

(xx) A certificate of the Manager of each Company dated as of the Closing certifying that attached thereto are true and complete copies of all resolutions adopted by the members and managers of such Company authorizing the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, and confirmation that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated hereby;

(xxi) A good standing certificate for each Company from the California Franchise Tax Board (FTB);

(xxii) A tax clearance certificate for each Company from the California Employment Development Department on Form DE 2220;

(xxiii) For each Seller that is not a natural person, a certificate of the manager of each such Seller dated as of the Closing certifying that attached thereto are true and complete copies of all resolutions adopted by the members and managers of such Seller authorizing the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, and confirmation that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated hereby;

(xxiv) The certificate required by Section 8.02(e), dated as of the Closing Date;

(xxv) A Non-Foreign Certificate and Form W-9 from each Seller; and

(xxvi) A funds flow agreement, dated as of the Closing Date, and executed by the Sellers, setting forth for each Company and each Seller their pro rata portion of the Closing Date Proceeds.

(b) Parent's Deliveries. At the Closing, Parent shall deliver to each Seller:

(i) A copy of the board resolutions adopted by the Board of Directors of the Parent authorizing the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, and confirmation that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated hereby; and

(ii) On behalf of Buyer, a stock certificate, issued in the name of such Seller, representing that Seller's pro rata entitlement to the Parent Shares (calculated to the one one-thousandth of a Parent Share).

(c) Buyer's Deliveries. At the Closing, Buyer shall deliver the following:

(i) Copies of all consents, approvals, waivers and authorizations referred to in Section 5.02 of this Agreement or in Section 5.02 of the Buyer

Disclosure Schedules;

(ii) All other documents, instruments, and certificates required to be delivered to the Sellers at Closing, or that the Sellers may reasonably request, in form and substance reasonably satisfactory to the Sellers and their counsel;

(iii) The Escrow Agreement duly executed by Buyer; and

(iv) Buyer shall pay in cash, without duplication, the following amounts:

(1) To each lender identified on the Closing Indebtedness Schedule, the amount due and payable to such lender as set forth in the Debt Payoff Letters;

(2) To each person identified on the Company Transaction Expense Schedule, the amount of Company Transaction Expenses due and payable to such Person as of the Closing Date as identified on such schedule;

(3) To the Escrow Agent, the Sellers' Contribution to Escrow and the Escrow Agent Fee; and

(4) To each Seller, their pro rata portion of Closing Date Proceeds, by wire transfer of immediately available funds pursuant to written wiring instructions provided by Sellers to Buyer prior to the Closing, and as set forth in a Closing Date Funds Flow executed by Sellers and delivered to Buyer no less than three (3) business days prior to the Closing Date. For each Company, the Closing Date Proceeds available to distribute to the Sellers of such Company will equal: the Cash Consideration, multiplied by such Company's percentage of Purchase Price set forth on Exhibit A, minus such Sellers' Contribution to Escrow in the amount set forth in Section 2.06, minus 50% of the Escrow Agent Fee, multiplied by such Company's percentage of Purchase Price, plus (or minus, if negative) the Company's Estimated Closing Adjustment, minus Company Transaction Expenses, minus the Company's Closing Indebtedness (such amount, for each Company, its "Closing Date Proceeds").

Section 2.09 Withholding. Buyer and the Companies shall be entitled to deduct and withhold from any consideration payable to Sellers pursuant to this Agreement all Taxes that Buyer and the Companies may be required to deduct and withhold under any provision of Tax Law. All such withheld amounts shall be treated as delivered to Sellers hereunder.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE SELLERS

Each Seller, severally and not jointly, hereby represents and warrants to Buyer that the statements contained in this Article III are true and correct as of the date hereof and as of the Closing Date, except as otherwise set forth in written disclosure schedules delivered pursuant to this Article III, copies of which are attached to this Agreement.

Section 3.01 Organization and Authority of Seller. If an entity, Seller is duly formed, validly existing and in good standing under the laws of its jurisdiction of formation. Seller has all necessary power and authority to enter into this Agreement, to carry out Seller's obligations hereunder and to consummate the transactions contemplated hereby. The execution and delivery by Seller of this Agreement, the performance by Seller of its obligations hereunder and the consummation by Seller of the transactions contemplated hereby have been duly authorized by all requisite action on the part of Seller. This Agreement has been duly executed and delivered by Seller, and (assuming due authorization, execution and delivery by the other parties hereto) this Agreement constitutes a legal, valid and binding obligation of Seller, enforceable against Seller in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity), and excluding any United States federal Law to the extent such federal law or treaty would be violated, or protections under such Law would be unavailable to a party, as a result of operating or owning a state licensed cannabis business in compliance with California law.

Section 3.02 No Conflicts; Consents. Except as disclosed in Section 3.02 of the Company Disclosure Schedules, the execution, delivery and performance by Seller of this Agreement and the documents to be delivered hereunder, and the consummation of the transactions contemplated hereby, do not and will not: (a) violate or conflict with the organizational documents of Seller, if applicable; (b) violate or conflict with any judgment, order, decree, statute, Law, ordinance, rule or regulation applicable to Seller; or (c) conflict with, or result in (with or without notice or lapse of time or both) any violation of, or default under, or give rise to a right of termination, acceleration or modification of any obligation or loss of any benefit under any material contract or other instrument to which Seller is a party. Except as disclosed in Section 3.02 of the Company Disclosure Schedules, no notice, consent, approval, waiver or authorization is required to be obtained by Seller from any person or entity (including any governmental authority) in connection with the execution, delivery and performance by Seller of this Agreement and the consummation of the transactions contemplated hereby.

Section 3.03 Units. Schedule 3.03 sets forth, for each Company, the record and beneficial owner of the Units. All Units are owned by the Sellers free and clear of any Encumbrance (other than restrictions on transfer arising under the Operating Agreement, which will be terminated immediately prior to Closing). Each Seller has the full right, authority and power to sell, assign and transfer Units to Buyer. The Units have not been sold, assigned or transferred, nor has any agreement been entered into to sell, assign or transfer any of the Units to any other person. There are no restrictions on or agreements with respect to the voting rights of Seller that would impair Buyer's rights under this Agreement. Upon delivery to Buyer of certificates for Units at the Closing and Buyer's payment of the Closing Date Proceeds, Buyer shall acquire good, valid and marketable title to Units, free and clear of all Encumbrances.

Section 3.04 Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated hereby based upon arrangements made by or on behalf of a Seller.

Section 3.05 Parent Shares.

(a) Each Seller understands that the Parent Shares have not been registered under the Securities Act of 1933, as amended and are being issued pursuant to an exemption from registration and prospectus requirements of the Canadian Securities Laws and the securities laws of the United States. Each Seller acknowledges that Parent and Buyer will rely on Seller's representations, warranties and certifications set forth below for purposes of confirming the availability of any exemption from such registration and prospectus requirements. Each Seller has not received a document purporting to describe the business and affairs of the Buyer or Parent that has been prepared primarily for delivery to and review by prospective investors so as to assist those investors to make an investment decision in respect of Parent under the terms of this Agreement. Each Seller has such knowledge and experience in financial and business affairs as to be capable of evaluating the merits and risks of an investment in the Parent Shares. Each Seller acknowledges that each Seller is eligible to acquire the Parent Shares pursuant to the exemption from the prospectus requirements of Canadian Securities Laws found in s. 2.12 *Asset Acquisition*s of National Instrument 45-106 *Prospectus Exemptions*. The certificates representing the Parent Shares (and any replacement certificate issued prior to the expiration of the applicable hold periods), or ownership statements issued under a direct registration system or other electronic book-based or book-entry system, will bear the following legends in accordance with applicable securities Laws:

"UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [INSERT THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE CLOSING DATE]."

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "US SECURITIES ACT"), OR ANY STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S ("REGULATION S") UNDER THE US SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL SECURITIES LAWS AND REGULATIONS, (C) IN COMPLIANCE WITH THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE US SECURITIES ACT PROVIDED BY (1) RULE 144 THEREUNDER, IF AVAILABLE, OR (2) RULE 144A THEREUNDER, IF AVAILABLE, AND IN EACH CASE IN COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS, OR (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, PROVIDED THAT IN THE CASE OF TRANSFERS PURSUANT TO (C)(1) OR (D) ABOVE, A LEGAL OPINION OF COUNSEL OF RECOGNIZED STANDING OR OTHER EVIDENCE, IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE CORPORATION, TO THAT EFFECT MUST FIRST BE PROVIDED TO THE CORPORATION. THESE SECURITIES MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON CANADIAN STOCK EXCHANGES."

Each Seller acknowledges that: (i) it has been provided with the opportunity to consult its own legal advisors with respect to the Parent Shares issuable to it pursuant to this Agreement and with respect to the existence of resale restrictions imposed by applicable securities Laws; (ii) no representation has been made respecting the applicable holding periods imposed by the securities Laws or other resale restrictions applicable to the Parent Shares which restrict the ability of the Seller to resell such securities; (iii) it is solely responsible to find out what these restrictions are; (iv) it is solely responsible (and the Parent is not in any way responsible) for compliance with applicable resale restrictions; and (v) it is aware that it may not be able to resell the Parent Shares, except in accordance with limited exemptions under the securities Laws. Each Seller will execute and deliver within the applicable time periods all documentation as may be required by applicable securities Laws to permit the issuance of the Parent Shares on the terms set forth herein and, if required by applicable securities Laws, will execute, deliver and file or assist the Parent in obtaining and filing such reports, undertakings and other documents relating to the purchase of the Parent Shares as may be required by any applicable securities Laws, securities regulator, stock exchange or other regulatory authority, which includes, without limitation, determining the eligibility of each Seller to acquire the Parent Shares under applicable securities Laws, preparing and registering certificates (if any) representing the Parent Shares and completing regulatory filings required by the applicable securities commissions. Accordingly, each Seller consents to the collection, use and disclosure of certain personal information for the purposes of meeting legal, regulatory, self-regulatory, security and audit requirements (including any applicable tax, securities, money laundering or anti-terrorism legislation rules or regulations) and as otherwise permitted or required by Law, which disclosures may include disclosures to tax, securities or other regulatory or self-regulatory authorities in Canada and/or in foreign jurisdictions, if applicable, in connection with the regulatory oversight mandate of such authorities.

(b)

(i) Each Seller is resident in the United States or otherwise a "U.S. Person", as defined in Regulation S under the US Securities Act.

(ii) Seller understands and acknowledges (1) that the Parent Shares have not been, or will not be, registered under the US Securities Act, or under any state securities laws, and no registration statement or prospectus in respect thereof will be prepared or filed under the US Securities Act or applicable securities Laws, and that the Parent Shares are being offered and sold in reliance upon federal, provincial and state exemptions for transactions not involving any public offering, thus the Parent Shares are "restricted securities," as such term is defined in Rule 144 under the US Securities Act, and will be subject to restrictions on resale under such laws and as set forth in the restrictive legends set forth above. As a condition of receiving Parent Shares at Closing, each Seller shall be required to deliver the Seller Acknowledgment as to their status as an "accredited investor," as defined in Rule 501(a) of Regulation D promulgated under the US Securities Act, together with any supporting information as reasonably requested by the Company or Parent in order to confirm their status and the availability of an exemption from the registration requirements of the US Securities Act and applicable state securities laws for the issuance of such Parent Shares to such holder; (2) that upon the original issuance thereof, and until such time as the same is no longer required under the applicable requirements of the US Securities Act or Applicable Securities Laws, the certificates representing the Parent Shares, and all securities issued in exchange therefor or in substitution thereof, will bear legends as described in Section 3.05(a) above.

(iii) Each Seller consents to Parent making a notation on its respective records or giving instructions to any transfer agent of the Parent Shares in order to implement the restrictions on transfer set forth and described herein.

(iv) Each Seller understands and acknowledges that Parent does not have an obligation or present intention of filing a registration statement under the US Securities Act or Applicable Securities Laws in respect of the Parent Shares.

(v) Each Seller acknowledges that he is acquiring the Parent Shares solely for his, her or its own account and not on behalf of any other person for investment purposes only and not with a view to the resale, distribution or other disposition thereof in violation of Applicable Securities Laws.

(vi) Each Seller represents and warrants that alone, or with the assistance of his, her or its professional advisors, he, she or it has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of his, her or its investment in the Parent Shares and is able, without impairing his, her or its financial condition, to hold such securities for an indefinite period of time and to bear the economic risks, and withstand a complete loss, of such investment.

(vii) Each Seller represents and warrants that he, she or it has had access to such additional information, if any, concerning as he, she or it has considered necessary in connection with his, her or its investment decision to acquire the Parent Shares.

Section 3.06 **Cannabis Matters**. Each Seller and each Seller Principal hereby make the following representations and warranties relating specifically to cannabis matters:

(a) That such Seller that is a natural person, and each equity holder, director, officer, manager, member or managing member of each Company (each, a "Company Owner"), is at least twenty-one (21) years of age;

(b) That such Company, Seller, Seller Principal and Company Owner is in compliance with all licensing requirements established by the applicable

Government Authorities with respect to the Cannabis Licenses;

(c) That such Seller, Seller Principal and each Company Owner does not have any felony convictions in the State of California or any other jurisdiction. For purposes of this Agreement, "felony conviction" shall mean and refer to the following:

(i) a plea or verdict of guilty;

(ii) a conviction following a plea of nolo contendere;

(iii) any convictions dismissed under California Penal Code (the "Penal Code") §§1203.4, 1203.4a and 1203.41 or any equivalent non-California law;

(iv) any conviction dismissed under California Health and Safety Code (the "H&S Code") §11361.8 or any equivalent non-California law;

(v) any violent felony conviction under § 667.5(c) of the Penal Code;

(vi) any serious felony conviction under §1192.7(c) of the Penal Code;

(vii) a felony conviction involving fraud, deceit or embezzlement;

(viii) a felony conviction for hiring, employing or using a minor in transporting, carrying, selling, giving away, preparing for sale or peddling any controlled substance to a minor, or offering, furnishing or selling any controlled substance to a minor;

(ix) a felony conviction for drug trafficking with enhancements pursuant to §§ 11370.4 and 11379.8 of the H&S Code; and

(x) a conviction under §§ 382 or 383 of the Penal Code.

(d) That such Seller, each Seller Principal and each Company Owner has not been convicted of or committed any violation of the California Sherman Food, Drug and Cosmetic Law that resulted in suspension or revocation of a license, administrative penalty, citation, civil proceeding or criminal conviction;

(e) That such Seller, such Seller Principal, and such Company Owner has not been convicted of or committed any violation of the California Food Sanitation Act that resulted in suspension or revocation of a license, administrative penalty, citation, civil proceeding or criminal conviction;

(f) That such Seller, each Seller Principal and each Company Owner has not received any fines or penalties for the production or cultivation of a controlled substance on public or private land pursuant to California Fish and Game Code §§ 12025 or 12025.1;

(g) That such Seller, each Seller Principal and each Company Owner has not been convicted of or committed any act that would result in the denial of a license, permit, registration or other consent or approval to conduct commercial cannabis activity;

(h) That such Seller, each Seller Principal and each Company Owner has not been sanctioned by any licensing authority, city or county for any unlicensed commercial cannabis activity;

(i) That such Seller, such Seller Principal and such Company Owner has not, had any license, permit, registration or other consent or approval to conduct commercial cannabis activity suspended or revoked by any licensing authority or local jurisdiction, or has had any application for a license, permit, registration or other consent or approval to conduct commercial cannabis activity denied, or received any fines or penalties relating to a Cannabis License or otherwise related to any cannabis activity;

(j) That such Seller, such Seller Principal and such Company Owner is not employed by any agency in the State of California or any of its political subdivisions in any position that involves the enforcement of the Cannabis Laws, or that involves the enforcement of any of the penal provisions of law of the State of California prohibiting or regulating the sale, use, possession, transportation, distribution, testing, manufacturing, or cultivation of cannabis or cannabis products, including but not limited to, employment with the California Department of Justice as a peace officer, or employment in any district attorney's office, in any city attorney's office, in any sheriff's office, or in any local police department; and

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(k) That such Seller, such Seller Principal, and such Company Owner has not been determined by a court or governmental agency or tribunal to have engaged in any attempt to obtain a registration, license, or approval to operate a cannabis business in any state or locality by fraud, misrepresentation, or the submission of false information.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES AS TO COMPANIES

Each BTHHM Seller and each BTHHM Seller Principal hereby represents and warrants to Buyer that the statements contained in this Article IV are true and correct solely with respect to BTHHM as of the date hereof and as of the Closing Date, except as otherwise set forth in written disclosure schedules delivered pursuant to this Article IV, copies of which are attached to this Agreement (the "BTHHM Disclosure Schedule").

Each Noriega Seller and each Noriega Seller Principal hereby represents and warrants to Buyer that the statements contained in this Article IV are true and correct solely with respect to Noriega as of the date hereof and as of the Closing Date, except as otherwise set forth in written disclosure schedules delivered pursuant to this Article IV, copies of which are attached to this Agreement (the "Noriega Disclosure Schedule");

Each V Products Seller and each V Products Seller Principal hereby represents and warrants to Buyer that the statements contained in this Article IV are true and correct solely with respect to V Products as of the date hereof and as of the Closing Date, except as otherwise set forth in written disclosure schedules delivered pursuant to this Article IV, copies of which are attached to this Agreement (the "V Products Disclosure Schedule and together with the BTHHM Disclosure Schedule, and the Noriega Disclosure Schedule the "Company Disclosure Schedule").

Any reference to "Seller" or "Sellers" in this Article IV shall solely refer to the Seller or Sellers related to the applicable entity (i.e. BTHHM, Noriega and V Products respectively).

Section 4.01 Organization, Authority and Qualification of Companies.

(a) Company is a limited liability company duly organized, validly existing and in good standing under the laws of the State of California and has all necessary limited liability company power and authority to own, operate or lease the properties and assets now owned, operated or leased by it and to carry on its business as it is currently conducted. Each Company is duly qualified to transact business and is in good standing in the state of California. A true and correct list of all Permits held by Company is set forth in Section 4.01(a) of the Company Disclosure Schedule. Company does not do business in any other jurisdiction.

(b) Company has all requisite power and authority to execute and deliver this Agreement and the other agreements, documents, instruments, and certificates required to be executed and delivered by such Company pursuant to Sections 2.08 and 8.02 of this Agreement (collectively with this Agreement, the "Transaction Agreements"), and to perform its respective obligations thereunder.

(c) Each Transaction Agreement to which the Company is a party constitutes (or will upon execution at the Closing constitute) the legally binding obligation of Company, enforceable in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity), and excluding any United States federal law to the extent such federal law or treaty would be violated, or protections under such law would be unavailable to a party, as a result of operating or owning a state licensed cannabis business in compliance with California law. The execution, delivery and performance of the Transaction Agreements by the Company, and the consummation of the transactions contemplated thereby, have been duly and validly authorized by all requisite action of Company and do not and will not: (a) violate any provision of applicable Law, and excluding any United States federal law to the extent such federal law or treaty would be violated, or protections under such law would be unavailable to a party, as a result of operating or owning a state licensed cannabis business in compliance with California law; (b) contravene, conflict with, or result in a violation of: (i) any provision of the organizational documents of Company; or (ii) any resolution adopted by Company's managers or members; or (c) conflict with, result in the termination of any provisions of, constitute a default under, accelerate any obligations arising under, trigger any payment under, result in the creation of any Encumbrance pursuant to, or otherwise adversely affect, the rights of Company under any of the Material Contracts to which Company is a party or by which any of its assets is bound, in each case with or without the giving of notice, the passage of time or both.

Section 4.02 Capitalization.

(a) All of the issued and outstanding ownership interests in Company is owned beneficially and of record by the Sellers as set forth on the Schedule of Sellers for such Company.

(b) Section 4.02(b) of the Disclosure Schedule set forth, for the Company, whether such Company is a member-managed or manager-managed LLC, and, with respect to manager-managed LLCs, the name of each manager.

(c) With respect to the Company: Except as set forth in Section 4.02 of Company Disclosure Schedules, there are (i) no options, warrants, convertible securities or other rights, agreements, arrangements or commitments relating to the securities of or an equity interest in the Company or obligating Company to issue or sell any securities, or any other interest, in such Company, (ii) except for the Company's Operating Agreement, no voting agreements or voting trusts, operating agreements, proxies or other agreements between or among any Person or Persons relating to Company or the securities or ownership interests of Company, (iii) no other rights, agreements, arrangements or commitments relating to the securities of the Company to which the Company is a party, or by which the Company is bound, obligating the Company to repurchase, redeem, retire or otherwise acquire any of its securities, or any other interest in, such Company, and (iv) no outstanding or authorized stock appreciation, phantom stock, profit participation or other similar rights with respect to the Company.

Section 4.03 No Subsidiaries; No Conversion.

(a) Company does not own or hold any interest in, any shares, limited liability company units or other equity, or any ownership interest in any other Person.

(b) Company is not an Affiliate of or has ever been Affiliated with any mutual benefit, public benefit or cooperative corporation. No Person is or was a "member" (as defined at California Corporations Code Section 5056), or was a "member" (as defined at California Corporations Code Section 12238) in Company or any Company Affiliate, or held any "membership" in Company (as defined in California Corporations Section 5057 or California Corporations Code Section 12239). For the purposes of this Section 4.03(b) the term "Company" is deemed to include any predecessor business or entity and any business or entity Affiliated with any Company predecessor business or entity.

Section 4.04 No Conflicts; Consents. Except as disclosed in Section 4.04 of the Company Disclosure Schedules, the execution, delivery and performance by the Company of this Agreement and the documents to be delivered hereunder, and the consummation of the transactions contemplated hereby, do not and will not: (a) violate or conflict with the organizational documents of the Company; (b) violate or conflict with any Law, Order or Permit applicable to the Company; or (c) conflict with, or result in (with or without notice or lapse of time or both) any violation of, or default under, or give rise to a right of termination, acceleration or modification of any obligation or loss of any benefit under any Material Contract or Permit or other instrument to which the Company is a party. Except as disclosed in Section 4.04 of the Company Disclosure Schedules, no notice, consent, approval, waiver or authorization is required to be obtained by the Company from any person or entity (including any Governmental Authority) in connection with the execution, delivery and performance by Company of this Agreement and the consummation of the transactions contemplated hereby.

Section 4.05 Litigation. Except as set forth in Section 4.05 of the Company Disclosure Schedule, there is no Action pending or to Sellers' knowledge, currently threatened (i) against the Company or any of its officers, directors, members, employees or consultants arising out of their relationship with such Company; or (ii) that would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect. There is no action, suit, proceeding or investigation by the Company pending or which the Company intends to initiate.

Section 4.06 Intellectual Property.

(a) Section 4.06(a) of the Company Disclosure Schedule lists (i) all registered Company Intellectual Property and (ii) all material unregistered Company Intellectual Property, indicating specifically which the Company owns each item of Company Intellectual Property. Except as disclosed in Section 4.06 of the Company Disclosure Schedule, the Company listed on Section 4.06(a) of the Company Disclosure Schedule owns the entire right, title and interest in, to and under, or has a valid license to use, its Company Intellectual Property, free and clear of any Encumbrances other than Permitted Encumbrances. All trademarks that are included in Company Intellectual Property and that have been registered with the United States Patent and Trademark Office and all copyrights that are included in Company Intellectual Property and that have been registered with the United States Copyright Office are currently in compliance with all Laws, are valid and enforceable. Each member, manager, employee and consultant of the Companies has assigned to the applicable Company all intellectual property rights he or she owns that are related to the Business.

(b) Section 4.06(b) of the Company Disclosure Schedule contains a complete list and description of all of the Products of the Business. The Company own all right, title and interest in and to, or has the right to use pursuant to a valid and enforceable Contract, all Company Intellectual Property used, necessary or useful to manufacture, advertise, distribute and sell the Products and to otherwise fully conduct the Business, including without limitation, all proprietary recipes, formulas, manufacturing processes, packaging, labeling, trademarks, tradenames and copyrights, and that, except as specifically disclosed in Section 4.06(b) of the Company Disclosure Schedule, none of such Products or recipes, formulas, manufacturing processes, packaging, labeling, trademarks, tradenames or copyrights have been licensed or provided for the use of any third party.

(c) Section 4.06(c) of the Company Disclosure Schedule identifies each item of intellectual property that any third party owns and that the Company uses pursuant to license, sublicense, agreement, covenant not to sue, or permission (an "IP License"). The Company has delivered to Buyer correct and complete copies of all such IP Licenses. Each of the IP Licenses is legal, valid, binding, enforceable, and in full force and effect in all material respects. No party to any IP License is in material breach or default, and no event has occurred that with notice or lapse of time would constitute a material breach or default or permit termination, modification, or acceleration thereunder. No party to any of the IP Licenses has repudiated any material provision thereof. The Company has not granted any license or other rights (contractual or otherwise) that would entitle a third party to copy, distribute or use any Company Intellectual Property in any manner.

(d) No proceeding is pending or, to the Sellers' knowledge, threatened asserting the invalidity or misuse of, challenging the Company's rights in, or otherwise opposing any rights of such Company with respect to Company Intellectual Property, and to the Sellers' knowledge there is no reasonable basis for such a claim. The Company has not received notice of any conflict with the asserted rights of any third party with respect to any Company Intellectual Property. To the Sellers' knowledge, the conduct of the Business and the Company's use of Company Intellectual Property has not infringed upon, misappropriated or violated and does not infringe upon, misappropriate or violate the rights of any third party. To the Sellers' knowledge, no rights of the Company in any of such Company's Intellectual Property has been infringed upon, misappropriated or violated by any third party. To the Sellers' knowledge, no information of the Company regarded as confidential or proprietary has been disclosed to a third party, other than pursuant to a valid and binding confidentiality agreement.

(e) To the extent that the Company Intellectual Property has been developed or created independently or jointly by any Person other than the Company, such other Person has delivered to the Company owning such Company Intellectual Property a duly executed and valid written assignment transferring to such Company ownership of all of such Person's rights in and to all Intellectual Property in the developed work. Section 4.06(e) of the Company Disclosure Schedule sets forth an accurate and complete list of each Person other than the Company who has developed or created independently or jointly any Company Intellectual Property.

(f) None of the software used in the Business is subject to any "copyleft" or other obligation or condition (including any obligation or condition under any "open source" license, such as the GNU's General Public License or Lesser/Library GPL, the Artistic License (e.g., PERL), the Mozilla Public License, the Netscape Public License, the Sun Community Source License (SCSL) or the Sun Industry Standards License (SISL)), that requires or could require or conditions or could condition the use or distribution of such software on the disclosure, licensing, or distribution of any source code for any portion of such software or that otherwise imposes or could impose any limitation, restriction, or condition on the right or ability of the Company to use or distribute such software.

(g) The Company is not currently using, nor will it be necessary for Buyer from and after the Closing Date to use: (A) any inventions or other Intellectual Property rights of any of such Company's past or present officers, employees or contractors made prior to or outside the scope of their employment or engagement with such Company; (B) any inventions or other Intellectual Property rights of any of the Company's past or present directors, shareholders or agents; or (C) any confidential information or trade secrets of any former employer of any such Person.

Section 4.07 **Material Contracts**. Except as set forth in Section 4.07 of the Company Disclosure Schedules, with respect to the Company, there are no Contracts to which such Company is a party or by which it is bound (each, a "Material Contract") that involve (i) obligations (contingent or otherwise) of, or payments to, Company in excess of US$10,000, (ii) the license of any patent, copyright, trademark, trade secret or other proprietary right to or from Company, (iii) indemnification by Company with respect to any person outside the ordinary course of business, (iv) limitations on the ability of Company to compete in any line of business or with any Person or in any geographic area or during any period of time; (v) Company, on one hand, and any officer, director, Seller or Key Personnel, on the other hand; (vi) requires Company to purchase minimum quantities (or pay any amount for failure to purchase any specific quantities) of goods or services, or contains "most favored customer" or similar pricing arrangements; (vii) provides for a partnership, joint venture, teaming or similar arrangement pursuant to which Company shares in the profits or losses of any business with any other Person or is jointly liable with any other Person; (viii) pursuant to which Company is (a) a lessee or sublessee of or holds, occupies or operates, any real property, (b) a lessor or sublessor of, or makes available for use, occupancy or operation by any Person, any real property or (c) a lessee or sublessee of any personal property; (ix) creates an Encumbrance on any Company Assets or evidences any Indebtedness, or (x) extends for a term of more than 12 months from the Closing Date (unless terminable by Company without payment or penalty upon no more than 60 days' notice). Each Material Contract is valid and binding on the applicable Company in accordance with its terms and is in full force and effect. Neither the Company, nor to Seller's knowledge, any other party thereto, is in material breach of or default under (or is alleged to be in breach of or default under) or to Seller's knowledge has provided or received any notice of any intention to terminate, any Material Contract. No event or circumstance has occurred that, with notice or lapse of time or both, would constitute an event of default under any Material Contract or result in a termination thereof, would require additional guarantors thereof, or would cause or permit the acceleration or other changes of any right or obligation or the loss of any benefit thereunder. Buyer has been supplied with a correct and complete copy of each Material Contract.

Section 4.08 **Interests in Clients, Suppliers, Etc.; Affiliated Transactions**

(a) Except as set forth in Section 4.08(a) of the Company Disclosure Schedule, other than standard employee benefits generally made available to all employees, (i) there are no Contracts or Liabilities between the Company as one party, and a Seller or any Affiliate of a Seller as the other party, (ii) there are no Contracts or Liabilities between the Company as one party, and any other Affiliate of the Company as the other party, (iii) neither Sellers, any Affiliate of Sellers nor any officer of such Company possesses, directly or indirectly, any financial interest in, or is a director, officer or employee of, any Person which is a client, supplier, customer, lessor, lessee, or competitor of a Company, and (iv) neither Sellers nor any Affiliate of a Seller is a guarantor of any liabilities or obligations of the Company. Ownership of securities of a company whose securities are registered under the Securities Exchange Act of 1934, as amended, of 1% or less of any class of such securities shall not be deemed to be a financial interest for purposes of this Section 4.08.

(b) Section 4.08(b) of the Company Disclosure sets forth a description of any Contract that grants any Seller or Affiliate of a Seller any rights to any Products, Company Intellectual Property, Company Assets or other property of any Company.

Section 4.09 **Property and Assets**.

(a) The Company owns, free and clear of all Encumbrances (other than Permitted Encumbrances), all right, title and interest in and to the assets, properties and rights of every kind and description, real, personal and mixed, tangible and intangible, wherever situated which are used or useful in the conduct of the Business of such

Company (with respect to each Company, their "Company Assets"), including, without limitation, the following: (i) all equipment, machinery, trucks, automobiles, materials, supplies, office furniture and office equipment, computers and telecommunications equipment and devices, and other tangible personal property used in the Business; (ii) all leases and agreements of Company, including those specifically identified within the Company Disclosure Schedules; (iii) all customer lists, sales data, brochures, suppliers, names, mailing lists, art work, photographs and sales and marketing materials; (iv) all Permits, licenses (including the Cannabis Licenses), registrations, Orders and approvals relating to the Business; (v) all trade secrets, secret processes and procedures, engineering, production, assembly, design, installation, other technical drawings and specifications, working notes and memos, market studies, consultants' reports, technical and laboratory data, engineering prototypes; (vi) all Company Intellectual Property used, necessary or useful to manufacture, advertise, distribute and sell the Products and to otherwise fully conduct the Business, including without limitation, all proprietary recipes, formulas, manufacturing processes, packaging and labeling; (vii) all patents, trademarks, trademark registrations, trade names, service marks, copyrights and copyright registrations; (viii) corporate minute books and stock books; (iv) all records of Company; (x) all Inventory, accounts receivable and other assets reflected on the Interim Financial Statements; (xi) all computer applications software, owned or licensed, whether for general business usage (e.g., accounting, word processing, graphics, spreadsheet analysis, etc.) or specific, unique-to-the-business usage (e.g., order processing, manufacturing, process control, shipping, etc.) and all computer operating, security or programming software, owned or licensed by Company; (xii) any insurance policies maintained by Company; (xiii) cash and cash equivalents on hand or in bank accounts; (xiv) assets constituting any pension or other funds for the benefit of the employees of Company; (xv) any claims and rights against third parties; (xvi) claims for refunds of Taxes and other governmental charges to the extent such funds relate to periods ending on or prior to Closing date; and (xvii) all other assets, including all causes of action (except for the BTHHM v. Johnston matter described in the Disclosure Schedule, which such rights, and any awards or losses, shall remain with BTHHM Sellers), rights of action, contract rights and warranty and product liability claims against third parties, all telephone numbers, telecopier numbers, websites, domain names, and email addresses, relating to Company Assets or the Business, regardless of whether any value is ascribed thereto in the Company Financial Statements. To the extent that any Company Assets are owned by any Affiliate of Company or any Seller, such Company Assets shall be transferred to the applicable Company prior to Closing.

(b) The Company does not own, and has ever owned, any Real Property.

(c) The address of such the facilities leased or subleased by the Company, the name of the third-party lessors or lessees, as applicable, and the primary terms of each lease are set forth on Section 4.09 of the Company Disclosure Schedule. True, correct and complete copies of each such lease or sublease and any amendments, extensions and renewals thereof (the "Leases") have heretofore been delivered by the Company to the Buyer. The Company enjoys quiet and undisturbed possession under the applicable Leases to which such Company is a party. The Company's interest in the applicable Leases is free and clear of any Encumbrances (other than Permitted Encumbrances), is not subject to any deeds of trust, assignments, subleases or rights of any third parties created by such Company, other than the lessor thereof. The Leases are valid and binding and in full force and effect, and Company is not in default thereunder as to the payment of rent or otherwise, and the consummation of the transactions contemplated by this Agreement will not constitute an event of default under the Leases and the continuation, validity and effectiveness of the Leases will not be adversely affected by the transactions contemplated by this Agreement. Except as set forth in Section 4.09 of the Company Disclosure Schedule, the consent of the lessor to the Leases is not required in connection with the transactions contemplated by this Agreement. The use and operation of the Real Property in the conduct of such Company's Business does not violate in any material respect any Law, covenant, condition, restriction, easement, license, permit or agreement. No material improvements constituting a part of the Real Property encroach on real property owned or leased by a Person other than the Company. No landlord under any of the Leases is in default of such party's obligations under the respective Leases, Company has not received any notice from the landlord under any of the Leases that such landlord is negotiating or has entered into an agreement to sell the respective leased Real Property, and the leased Real Property is not subject to any pending or threatened condemnation or eminent domain actions. No tenant under any of the Leases that is a sublease is in default of such party's obligations under the respective Leases, if applicable, and the Company has not received any notice from the tenant under any Leases that is a sublease that the Company is in default of such Lease of its obligations as landlord.

(d) Each item of personal property that constitutes Company Assets is free from any material defects, has been maintained in all material respects in accordance with normal industry practice, is in an operating condition and repair (subject to normal wear and tear) adequate and suitable for the purposes for which such asset and property is presently used. The property and assets of the Company are sufficient for the Company to continue to conduct the Business after the Closing in substantially the same manner as heretofore conducted by the Company and in accordance with all applicable Laws.

Section 4.10 Financial Statements; Financial Matters. Attached in Section 4.10 of the Company Disclosure Schedules are (i) copies of each Company's unaudited financial statements consisting of the estimated balance sheet of such Company as at December 31 in each of the years 2015, 2016, and 2017 and the related statements of operations, comprehensive income, changes in members' equity and cash flows for the years then ended (the "Unaudited Financial Statements") and (ii) unaudited financial statements consisting of the balance sheet of Company at December 31, 2018 and the related statements of operations, comprehensive income, changes in members' equity and cash flows for the twelve (12) month period then ended (the "Interim Financial Statements" and together with the Unaudited Financial Statements, collectively, the "Financial Statements"). The balance sheets of each Company as of December 31, 2018 are referred to herein as the "Balance Sheet" and the date thereof as the "Balance Sheet Date". The term "Interim Financial Statements" shall also include any updates to the Financial Statements delivered by the Company to Buyer pursuant to Section 7.03(b)(i). The Financial Statements will have been prepared in accordance with GAAP applied on a consistent basis throughout the period involved, subject, in the case of the Interim Financial Statements, to normal and recurring year-end adjustments, and the absence of notes. Subject to the foregoing sentence, the Financial Statements fairly present in all material respects the financial condition of the Company as of the respective dates they were prepared and the results of the operations of Company for the periods indicated. The Company has not had any disagreement with its accountants relating to the Financial Statements. The Company does not have any long-term or short-term debt except as set forth in Section 4.10 of the Company Disclosure Schedules.

Section 4.11 Personnel Matters.

(a) Section 4.11(a) of the Company Disclosure Schedules contains a correct and complete list of the employees and independent contractors of the Company as of the date hereof, including each such person's name, job title or function, and job location; whether such person is subject to an employment agreement or consulting agreement; a true, correct and complete listing of his or her current salary or wage payable by such Company, including any bonus, contingent or deferred compensation payable to such person; the total compensation paid by such Company to each such person for the fiscal years ending December 31, 2015, 2016 and 2017, including any bonus, contingent or deferred compensation; the amount of accrued but unused vacation time; and his or her current status (as to leave or disability status, employee or independent contractor, full time or part time, and exempt or nonexempt). The Company is not delinquent in payments to any of its employees, consultants, or independent contractors for any wages, salaries, commissions, bonuses, or other direct compensation for any service performed for it or amounts required to be reimbursed to such employees, consultants or independent contractors. The Company has complied in all material respects with all applicable local, state and federal equal employment opportunity laws and with other laws related to employment, including those related to wages, hours, worker classification and collective bargaining. The Company has withheld and paid to the appropriate governmental entity, or is holding for payment not yet due to such governmental entity, all amounts required to be withheld from employees of such Company. The Company not is liable for any arrears of wages, taxes, penalties or other sums for failure to comply with any of the foregoing.

(b) The Company has made all required contributions and has no liability to any such employee benefit plan, other than liability for health plan continuation coverage described in Part 6 of Title I(B) of the Employee Retirement Income Security Act of 1974, as amended, and has complied in all material respects with all applicable laws for any such employee benefit plan.

(c) Except as set forth in Section 4.11(c) all individuals presently characterized and treated by the Company as independent contractors or consultants are properly characterized as independent contractors under all applicable laws. All employees of the Company are presently classified as exempt under the Fair Labor Standards Act and state and local wage and hour laws are reasonably classified as such by Companies.

(d) Except as set forth in Section 4.11(d) of the Company Disclosure Schedules, to the Sellers' knowledge, no Key Personnel has any plans to terminate employment or relationship with the Company.

(e) Except as set forth in Section 4.11(e) of the Company Disclosure Schedules, the Company is not a party or threatened to be made a party to any action, suit, proceeding, hearing, or investigation brought by or on behalf of any employee, former employee, independent contractor, former independent contractor or current or former service provider without regard to its compensation, of the Company, including but not limited to any of the following: (i) wrongful termination, (ii) breach of employment agreement, (iii) unpaid wages or hours, (iv) workplace harassment or discrimination, (v) workers' compensation, (vi) unemployment insurance, (vii) employment status or (viii) any investigation or enforcement action brought or threatened to be brought by the United States Department of Labor or any similar state or local agency.

(f) Except as set forth in Section 4.11(f) of the Company Disclosure Schedules, the Company is not subject to any labor union or collective bargaining agreement and no such agreement is currently being negotiated by or involving the Company. The Company has no (i) unfair labor practice charge or complaint against it in respect of its business that is pending or threatened before the National Labor Relations Board, any state labor relations board or any court or tribunal, (ii) material labor relations problems, including any material grievances, strikes, lockouts, disputes, request for representations, union organization activities (including but not limited to union organization campaigns or requests for representation), slowdowns or stoppages pending, threatened or anticipated in respect of its business and there have been no strikes, lockouts, disputes, union organization activities (including but not limited to union organization campaigns or requests for representation), slowdowns or stoppages, or (iii) pending, threatened or anticipated actions, arbitrations, administrative proceedings, charges, complaints or investigations that involve the labor or employment relations of Company, including but not limited to, issues relating to employment discrimination, wage and hour and occupational health and safety.

(g) Except as set forth in Section 4.11(g) of the Disclosure Schedule, Company has never classified, compensated or considered any person who provided services to it as a volunteer or as ineligible for the protections of the California Labor Code. No employee, contractor, or individual who provided services to Company or any Company Affiliate was compensated with Inventory or in any form except cash and Company securities. Neither Company nor any Company Affiliate accepted donated services or labor. For the purposes of this Section 4.11(g), the term "Company" is deemed to include any predecessor business or entity and any business or entity Affiliated with Company predecessor business or entity.

Section 4.12 **Tax Matters**. Except as set forth in Section 4.12 of the Company Disclosure Schedules, and with respect to the Company:

(a) all Tax Returns that are required to be filed by the Company on or before the Closing Date have been timely filed, and all such Tax Returns are true, correct and complete in all material respects. Company has paid all Taxes that are due and payable on or before the Closing Date, whether or not shown on any Tax Return. The unpaid Taxes of the Company do not exceed the reserve for Taxes set forth in the Interim Financial Statements (without regard to any reserve for deferred Taxes established to reflect timing differences between book and Tax income). Company is not currently the beneficiary of any extension of time within which to file any Tax Return. Company has not failed to remit taxes as required under the California Revenue and Taxation Code.

(b) No claim has ever been made by an authority in a jurisdiction where the Company does not file Tax Returns that such Company is or may be subject to taxation by that jurisdiction. There are no Encumbrances for Taxes (other than for current Taxes not yet due and payable) upon any of the assets of Company.

(c) Company has withheld and paid all Taxes required to have been withheld and paid in connection with any amounts paid or owing to any employee, independent contractor, creditor, member, or other third party.

(d) Except as set forth in Section 4.12(d) of the Company Disclosure Schedule, no audits, examinations or administrative or legal proceedings relating to any Tax liabilities of the Company are pending or being conducted. Except as set forth in Section 4.12(d) of the Company Disclosure Schedule, Company has not received from any foreign, federal, state, or local taxing authority (including jurisdictions where the Company has not filed Tax Returns) any (i) written inquiry or notice indicating an intent to open an audit or other review with respect to any Tax liabilities of Company, or (ii) written notice of deficiency or proposed adjustment for any Tax liabilities of Company. To the Sellers' knowledge, there are no threatened audits or proposed deficiencies or other claims for unpaid Taxes of the Company.

(e) Company has complied, in all respects, with Code Section 280E and has not taken a deduction or credit for any expenditures to the extent prohibited by Code Section 280E. Company has complied with IRS Chief Counsel Advice 201504011.

(f) Company has not waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency.

(g) Company is not a party to, nor does Company have any liability under, any Tax sharing or Tax indemnification agreement, and Company is not otherwise obligated to indemnify another Person for any Taxes, or otherwise pay another Person's Taxes, either contractually or otherwise. Company has no liability for any Taxes of another Person as transferee under any applicable Law, including but not limited to under Code Section 6901.

(h) Company has disclosed on its federal income Tax Returns all positions taken therein that could give rise to substantial understatement of federal income Tax, within the meaning of Section 6662 of the Code, and Company has not participated in a "reportable transaction" within the meaning of Treasury Regulations Section 1.6011-4(b).

(i) Company has always been classified as a Subchapter C corporation under all applicable Tax Laws.

(j) Company has never been a party to any joint venture, partnership or other agreement, arrangement or Contract that is treated as a partnership for U.S. federal income Tax purposes.

(k) No power of attorney has been executed by or on behalf of Company with respect to any matters relating to Taxes that is currently in force.

(l) Company has never had a "permanent establishment" in any foreign country, as such term is defined in any applicable Tax treaty or convention between the United States and such foreign country, or ever had any of its employees or agents conduct any business in any country other than the United States.

(m) Company has never applied for any ruling relating to Taxes from any Governmental Authority, or entered into any closing agreement with any Governmental Authority.

(n) Company has never made nor, to the knowledge of Company, is required to make, any adjustment under Code Section 481(a) or file Internal Revenue Service Form 3115 by reason of a change in accounting method or otherwise, or will Company be required to include any item of income in, or exclude any item of deduction from, taxable income for any Post-Closing Tax Period or Post-Closing Straddle Period, in each case as a result of any (w) closing agreement described in IRC Section 7121 or any similar Law relating to state, local or foreign Taxes, (x) installment sale or open transaction disposition made on or before the Closing Date, and (y) prepaid amount received on or prior to the Closing Date.

(o) Company is in compliance with all applicable "unclaimed funds" and "escheat" Laws.

(p) Section 4.12(p) of the Company Disclosure Schedules list all federal, state, local, and non-U.S. income Tax Returns filed with respect to Company for taxable periods ended on or after December 31, 2014, indicates those Tax Returns that have been audited, and indicates those Tax Returns that currently are the subject of audit. Company has delivered to Buyer true, correct and complete copies of all federal, state, local, and non-U.S. Tax Returns, examination reports, and statements of deficiencies assessed against or agreed to by Company filed or received since December 31, 2014.

(q) Company is not a party to any agreement, contract, arrangement or plan that has resulted or could result, separately or in the aggregate, in the payment of (i) any "excess parachute payment" within the meaning of Code §280G (or any corresponding provision of state, local, or non-U.S. Tax Law) or (ii) any amount that will not be fully deductible as a result of Code §162(m) (or any corresponding provision of state, local, or non-U.S. Tax Law). Company has never been a United States real property holding corporation within the meaning of Code §897(c)(2) during the applicable period specified in Code §897(c)(1)(A)(ii). Company has disclosed on its federal income Tax Returns all positions taken therein that could give rise to a substantial understatement of federal income Tax within the meaning of Code §6662. Company is not, and has never been a party to or bound by any Tax allocation or sharing agreement. Company (A) has not been a member of an affiliated group filing a consolidated federal income Tax Return and (B) has no Liability for the Taxes of any Person under Reg. §1.1502-6 (or any similar provision of state, local, or non-U.S. law), as a transferee or successor, by contract, or otherwise.

(r) Section 4.12(r) of the Company Disclosure Schedule sets forth the following information with respect to the Company as of the most recent practicable date: (A) the basis of Company in its assets; (B) the amount of any net operating loss, net capital loss, unused investment or other credit, unused foreign tax credit, or excess charitable contribution allocable to Company; and (C) the amount of any deferred gain or loss allocable to Company arising out of any intercompany transaction.

(s) Company will not be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any:

(i) change in method of accounting for a taxable period ending on or prior to the Closing Date;

(ii) use of an improper method of accounting for a taxable period ending on or prior to the Closing Date;

(iii) "closing agreement" as described in Code §7121 (or any corresponding or similar provision of state, local, or non-U.S. income Tax Law) executed on or prior to the Closing Date;

(iv) intercompany transaction or excess loss account described in Treasury Regulations under Code §1502 (or any corresponding or similar provision of state, local, or non-U.S. income Tax Law);

(v) installment sale or open transaction disposition made on or prior to the Closing Date;

(vi) prepaid amount received on or prior to the Closing Date; or

(vii) election under Code §108(i).

(t) Company has not distributed stock of another Person, or had the Units distributed by another Person, in a transaction that was purported or intended to be governed in whole or in part by Code §355 or Code §361.

(u) Company (A) is not a "controlled foreign corporation" as defined in Code §957, (B) is not a "passive foreign investment company" within the meaning of Code §1297, or (C) has a permanent establishment (within the meaning of an applicable Tax treaty) or otherwise have an office or fixed place of business in a country other than the country in which it is organized.

(v) Company has not received any letter ruling from the Internal Revenue Service (or any comparable ruling from any other taxing authority).

Section 4.13 **Insurance**. Section 4.13 of the Company Disclosure Schedules contains a correct and complete description of each insurance policy maintained by or which covers Company, and which Company is covered, with respect to its properties, assets, employees and business, and each such policy is in full force and effect, all premiums thereon have been paid, and the Company is otherwise in compliance in all material respects with the terms and provisions of each such policy. Company is not in default with respect to its obligations under any insurance policy it maintains, and such Company has never been denied insurance coverage. Company does not have any self-insurance or co-insurance programs. Such policies, with respect to their amounts and types of coverage, are adequate to insure fully against risks to which the Company and its property and assets are normally exposed in the operation of its Business. Section 4.13 of the Company Disclosure Schedules also sets forth a list of all pending claims and the claims history for the Company since its date of formation (including with respect to insurance obtained but not currently maintained).

Section 4.14 **Absence of Undisclosed Liabilities**. Except as set forth in Section 4.14 of the Company Disclosure Schedules, the Company has no obligation or Liability, whether absolute, accrued, contingent or otherwise, except for (i) Liabilities that are reflected or reserved against on the Company's Balance Sheet or specifically disclosed in the footnotes thereto, (ii) Liabilities which have arisen after the date of the Balance Sheet Date in the ordinary course of business (none of which is a Liability resulting from breach of contract, breach of warranty, tort, infringement, claim, lawsuit, violation of Law or environmental liability or cleanup obligation), and that are not, individually or in the aggregate, material.

Section 4.15 **Accounts Payable and Receivable; Solvency**.

(a) Except as set forth in Section 4.15 of the Company Disclosure Schedules, the amount of all accounts receivable, unbilled invoices and other debts due or recorded in the respective records and books of account of the Company as being due to such Company (i) as of the date hereof (less the amount of any provision or reserve therefor made in the Balance Sheet) are good, valid and collectible in full in the ordinary course of business and in any event not later than ninety (90) days after the date thereof; and none of such accounts receivable or other debts is subject to any counterclaim or set-off except to the extent of any such provision or reserve, and (ii) as of the Closing Date

(less the amount of any provision or reserve therefor made in the Balance Sheet) shall be good, valid and collectible in full in the ordinary course of business and in any event not later than ninety (90) days after the Closing Date; and none of such accounts receivable or other debts at the Closing Date shall be, subject to any counterclaim or set-off except to the extent of any such provision or reserve. There has been no material adverse change since the Balance Sheet Date in the amount of accounts receivable or other debts due the Company or the allowances with respect thereto, or accounts payable of such Company, from that reflected in the Balance Sheet.

(b) No petition under the U.S. Bankruptcy Code or any other bankruptcy Laws has been filed against any Seller, the Company or any of their respective Affiliates in the last seven (7) years, and the Sellers have no knowledge of any Person contemplating the filing of any such petition against Sellers, the Company or any of their respective Affiliates. Company has not ever made an assignment for the benefit of creditors or made any voluntary filing or otherwise taken advantage of any bankruptcy Law for relief as a debtor. Neither the Sellers nor the Company are contemplating making any assignment for the benefit of creditors or any making any filing or otherwise taking any action to take advantage of, or with a view to making a filing under or taking advantage of, any bankruptcy Law for relief as a debtor.

Section 4.16 **Inventory**.

(a) All Inventory, whether reflected on the Estimated Working Capital Statement or subsequently acquired, is of a quality and quantity usable and salable, in the ordinary course of business consistent with past practice, except for obsolete items, items of below standard quality, or non-compliant items, all of which have been written off or written down to net realizable value in the balance sheet and as reflected in the Estimated Working Capital Statement as of the Closing Date, or a reserve for such inventory has been established. The inventory reserves reflected on the Estimated Working Capital Statement was adequate as of the date of the Estimated Working Capital Statement. Since the date of the Estimated Working Capital Statement, there have not been any write-downs of the value of, or establishment of any reserves against, any inventory, except for write-downs and reserves established in the ordinary course of business, in good faith and consistent with past practice and experience. All inventories not written off have been priced at cost on the first in, first out basis. All Inventory is owned by the Company free and clear of all Encumbrances (other than Permitted Encumbrances), and no inventory is held on a consignment basis.

Section 4.17 **Absence of Certain Developments**. Except as expressly contemplated by this Agreement or as set forth in Section 4.17 of the Company Disclosure Schedules, since the Balance Sheet Date, and other than in the ordinary course of business, there has not been, with respect to any Company, any:

(a) event, occurrence or development that has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect;

(b) amendment of the organizational documents of the Company;

(c) split, combination or reclassification of any membership interests in the Company;

(d) issuance, sale or other disposition of, or creation of any Encumbrance on, any ownership interests in the Company, or grant of any options, warrants or other rights to purchase or obtain (including upon conversion, exchange or exercise) any ownership interests in a Company;

(e) declaration or payment of any distributions on or in respect of any ownership interests in the Company or redemption, purchase or acquisition of any of the Company's outstanding ownership interests;

(f) material change in any method of accounting or accounting practice of the Company, except as required by GAAP or as disclosed in the notes to the Financial Statements;

(g) entry into any Contract that would constitute a Material Contract;

(h) incurrence, assumption or guarantee of any indebtedness for borrowed money except unsecured current obligations and Liabilities incurred in the ordinary course of business consistent with past practice;

(i) transfer, assignment, sale or other disposition of any of the assets shown or reflected in the Balance Sheet or cancellation of any debts or entitlements;

(j) transfer or assignment of or grant of any license or sublicense under or with respect to any Company Intellectual Property;

(k) abandonment or lapse of or failure to maintain in full force and effect any registration of Company Intellectual Property, or failure to take or maintain reasonable measures to protect the confidentiality or value of any trade secrets included in Company Intellectual Property;

(l) abandonment or lapse of or failure to maintain in full force and effect any Permit or license from any Governmental Authority;

(m) default, breach or violation of any Permit, or notice of the same from any Governmental Authority;

(n) material damage, destruction or loss (whether or not covered by insurance) to any Company Assets;

(o) any capital investment in, or any loan to, any other Person;

(p) acceleration, termination, material modification to or cancellation of any material Contract (including, but not limited to, any Material Contract) to which the Company is a party or by which it is bound;

(q) any material capital expenditures;

(r) imposition of any Encumbrance upon any of the Company's properties or assets, tangible or intangible;

(s) (i) grant of any bonuses, whether monetary or otherwise, or changes in any wages, salary, severance, pension, vacation, incentives, trading arrangements or policies or other compensation or benefits in respect of its current or former employees, officers, managers, independent contractors or consultants, other than as required by applicable Law, (ii) change in the terms of employment for any employee or any termination of any employees that results in any increase in liabilities or costs to the Company, or (iii) action to accelerate the vesting or payment of any compensation or benefit for any current or former employee, officer, manager, independent contractor or consultant;

(t) adoption, modification or termination of any: (i) employment, severance, retention or other agreement with any current or former employee, officer, manager, independent contractor or consultant, (ii) benefit plan or (iii) collective bargaining or other agreement with a union, in each case whether written or oral;

(u) any loan to (or forgiveness of any loan to), or entry into any other transaction with, any of its members or current or former managers, officers and employees;

(v) entry into a new line of business or abandonment or discontinuance of existing lines of business;

(w) adoption of any plan of merger, consolidation, reorganization, liquidation or dissolution or filing of a petition in bankruptcy under any provisions of federal or state bankruptcy Law or consent to the filing of any bankruptcy petition against it under any similar Law;

(x) purchase, lease or other acquisition of the right to own, use or lease any property or assets for an amount in excess of US$15,000, individually (in the case of a lease, per annum) or US$50,000 in the aggregate (in the case of a lease, for the entire term of the lease, not including any option term), except for purchases of inventory or supplies in the ordinary course of business consistent with past practice;

(y) acquisition by merger or consolidation with, or by purchase of a substantial portion of the assets, stock or other equity of, or by any other manner, any business or any Person or any division thereof; or

(z) any Contract to do any of the foregoing, or any action or omission that would result in any of the foregoing.

Section 4.18 Compliance with Laws; Permits.

(a) Except as set forth in Section 4.18(a) of the Company Disclosure Schedules, the Company has complied and is in compliance in all material respects with all applicable Laws and Orders. Except as set forth in Section 4.18(a) of the Company Disclosure Schedules, no notices have been received by, and no claims have been filed against, any Company alleging a violation of any such Laws or Orders, and, to the Sellers' knowledge, no event has occurred or circumstance exists that (with or without notice or lapse of time or both) may constitute or result in a violation by the Company of, or a failure on the part of the Company to comply with, any Laws or Orders.

(b) Except as set forth in Section 4.18(b) of the Company Disclosure Schedules, the Company holds all Permits, including the Cannabis Licenses, required for the lawful conduct of its business, as presently conducted, or necessary for the lawful ownership and/or lease of its properties and assets or the operation of its business as presently conducted. Except as set forth in Section 4.18(b) of the Company Disclosure Schedules, the Company has not received any notices alleging the failure to hold any Permit from any Government Authority. All such Permits are in full force and effect. Except as set forth in Section 4.18 of the Company Disclosure Schedules, the Company is in compliance in all material respects with all terms and conditions of all such Permits and is not subject to any Action with respect to those Permits. Except as set forth in Section 4.18(b) of the Company Disclosure Schedules, all of such Permits will be available for use by the Company immediately after the Closing based upon the pre-approval of the appropriate Governmental Authority responsible for such approval. Any applications for the renewal of any such Permit which are due prior to the Closing Date shall be timely made or filed by the Company prior to the Closing Date. Any applications for the transfer of any such Permit which are due prior to the Closing Date shall be timely made or filed by the Company prior to the Closing Date. No proceeding to modify, suspend, revoke, withdraw, terminate or otherwise limit any such Permit is pending or threatened and neither the Company nor any of the Sellers know of any valid basis for such proceeding, including the transactions contemplated hereby.

(c) Except as set forth in Section 4.18(c) of the Company Disclosure Schedules, Buyer has been supplied with a correct and complete copy of each Permit of Governmental Authorities obtained or possessed by the Company.

(d) The Company has duly and timely filed and complied with all applicable Laws relating to reports, certifications, declarations, statements, information or other filings submitted or to be submitted to any Governmental Authority, and all such submissions or filings were true and complete when submitted or filed and, to the extent required by an applicable Laws, have been updated properly and completely.

(e) The Company nor, to the Sellers' knowledge, any director, officer, employee, agent or other Person acting or purporting to act on behalf of such Company in connection with the Business has directly or indirectly (i) given or agreed to give any bribe, kickback, or other illegal payment from corporate funds; (ii) used any of its funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (iii) made any direct or indirect unlawful payment to any foreign or domestic government official or employee from its funds; (iv) violated or is in violation of any provision of the U.S. Foreign Corrupt Practices Act of 1977; (v) established or maintained any unrecorded fund or asset; (vi) concealed or mischaracterized an illegal or unauthorized payment or receipt; (vii) knowingly made a false entry in the business records; or (viii) committed or participated in any act which is illegal or could subject the Company, Buyer or Parent to fines, penalties or other sanctions under applicable Law.

(f) The Company has in place the policies, programs and procedures reasonably necessary and advisable for its operations regarding (i) security, surveillance and anti-diversion for any facility at which the Company has or intends to have cultivation, processor or dispensary facilities, (ii) the storage and disposal of fertilizers, herbicides and pesticides used and stored at each location currently or formerly owned or leased by the Company for cultivation, processor or dispensary facilities, (iii) the transportation of cannabis, cannabis infused products/by-products and/or cash to or from any of the Company's cultivation, processor or dispensary facilities, and (iv) the storage and disposal of cannabis and cannabis infused products and byproducts, and such policies, programs and procedures comply with all applicable regulatory requirements.

Section 4.19 Books and Records. Except as set forth in section 4.19 of the Company Disclosure Schedule, the minute book of the Company, if any, contains accurate records of all meetings of, and company action taken by (including action taken by written consent) the managers or members of the Company. The books and records of the Company, if any, true, correct and complete copies of which have been made available to Buyer, (a) have been kept in the ordinary course of business, (b) are complete and correct in all material respects, (c) the transactions entered or reflected therein represent bona fide transactions, and (d) there have been no transactions involving the Company that properly should have been set forth therein and that have not been accurately so set forth. The Company has none of its records, systems, controls, data or information recorded, stored, maintained, operated or otherwise wholly or partly dependent on or held by any means (including any electronic, mechanical or photographic process, whether computerized or not) which (including all means of access thereto and therefrom) are not under the exclusive ownership and direct control of such Company.

Section 4.20 Product Liability.

(a) Except as set forth in Section 4.20 of the Company Disclosure Schedule, (i) there is no notice, demand, claim, action, suit, inquiry, hearing,

proceeding, notice of violation or investigation of a civil, criminal or administrative nature by or before any court or other governmental authority against or involving any Product, or class of claims or lawsuits involving a Product which is pending or, to Sellers' knowledge, threatened, on behalf of the purchaser of any Product, resulting from an alleged defect in any Product (each such defect, failure or breach, a "Product Claim"), and (ii) there has not been, nor is there under consideration or investigation by the Business, any Product recall or post-sale warning (collectively, such recalls and post-sale warnings are referred to as "Recalls") conducted by or on behalf of the Business concerning any Product or, to the knowledge of Sellers, any Recall conducted by or on behalf of any entity as a result of any alleged defect in any Product supplied by the Business.

(b) All Company Products have been produced, packaged and labeled in accordance with all applicable Laws, regulations and standards. All Company Products will be of premium quality, fit for the intended use and human consumption, merchantable and of good quality, not adulterated or misbranded, and free of any defects. No Company Products will be cultivated or produced with, or contain any pesticides in violation of applicable Law.

Section 4.21 Environmental Matters. Except as disclosed in Section 4.21 of the Company Disclosure Schedule (i) the Real Property and all buildings and improvements thereon (the "Facilities") are in material compliance with all Environmental Laws; (ii) the Company has all material Permits required for its operations under Environmental Laws and is in material compliance with the terms and conditions of those Permits, (iii) no notices or Actions are pending or, to the Company's or Seller's knowledge, threatened relating to Hazardous Materials or a violation of any Environmental Laws; (iv) the Company has not received any notice (verbal or written) of any non-compliance of the Facilities or of its past or present operations with Environmental Laws; (v) except as set forth in Section 4.21 of the Company Disclosure Schedule, there are no Hazardous Materials present in, on, under any Real Property or migrating through soil, groundwater or surface water from the Real Property or, to the Company's or the Sellers' knowledge, migrating through soil, groundwater or surface water towards the Property in violation of any Environmental Laws; (vi) all Hazardous Materials and wastes have been disposed of by the Company or by any other person in accordance with the requirements of all Environmental Laws; (vii) no methylene chloride or asbestos is contained in or has been used at or released from the Facilities by the Company or by any other person in non-compliance with Environmental Laws; (viii) there have been no "spills" of "pollutants" as those terms are defined in the Environmental Protection Act, R.S.O. 1990 c. E.19, for which such Company is responsible either as the "owner of the pollutant", or the "person having control of a pollutant" as defined in the Environmental Protection Act, R.S.O. 1990 c. E.19; (ix) except as set forth in Section 4.21 of the Company Disclosure Schedule, there have not been in the past and are not now, any underground tanks or underground improvements at, on or under any Real Property including without limitation, treatment or storage tanks, sumps, or water, gas or oil wells; (x) there are no polychlorinated biphenyls ("PCBs") deposited, stored, disposed of or located on any Real Property or Facilities or any equipment on any Real Property containing PCBs at levels in excess of 50 parts per million; (xi) there is no formaldehyde on any Real Property or in the Facilities, nor any insulating material containing urea formaldehyde in the Facilities.

Section 4.22 Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of any Company.

Section 4.23 Powers of Attorney. There are no outstanding powers of attorney executed on behalf of any Company.

Section 4.24 Data Privacy. The Company has complied with and, as presently conducted and as presently proposed to be conducted, are in compliance with, all Data Laws. The Company has complied with, and is presently in compliance with, its and their respective policies applicable to data privacy, data security, and/or personal information. No personal information of any individuals has been collected by the Company or transferred to third parties in violation of any Data Laws. The Company has not experienced any incident in which personal information or other data was or may have been stolen or improperly accessed, and no Company is aware of any facts suggesting the likelihood of the foregoing, including without limitation, any breach of security or receipt of any notices or complaints from any Person regarding personal information or other data. The Company has not received, and Company is not aware of, any notices, claims, investigations or proceedings pending, or, to the Sellers' or Company's knowledge, threatened, by state or federal agencies, or private parties involving notice or information to individuals that any personal information held or stored by the Company has been compromised, taken, accessed, or misused. All websites related to the Company's business contain privacy notices informing visitors how their personal information will be used, collected, stored, and protected. Company does not store or maintain sensitive personal information except in a manner consistent with published privacy notices and in a manner that provides commercially-acceptable secure storage and protection of such information. No information or data collected or stored by or on behalf of the Company has been subject to unauthorized or unlawful access or use. If Company has entered into written agreements with any vendors, service providers or other entities under which the Company provides personal information, those agreements require that such vendors, service providers and other entities protect such information in a manner equivalent to the protections that Company is required by law, or pursuant to their published privacy notices, to provide to the individuals involved.

Section 4.25 Disclosure. The representations, warranties and statements made by the Sellers and the Company in this Agreement (which includes the Company Disclosure Schedules) do not contain any untrue statement of a material fact or omit to state a material fact necessary to make such statement, in light of the circumstances in which it was made, not misleading. Sellers and the Company have not concealed or omitted to disclose to Buyer any fact, event, occurrence, condition or circumstance, or combinations of facts, events, occurrences, conditions or circumstances, that has had or could reasonably be expected to result in a Material Adverse Effect.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF BUYER AND PARENT

Buyer and Parent hereby represent and warrant to Sellers that each of the statements contained in this Article V are true and correct as of the date hereof and as of the Closing Date, except as otherwise set forth in written disclosure schedules delivered pursuant to this Article V, copies of which are attached to this Agreement (the "Buyer Disclosure Schedules") and the Parent Disclosure Record:

Section 5.01 Organization and Authority; Enforceability.

(a) Buyer is a corporation duly organized, validly existing and in good standing under the laws of the state of Delaware. Buyer has full corporate power and authority to enter into this Agreement and the documents to be delivered hereunder to which it is a party, to carry out its obligations hereunder and to consummate the transactions contemplated hereby. The execution, delivery and performance by Buyer of this Agreement and the documents to be delivered by Buyer hereunder and the consummation of the transactions contemplated hereby have been duly authorized by all requisite corporate action on the part of Buyer. This Agreement and the documents to be delivered hereunder by Buyer have been duly executed and delivered by Buyer, and (assuming due authorization, execution and delivery by the Sellers, the Companies and Parent) this Agreement and the documents to be delivered hereunder constitute legal, valid and binding obligations of Buyer, enforceable against Buyer in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity), and excluding any United States federal law to the extent such federal law or treaty would be violated, or protections under such law would be unavailable to a party, as a result of operating or owning a state licensed cannabis business in compliance with California law.

(b) Parent is incorporated and in good standing under the *Business Corporations Act* (Ontario). Parent has full power and authority to enter into this Agreement and the documents to be delivered hereunder to which it is a party, to carry out its obligations hereunder and to consummate the transactions contemplated hereby. The execution, delivery and performance by Parent of this Agreement and the documents to be delivered by Parent hereunder and the consummation of the transactions

contemplated hereby have been duly authorized by all requisite action on the part of Parent. This Agreement and the documents to be delivered hereunder by Parent have been duly executed and delivered by Parent, and (assuming due authorization, execution and delivery by the Sellers, the Companies and Buyer) this Agreement and the documents to be delivered hereunder constitute legal, valid and binding obligations of Parent, enforceable against Parent in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity), and excluding any United States federal law to the extent such federal law or treaty would be violated, or protections under such law would be unavailable to a party, as a result of operating or owning a state licensed cannabis business in compliance with California law.

Section 5.02 **No Conflicts; Consents**.

(a) The execution, delivery and performance by Buyer of this Agreement and the documents to be delivered hereunder, and the consummation of the transactions contemplated hereby, do not and will not: (a) violate or conflict with the organizational documents of Buyer; or (b) violate or conflict with any judgment, order, decree, statute, Law, ordinance, rule or regulation applicable to Buyer. Except for the board of directors of Buyer, no consent, approval, waiver or authorization is required to be obtained by Buyer from any person or entity (including any governmental authority) in connection with the execution, delivery and performance by Buyer of this Agreement and the consummation of the transactions contemplated hereby.

(b) The execution, delivery and performance by Parent of this Agreement and the documents to be delivered hereunder, and the consummation of the transactions contemplated hereby, do not and will not: (a) violate or conflict with the organizational documents of Parent; or (b) violate or conflict with any judgment, order, decree, statute, Law, ordinance, rule or regulation applicable to Parent. Except for the board of directors of Parent, no consent, approval, waiver or authorization is required to be obtained by Parent from any person or entity (including any governmental authority) in connection with the execution, delivery and performance by Parent of this Agreement and the consummation of the transactions contemplated hereby.

Section 5.03 **Issuance of Shares**. The Parent Shares have been duly authorized by Parent and, upon issuance in accordance with the terms hereof, and assuming the representations in Section 3.05 and in the Seller Acknowledgment are true and correct, shall be validly issued, fully paid and non-assessable with the holder being entitled to all rights accorded to a holder of Proportionate Voting Shares in the capital of Parent.

Section 5.04 **Financial Ability**. Buyer will have as of the Closing and any such other applicable time that Buyer is required to make payments pursuant to this Agreement sufficient funding to consummate the transactions contemplated by this Agreement and satisfy all other costs and expenses arising in connection herewith.

Section 5.05 **Investment Purpose**. Buyer is acquiring Units solely for its own account for investment purposes and not with a view to, or for offer or sale in connection with, any distribution thereof. Buyer acknowledges that Units are not registered under the Securities Act of 1933, as amended, or any state securities laws, and that Units may not be transferred or sold except pursuant to the registration provisions of the Securities Act of 1933, as amended or pursuant to an applicable exemption therefrom and subject to state securities laws and regulations, as applicable.

Section 5.06 **Legal Proceedings**. There is no Action pending or, to Buyer's or Parent's knowledge, threatened against or by Buyer, Parent, or any Affiliate of Buyer or Parent that challenges or seeks to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. No event has occurred or circumstances exist that may give rise or serve as a basis for any such Action.

Section 5.07 **Brokers**. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Buyer or Parent.

Section 5.08 **Disclosure**. The representations, warranties and statements made by Buyer and Parent in this Agreement (which includes the Buyer Disclosure Schedules) do not contain any untrue statement of a material fact or omit to state a material fact necessary to make such statement, in light of the circumstances in which it was made, not misleading. Neither Buyer nor Parent has concealed or omitted to disclose to the Companies and the Sellers any fact, event, occurrence, condition or circumstance, or combinations of facts, events, occurrences, conditions or circumstances, that has had or could reasonably be expected to result in a Buyer and Parent Material Adverse Effect. For purposes of this Section 5.08, a Buyer and Parent Material Adverse Effect means any event, change, development or occurrence that, individually or together with any other event, change, development or occurrence, has had, or reasonably would be expected to have, a material adverse effort on Buyer or Parent's business, results of operations, properties, assets or conditions (whether financial or otherwise), permits, relations with customers, any material asset, key personnel, or prospects, whether long-term or short-term, whether or not anticipated, except for the effects of changes in the general economy that do not impact the Buyer or Parent disproportionately relative to other Persons of comparable size in the Buyer and Parent's industry.

Section 5.09 **Share Capital** The authorized capital of the Parent consists of (i) an unlimited number of common shares ("Common Shares"); (ii) an unlimited number of proportionate voting shares ("Proportionate Voting Shares"); (iii) an unlimited number of exchangeable shares ("Exchangeable Shares"); and (iv) an unlimited number of preferred shares ("Preferred Shares"). As of January 31, 2019, there were: (i) 42,522,479 Common Shares issued and outstanding; (ii) 8,608,129 options issued and outstanding providing for the issuance of up to 8,608,129 Common Shares; (iii) 1,359,772 warrants to acquire Common Shares issued and outstanding providing for the issuance of up to 1,359,772 Common Shares; (iv) 35,021.529 Proportionate Voting Shares issued and outstanding; (v) 28,636,361 warrants to acquire Proportionate Voting Shares issued and outstanding providing for the issuance of up to 28,636.36 Proportionate Voting Shares; (vi) 38,890,571 Exchangeable Shares issued and outstanding; and (vii) no Preferred Shares issued and outstanding. Except as set forth above, there are no outstanding rights, options, warrants, conversion rights, stock appreciation rights, redemption rights, repurchase rights, calls, commitments, preemptive or other rights or agreements of any kind that obligate Parent or any of its Affiliates to repurchase, redeem, acquire, issue or sell any shares of capital stock or other securities of Parent or any of its Subsidiaries or any securities or obligations convertible or exchangeable into or exercisable for, or that give any Person a right to subscribe for or acquire, any securities of Parent or any of its Subsidiaries, and no securities or obligations evidencing such rights are authorized, issued or outstanding.

Section 5.10 **Reporting Issuer / Disclosure.**

(a) The Parent is a "reporting issuer" or the equivalent thereof in the Canadian Provinces of British Columbia, Alberta and Ontario, is not on the list of reporting issuers in default under applicable Canadian Securities Laws and is not in default of any material requirements of any applicable securities Laws or the rules and regulations of the CSE. No delisting, suspension of trading in or cease trading order with respect to any of its securities and, to the knowledge of the Parent, no inquiry or investigation of any Securities Authority, is pending, in effect or ongoing or threatened. The Common Shares are listed only on the CSE and quoted on the OTCQX ® Best Market and trading of the Common Shares is not currently halted or suspended. No other securities of the Parent or any of its Subsidiaries are listed on any stock exchange. None of the Parent's Subsidiaries, is subject to any continuous or periodic, or other disclosure requirements under any securities laws in any jurisdiction.

(b) The Parent has taken no action to cease to be a reporting issuer in British Columbia, Alberta or Ontario, nor has the Parent received notification from any Securities Authority, seeking to revoke the reporting issuer status of the Parent. No delisting, suspension of trading or cease trade or other order or restriction with respect to any securities of the Parent or any of its Subsidiaries is pending, in effect or, to the knowledge of the Parent, has been threatened, or is expected to be implemented or undertaken and the Parent is not subject to any formal or informal review, enquiry, investigation or other proceeding relating to any such order or restriction.

(c) The Parent has, since January 1, 2018, complied and is in compliance with applicable Canadian Securities Laws and the rules, policies and requirements of the CSE in all material respects. The Parent has timely filed with the Securities Authorities all material forms, reports, schedules, certifications, statements and other documents required to be filed by it under Canadian Securities Laws and where applicable, the rules and policies of the CSE since January 1, 2018. The documents comprising the Parent Disclosure Record complied as filed in all material respects with applicable Canadian Securities Laws and where applicable, the rules and policies of the CSE and did not, as of the date filed (or, if amended or superseded by a subsequent filing prior to the date of this Agreement, on the date of such filing), contain any untrue statement of a material fact or omit to state a material fact required or necessary to make the statements contained therein not misleading in light of the circumstances in which they were made. The Parent has not filed any confidential material change report with the Securities Authorities which at the date hereof remains confidential. There are no outstanding or unresolved comments in comments letters from any Securities Authorities with respect to any of the Parent Disclosure Record and, to the Parent's knowledge, none of the Parent or any of the Parent Disclosure Record is subject of an ongoing audit, review, comment or investigation by any Securities Authority or the CSE.

ARTICLE VI

TAX MATTERS

Section 6.01 Tax Covenants.

(a) Without the prior written consent of Buyer, and except as otherwise required by law, neither Seller and, prior to the Closing, no Company, their Affiliates nor their respective Representatives shall, to the extent it may affect, or relate to, such Company, make, change or rescind any Tax election, amend any Tax Return or take any position on any Tax Return, take any action, omit to take any action or enter into any other transaction that would have the effect of increasing the Tax liability or reducing any Tax asset of Buyer or such Company in respect of any Post-Closing Tax Period. Sellers agree that Buyer is to have no liability for any Tax resulting from any action of Sellers, any Company, their Affiliates or any of their respective Representatives, and agrees to indemnify and hold harmless Buyer (and, after the Closing Date, the Companies) against any such Tax or reduction of any Tax asset.

(b) All transfer, documentary, sales, use, stamp, registration, value added and other such Taxes and fees (including any penalties and interest) incurred in connection with this Agreement shall be borne and paid by Sellers when due. Sellers shall, at Sellers' own expense, timely file any Tax Return or other document with respect to such Taxes or fees (and Buyer shall cooperate with respect thereto as necessary).

(c) Sellers are responsible for all Pre-Closing Taxes. Buyer shall prepare, or cause to be prepared, all Tax Returns required to be filed by any Company after the Closing Date with respect to all Pre-Closing Tax Periods (a "Pre-Closing Period Tax Return"). With respect to each Pre-Closing Period Tax Return, Buyer shall permit Sellers to review and comment on each such Pre-Closing Period Tax Return, together with any and all workpapers supporting the creation of the Pre-Closing Period Tax Return, at least 20 days prior to filing and Buyer shall consider, in good faith, the reasonable comments so provided. Sellers shall pay to Buyer its share of all Pre- Closing Taxes as shown on such Pre-Closing Period Tax Returns no less than five Business Days before the due date of such Tax Returns; provided, however, that if the amount of Sellers Pre-Closing Taxes as shown on such Pre-Closing Period Tax Returns is greater than it would have been if Buyer had prepared such Pre-Closing Tax Returns in a manner consistent with the past practices of Company (it shall be deemed consistent with past practices if the differences are required by changes in Law, ordinances, judgments, decrees and orders and governmental rules and regulations that are binding upon Company), then Sellers shall, at the time of filing the Pre-Closing Period Tax Return, be required to pay to Buyer only the difference of: (i) the amount of Pre-Closing Taxes they would have paid had the Pre-Closing Period Tax Return been prepared consistent with the past practices of the Company minus; (ii) any prepayments made by Company or Sellers (to IRS or other applicable taxing body) for such Pre-Closing Taxes. In the event such prepayments exceed the amount owed to Buyers for Pre-Closing Taxes, the overage amount shall be applied to Working Capital or otherwise settled to Sellers.

(d) Buyer and Sellers' Agent shall cooperate fully, as and to the extent reasonably requested by the other, in connection with the filing any audit, claim for refund, litigation or other administrative or judicial proceeding (a "Contest") with respect to Pre-Closing Tax Returns. Buyer will have control over any such Contest, through counsel of its own choosing, however, all expenses associated with such Contest shall be reimbursed by the Sellers. Sellers shall also have the right to participate in such Contest through the Sellers' Agent and counsel of their choosing at their own expense.

(e) Upon the final resolution of liability for any Tax due on any Pre-Closing Period Tax Return, including after resolution of any Contest, Sellers shall pay to Buyer any deficiency between the amount already paid by Sellers to Buyer pursuant to Section 6.01(c) above, and the Pre-Closing Taxes of the Company shown on such final Pre-Closing Period Tax Returns.

(f) Any Tax refunds that are received by any Company that relates to the Pre-Closing Period Tax Returns (net of any Tax cost and any other cost) shall be allocated between Sellers and Company based upon their respective percentage of taxes paid under Section 6.01(c) above. Buyer shall pay over to Sellers any such refund or the amount of any such credit within 15 days after receipt of such refund.

(g) Each Seller acknowledges that owning the Parent Shares may subject them to tax consequences both in the United States and Canada. Each Seller is responsible for all tax consequences arising as a result of such Seller's receipt and ownership of the Parent Shares. Each Seller acknowledges that neither Parent nor Buyer are providing any tax advice, and Seller is responsible for consulting with their own tax advisors.

Section 6.02 Straddle Period.

(a) In the case of Taxes that are payable by a Company with respect to a taxable period that begins before and ends after the Closing Date (each such period, a "Straddle Period"), the portion of any such Taxes that are treated as Pre-Closing Taxes for purposes of this Agreement shall be:

(i) in the case of Taxes (i) based upon, or related to, income, receipts, profits, wages, capital or net worth, (ii) imposed in connection with the sale, transfer or assignment of property, or (iii) required to be withheld, deemed equal to the amount which would be payable if the taxable year ended with the Closing Date; and

(ii) in the case of other Taxes, deemed to be the amount of such Taxes for the entire period multiplied by a fraction the numerator of which is the number of days in the period ending on the Closing Date and the denominator of which is the number of days in the entire period.

(b) Buyer shall prepare or cause to be prepared and file or cause to be filed all Tax Returns for each Company that are filed after the Closing Date for any

Straddle Period (a "Straddle Period Tax Returns"). Buyer shall permit Sellers' Agent to review and comment on each such Straddle Period Tax Return, together with any and all workpapers supporting the creation of the Pre-Closing Period Tax Return, at least 20 days prior to filing and Buyer shall consider, in good faith, the reasonable comments so provided. Sellers shall be responsible for all Pre-Closing Taxes of the Company shown on such Straddle Period Tax Returns, and Sellers shall pay to (or as directed by) Buyer its share of all Pre-Closing Taxes as shown on such Straddle Period Tax Returns no less than five Business Days before the due date of such Straddle Period Tax Returns; provided, however, that if the amount of Sellers Pre-Closing Taxes as shown on such Straddle Period Tax Returns is greater than it would have been if Buyer had prepared such Straddle Period Tax Returns in a manner consistent with the past practices of Company (it shall be deemed consistent with past practices if differences are required by changes in Law, ordinances, judgments, decrees and orders and governmental rules and regulations that are binding upon Company), then Sellers shall, at the time of filing the Straddle Period Tax Return, be required to pay to Buyer only the difference of: (i) the amount of Pre-Closing Taxes they would have paid had the Straddle Period Tax Return been prepared consistent with the past practices of the Company minus; (ii) any prepayments made by Company or Sellers (to IRS or other applicable taxing body) for such Pre-Closing Taxes. In the event such prepayments exceed the amount owed to Buyers for Pre-Closing Taxes, the overage shall be applied to Working Capital or otherwise settled to Sellers.

(c) Buyer and Sellers' Agent shall cooperate fully, as and to the extent reasonably requested by the other, in connection with any Contest with respect to Straddle Period Tax Returns. Buyer will have control over any such Contest, through counsel of its own choosing, however, any expenses associated with such Contest shall be allocated between Sellers and Buyer based upon the percentage of Pre-Closing Tax liability to total Tax liability shown on such Straddle Period Tax Returns. Sellers shall also have the right to participate in such Contest through the Sellers' Agent and counsel of their choosing at their own expense.

(d) Upon the final resolution of liability for any Tax due on any Straddle Period Tax Return, including after resolution of any Contest, Sellers shall pay to Buyer any deficiency between the amount already paid by Sellers to Buyer pursuant to Section 6.02(b) above, and the Pre-Closing Taxes of the Company shown on such final Straddle Period Tax Returns.

(e) Any Tax refunds that are received by any Company that relates to the Straddle Period Tax Returns (net of any Tax cost and any other cost) shall be allocated between Sellers and Company based upon their respective percentage of taxes paid under Section 6.02(b) above; provided, however any Tax refund for a Straddle Period shall not be deemed to be for a Pre- Closing Tax Period on account of any carryover of a net operating loss, net capital loss, Tax credit, Tax basis or other Tax item arising from a Pre-Closing Tax Period. Buyer shall pay over to Sellers any such refund or the amount of any such credit within 15 days after receipt of such refund.

(f) Any disputes between the Sellers' Agent and Buyer with respect to the amount of taxes owing by the Sellers for such Straddle Period Tax Returns shall be resolved by the Independent Accountant, the cost of which shall be borne 50% by Sellers and 50% by Buyer.

Section 6.03 **Amendments**. Buyer shall not, and shall not cause or permit a Company after the Closing to amend any Pre-Closing Tax Returns in a manner that increases the tax liability of Sellers without the prior written consent of Sellers' Agent, which may not be unreasonably withheld, conditioned or delayed; provided, however, that no such approval of Sellers' Agent shall be necessary to amend any Pre-Closing Tax Returns to be consistent with the calculations of Taxes owing in the final settlement of the Known Tax Liabilities; provided further, however, that no such approval of Sellers' Agent shall be necessary to amend any Pre-Closing Tax Returns to the extent any such amendment is required as a result of the final resolution of liability for any Tax for any taxable period, by or as a result of (a) a final decision, judgment, decree or other order, if any, by any court of competent jurisdiction, or (b) a final settlement with the Internal Revenue Service, a closing agreement or accepted offer in compromise under Sections 7121 or 7122 of the Code, or a comparable agreement with any other taxing authority.

Section 6.04 **Survival.** The provisions of this Article VI shall terminate upon the 3 year anniversary of the Closing Date.

ARTICLE VII

PRE-CLOSING COVENANTS

Section 7.01 **Conduct of Business Prior to the Closing**. From the date hereof until the Closing, except as otherwise provided in this Agreement or consented to in writing by Buyer (which consent shall not be unreasonably withheld or delayed), Sellers shall, and shall cause the Companies to, (x) conduct their business in the ordinary course of business consistent with past practice but taking into account the Companies' growth and expansion in the projections provided to Buyer, including any new dispensaries; (y) use reasonable best efforts to maintain and preserve intact the current organization, business and franchise of the Companies and to preserve the rights, franchises, goodwill and relationships of its employees, customers, lenders, suppliers, regulators and others having business relationships with the Companies and (z) not cause or permit any Company to (i) declare, set aside, or pay any dividend or make any distribution with respect to its outstanding equity or redeem, purchase, or otherwise acquire any outstanding equity, or (ii) otherwise engage in any practice, take any action, or enter into any transaction of the sort described in Section 4.17 above. Without limiting the foregoing, from the date hereof until the Closing Date, the Sellers shall:

(a) cause the Companies to preserve and maintain all of its Permits, including the Cannabis Licenses;

(b) cause the Companies to pay their debts, Taxes and other obligations when due;

(c) cause the Companies to maintain the properties and assets owned, operated or used by Companies in the same condition as they were on the date of this Agreement, subject to reasonable wear and tear;

(d) cause the Companies to continue in full force and effect without modification all insurance policies identified in Section 4.13 of the Company Disclosure Schedules, except as required by applicable Law;

(e) cause the Companies to defend and protect their properties and assets from infringement or usurpation;

(f) cause the Companies to perform all of their obligations under all Contracts relating to or affecting its properties, assets or business;

(g) cause the Companies to maintain their books and records in accordance with past practice;

(h) cause the Companies to comply in all material respects with all applicable Laws; and

(i) cause the Companies not to take or permit any action that would cause any of the changes, events, or conditions described in Section 4.17 to occur.

Section 7.02 **Access to Information.** From the date hereof until the Closing, the Sellers shall, and shall cause the Companies to, (a) afford Buyer full and free access to and the right to inspect all of the properties, assets, premises, books and records, Contracts and other documents and data related to the Companies and Seller; (b) furnish Buyer with such financial, operating and other data and information related to the Companies and Sellers as Buyer may reasonably request; and (c) make the employees

of the Companies available for consultation and permit access to other third parties reasonably requested for verification of any information so obtained. Any investigation pursuant to this Section 7.02 shall be conducted in such manner as not to interfere unreasonably with the conduct of the Business of the Companies.

Section 7.03 Notice of Certain Events.

(a) From the date hereof until the Closing, the Sellers and the Companies shall promptly notify Buyer in writing of:

(i) any fact, circumstance, event or action the existence, occurrence or taking of which (A) has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (B) has resulted in, or could reasonably be expected to result in, any representation or warranty made by the Sellers or the Companies hereunder not being true and correct or (C) has resulted in, or could reasonably be expected to result in, the failure of any of the conditions set forth in Section 8.02 to be satisfied;

(ii) any notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by this Agreement;

(iii) any notice or other communication from any Governmental Authority in connection with the transactions contemplated by this Agreement; and

(iv) any Actions commenced or, to the Sellers' knowledge, threatened against, relating to or involving or otherwise affecting the Companies or Sellers that, if pending on the date of this Agreement, would have been required to have been disclosed pursuant to Section 4.05 or that relates to the consummation of the transactions contemplated by this Agreement.

(b) From the date hereof until the Closing, the Companies shall provide Buyer with (i) periodic updates to the Financial Statements on a monthly basis, and (ii) updates to any reports or lists provided hereunder as part of the Company Disclosure Schedules.

(c) Subject to subsection (d) below, Sellers and the Companies may deliver a supplement to the Sections of the Disclosure Schedule corresponding to Section 4 of this Agreement (each such Supplement, a "Supplemental Disclosure Schedule") to the Buyer with respect to any fact(s), circumstance(s) or matter(s) (A) that arises after the date of this Agreement, (B) that arises in the ordinary course of business and to which the Buyer's consent is not required pursuant to Section 7.01, and (C) that, if existing as of, or prior to, the date of this Agreement, would have been required to be set forth or described in the Disclosure Schedule. A Supplemental Disclosure Schedule shall be arranged in paragraphs and subparagraphs corresponding to the lettered and numbered paragraphs and subparagraphs contained in this Agreement, as applicable. A Supplemental Disclosure delivered pursuant to this Section 7.03(c) shall be deemed to be an amendment and supplement to the Disclosure Schedule, provided, however that no Supplemental Disclosure Schedule shall operate as a waiver of or cure any misrepresentation, breach of representation or warranty that exists as of the date of this Agreement, or any breach of covenant.

(d) If Buyer determines, in its reasonable discretion, that any information disclosed on a Supplemental Disclosure Schedule pursuant to this Section 7.03 (i) has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, or (ii) has resulted in, or could reasonably be expected to result in, any Loss to the Buyer or a Company in excess of US$500,000, then Buyer may elect, by written notice to the Companies and the Sellers, to terminate this Agreement pursuant to Section 10.01(b)(i).

Section 7.04 Governmental Approvals and Consents.

(a) The Sellers and Buyer shall cooperate in good faith with the Government Authorities and undertake promptly any and all action required to maintain or, if necessary, assign and transfer all Permits, including without limitation the Cannabis Licenses, such that such Permits may either continue to be held by the Companies following the Closing of the transactions contemplated hereby or such Permits may be held by Buyer as of the Closing, and complete lawfully the transactions contemplated by this Agreement as soon as practicable and any and all action necessary or advisable to avoid, prevent, eliminate or remove the actual or threatened commencement of any proceeding in any forum by or on behalf of any Government Authority, termination or revocation of any Permit, or the issuance of any Order that would delay, enjoin, prevent, restrain or otherwise prohibit the consummation of the transactions contemplated hereby. Buyer shall be solely responsible for and pay all filing fees payable to the Government Authorities in connection with the transactions contemplated by this Agreement.

(b) Sellers, the Companies and Buyer shall use reasonable best efforts to give all notices to, and obtain all consents from, all third parties that are described in Section 3.02, Section 4.04 and Section 5.02 of the Company Disclosure Schedules.

(c) Without limitation on the foregoing, to the extent permissible under applicable Law, with the assistance of Buyer, the Sellers shall cause each Company, immediately following the execution of this Agreement, to file applications with all necessary state and local authorities, and Buyer, with the cooperation of Seller, shall use commercially reasonable efforts to secure from the applicable licensing authorities to obtain on or prior to the Closing Date, the approval of each necessary state, local or municipal authorities to the change in the ownership of the Companies and the deemed transfer of any transferable Permits necessary to operate the Companies' cannabis business, resulting from the transactions contemplated hereby (the "Approval").

Section 7.05 Closing Conditions. From the date hereof until the Closing, each party hereto shall use reasonable best efforts to take such actions as are necessary to expeditiously satisfy the closing conditions set forth in Article VIII hereof.

Section 7.06 Public Announcements. No party to this Agreement shall issue any press release or make any public announcement relating to the subject matter of this Agreement without the prior written approval of the other parties (which consent shall not be unreasonably withheld or delayed), and the parties shall cooperate as to the timing and contents of any such announcement; provided, however, that any Party may make any public disclosure it believes in good faith is required by applicable Law or any listing or trading agreement concerning its publicly traded securities (in which case the disclosing Party will use its reasonable best efforts to advise the other Party and give it an opportunity to comment prior to making the disclosure).

Section 7.07 Exclusivity. Each of the Sellers shall not, and shall not authorize or permit any Company or any of the Company's or Seller's respective Affiliates, agents, officers or representatives to, directly or indirectly, (a) to take any action to initiate, assist, solicit, receive, negotiate, encourage or accept any offer or inquiry from any third party to engage in a business venture within the securities business or that relates to the Business; and (b) enter into any negotiations or agreements of any kind with any other Person with respect to a "Change of Control Transaction." For the purposes of this Agreement, a Change of Control Transaction shall mean any of the following: (i) a sale of a majority in value of the assets of the Companies; (ii) a sale to a third party of a majority of the outstanding shares of the capital stock of Companies; (iii) a sale of newly issued equity occurs that represents more than 25% of the outstanding value of equity of the Companies or more than 25% in number of outstanding shares of the Companies, or (iv) the Companies participates in a merger, sale or business combination with any Person other than Buyer.

Section 7.08 **Confidentiality**.

(a) Prior to the Closing, the parties hereto agree that this Agreement and the transactions contemplated hereby and all information exchanged in connection therewith (prior to termination of the transactions or the Closing) shall remain in strict confidence (except for necessary disclosure to each of the parties' directors, officers, employees, agents, lenders or representatives who need to know such information for the sole purpose of evaluating or pursuing the consummation of the transactions), other than such disclosure as either party is obligated to provide, upon the advice of its counsel, by Law, court order or regulatory requirement.

(b) From and after the Closing, Sellers' Agent and each Seller shall hold, and shall cause his, her or its Affiliates to hold, and each shall use his, her or its reasonable efforts to cause his, her or its respective representatives to hold, in confidence any and all non-public, confidential or proprietary information, whether written or oral, relating to Buyer, each Company and the Business that remains in or comes into his, her or its possession after the Closing including, without limitation: (i) trade secrets, technical information, information related to technology, software, source code, object code, web applications, samples, prototypes, designs, marketing information and systems, sales and procurement techniques, pricing information and calculators, market intelligence, financial information, business methods and systems, business processes, business models, operating procedures, operations manuals, and client and prospective client lists and information; (ii) any third-party information included with, or incorporated in, any of the foregoing; (iii) all notes, analyses, summaries and other materials prepared by or for any of Buyer, a Company, Sellers and Sellers' Agent or any of their respective representatives that contain, are based on or otherwise reflect, to any degree, any of the foregoing; and (iv) any other information that would reasonably be considered non-public, confidential or proprietary based on the nature of such information.

(c) The foregoing will not preclude Sellers' Agent or any Seller from (a) disclosing such confidential information if compelled or necessary to disclose the same by judicial or administrative process or by other requirements of law, including any legal action, suit or proceeding arising out of this Agreement (subject to the following sentence), or (b) discussing or using such confidential information if the same hereafter is in the public domain (other than as a result of a breach of this Section 7.08. If Seller's Agent or any Seller is requested or required (by oral questions, interrogatories, requests for information or other documents in legal, administrative, arbitration or other formal proceedings, subpoena, civil investigative demand or other similar process) to disclose any such confidential information, Sellers' Agent or Seller, as applicable, shall promptly notify Buyer of any such request or requirement so that Buyer may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Section 7.08. If, in the absence of a protective order or other remedy or the receipt of a waiver by Buyer, Sellers' Agent or any Seller is required to disclose such information, Sellers' Agent or such Seller, as applicable, may disclose that portion of such information that such Seller believes in good faith he, she or it is legally required to disclose. Sellers' Agent and Sellers shall be liable to Buyer for any breach of this Section 7.08 by any of their Affiliates or representatives.

Section 7.09 **Prohibition on Trading in Parent Shares**. From the date hereof until the Closing, Sellers shall not, and shall not permit any of their respective Affiliates to, directly or indirectly, purchase or sell any Common Shares, or any shares convertible or exchangeable for Common Shares, of Parent.

Section 7.10 **Replacement Guaranty**. The Sellers set forth on Schedule 7.10 are guarantors under the leases described in Schedule 7.10. Buyer shall execute and deliver to the applicable landlords described in Schedule 7.10, on or prior to the Closing Date, replacement guaranties as required by the landlords, and request that such landlords release Sellers from their guarantees prior to Closing. Buyer will indemnify and hold harmless the Sellers set forth on Schedule 7.10 from and against any and all Losses incurred or sustained by, or imposed upon the Sellers arising out of a claim by such landlords against Sellers under their guaranties at any time after the Closing Date or as a result of Buyer's failure to deliver the replacement guaranties to the landlords.

ARTICLE VIII

CONDITIONS TO CLOSING

Section 8.01 **Conditions to Obligations of All Parties.** The obligations of each party to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, at or prior to the Closing, of each of the following conditions:

(a) No Governmental Authority shall have enacted, issued, promulgated, enforced or entered any Order which is in effect and has the effect of making the transactions contemplated by this Agreement illegal, otherwise restraining or prohibiting consummation of such transactions or causing any of the transactions contemplated hereunder to be rescinded following completion thereof.

(b) The Companies and Sellers shall have received all consents, authorizations, orders and approvals from the Governmental Authorities referred to in Section 3.02, Section 4.04 and Section 7.04 and Buyer shall have received all consents, authorizations, orders and approvals from the Governmental Authorities referred to in Section 5.02 and Section 7.04, in each case, in form and substance reasonably satisfactory to Buyer and Seller, and no such consent, authorization, order and approval shall have been revoked.

Section 8.02 **Conditions to Obligations of Buyer.** The obligations of Buyer to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or Buyer's waiver, at or prior to the Closing, of each of the following conditions:

(a) Buyer shall have completed its due diligence investigation of the Companies and the Business, and shall, in its sole discretion, be satisfied with the results of such due diligence investigation;

(b) The representations and warranties of the Sellers and the Companies contained in this Agreement shall be true and correct in all respects (in the case of any representation or warranty qualified by materiality or Material Adverse Effect) or in all material respects (in the case of any representation or warranty not qualified by materiality or Material Adverse Effect) on and as of the date hereof and on and as of the Closing Date with the same effect as though made at and as of the Closing Date (except those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects);

(c) The Sellers and the Companies shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement to be performed or complied with by it prior to or on the Closing Date;

(d) No Action shall have been commenced against Buyer, Parent, the Sellers or the Companies, which would prevent the Closing. No injunction or restraining order shall have been issued by any Governmental Authority, and be in effect, which restrains or prohibits any transaction contemplated hereby;

(e) Buyer shall have received a certificate, dated the Closing Date and signed by a duly authorized officer of each Company and Sellers' Agent, that each of the conditions set forth in Section 8.02(b) and 8.02(c) have been satisfied.

(f) All approvals, consents and waivers that are listed on Section 3.02 and Section 4.04 of the Company Disclosure Schedules shall have been received, and executed counterparts thereof shall have been delivered to Buyer at or prior to the Closing;

(g) The Companies continue to hold all Permits, licenses (including any Cannabis Licenses), operating authorities, and the like, and such Permits, licenses and authorities (including the Cannabis Licenses) are not subject to termination or cancellation as a result of the Closing, in a manner sufficient to enable Buyer, as the owner of the Companies, to operate the Business as presently conducted and that provides Buyer with actual and financial control of the Companies and the Business. For avoidance of doubt, but subject to Section 7.01 hereunder, (i) nothing in this condition obligates Sellers or Companies to obtain any additional Permits, licenses and authorities (including Cannabis Licenses), that any such Company has not already obtained as of Closing, and (ii) with respect to BTHHM, Closing will be subject to BTHHM continuing to be one of six companies approved by the City of Berkeley to open a dispensary in the City subject only to location approval from the Berkeley City Council, and subsequent confirmation or approval of ownership change in the BTHHM entity by the City of Berkeley;

(h) From the date of this Agreement, there shall not have occurred any Material Adverse Effect, nor shall any event or events have occurred that, individually or in the aggregate, with or without the lapse of time, could reasonably be expected to result in a Material Adverse Effect;

(i) The Buyer shall have entered into employment agreements with Key Personnel of the Companies substantially in the forms attached as Exhibit D;

(j) The Buyer and Parent shall have received approval for the transactions contemplated by this Agreement from their respective Board of Directors;

(k) The Closing has occurred under the San Francisco SPA (as defined in the San Francisco SPA);

(l) An Affiliate of Buyer shall have entered into a definitive agreement with all of the entities comprising the Apothecarium business in Nevada to acquire the outstanding shares or assets of such businesses; and

(m) The Buyer shall have received all of the deliveries set forth in Section 2.08(a) herein.

Section 8.03 Conditions to Obligations of the Sellers and the Companies. The obligations of the Sellers and the Companies to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or waiver by the Sellers and the Companies, at or prior to the Closing, of each of the following conditions:

(a) The representations and warranties of Buyer contained in this Agreement shall be true and correct in all respects (in the case of any representation or warranty qualified by materiality or Material Adverse Effect) or in all material respects (in the case of any representation or warranty not qualified by materiality or Material Adverse Effect) on and as of the date hereof and on and as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects).

(b) Buyer and Parent shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement to be performed or complied with by it prior to or on the Closing Date.

(c) No injunction or restraining order shall have been issued by any Governmental Authority, and be in effect, which restrains or prohibits any material transaction contemplated hereby.

(d) All approvals, consents and waivers that are listed on Section 5.02 of this Agreement or Section 5.02 of the Buyer Disclosure Schedules shall have been received, and executed counterparts thereof shall have been delivered to the Companies at or prior to the Closing;

(e) The Companies shall have received a certificate, dated the Closing Date and signed by a duly authorized officer of Buyer, that each of the conditions set forth in Section 8.03(a) and Section 8.03(b) have been satisfied.

(f) From the date of this Agreement, there shall not have occurred any material adverse event in the business, results of operations, prospects, condition (financial or otherwise) or assets of Parent's business.

(g) The Sellers shall have received all of the deliveries set forth in Section 2.08(b) and (c) herein.

ARTICLE IX

INDEMNIFICATION

Section 9.01 Survival of Representations and Covenants. Subject to the limitations and other provisions of this Agreement, the representations and warranties contained in Article III, Article IV and Article V herein shall survive the Closing and shall remain in full force and effect until the date that is eighteen (18) months from the Closing Date; provided, however that (i) the Special Representations shall survive until the expiration of the applicable statute of limitations, (ii) the representations and warranties in Section 4.12 shall survive for a period of three (3) years from the Closing Date, and (iii) any claims arising from fraud shall survive the Closing Date indefinitely subject to any applicable statute of limitations that may apply after discovery of such fraud. All of the covenants or other agreements contained in this Agreement shall survive the Closing Date indefinitely or for the period contemplated by their respective terms. Notwithstanding the foregoing, any claims asserted in good faith with reasonable specificity (to the extent known at such time) and in writing by notice from the non-breaching Party to the breaching Party prior to the expiration date of the applicable survival period shall not thereafter be barred by the expiration of such survival period and such claims shall survive until finally resolved. The right to indemnification, payment of damages or other remedy based on any representations, warranties, covenants and obligations contained in this Agreement shall not be affected by and will survive any investigation conducted with respect to, or any knowledge acquired (or capable of being acquired) at any time, whether before or after the Closing Date, with respect to the accuracy or inaccuracy or compliance with, any such representation, warranty, covenant or obligation.

Section 9.02 Indemnification By Sellers. Subject to the limitations and other terms and conditions of this Article IX, including the caps on liability set forth in Section 9.04, Sellers and the Seller Principals, jointly and severally, shall indemnify Buyer, Parent and their respective Affiliates (including, after the Closing, the Companies) (collectively, the "Buyer Indemnified Parties") against, and shall hold the Buyer Indemnified Parties harmless from and against, any and all claims, judgments, damages, liabilities, settlements, losses, costs and expenses, including reasonable attorneys' fees and disbursements (a "Loss"), incurred or sustained by, or imposed upon, any of the Buyer Indemnified Parties based upon, arising out of, with respect to or by reason of:

(a) any breach of any of the representations or warranties made by a Company contained in Article IV of this Agreement;

(b) any breach of any of the representations or warranties made by a Seller contained in Article III of this Agreement;

(c) any breach or violation of, or failure to fully perform, any covenant, agreement, undertaking or obligation to be performed by Sellers or Company contained in Article II, Article VII, or Article XI of this Agreement;

(d) any breach or violation of, or failure to fully perform, any covenant, agreement, undertaking or obligation in Article VI;

(e) (i) all Taxes of the Companies or a Seller or relating to the business of the Companies for all Pre-Closing Tax Periods, including the Known Tax Obligations; (ii) all Taxes of any member of an affiliated, consolidated, combined or unitary group of which the Companies (or any predecessor thereto) is or was a member on or prior to the Closing Date by reason of a liability under Treasury Regulation Section 1.1502-6 or any comparable provisions of foreign, state or local Law; and (iii) any and all Taxes of any person imposed on the Companies or a Seller arising under the principles of transferee or successor liability or by contract, relating to an event or transaction occurring before the Closing Date; provided, however, that this covenant shall expire on the third (3rd) anniversary of the Closing Date; or

(f) any Indebtedness or Transaction Expenses not paid in accordance with Section 2.04 and Section 2.08(c) hereunder;

(g) the Excise Tax Liability;

(h) the matters set forth on Schedule 9.02(h); and

(i) the matters set forth on Schedule 9.02(i).

Section 9.03 Indemnification By Parent and Buyer. Subject to the limitations and other terms and conditions of this Article IX, Parent and Buyer, jointly and severally, shall indemnify Sellers against, and shall hold the Sellers harmless from and against, any and all Losses incurred or sustained by, or imposed upon, Sellers based upon, arising out of, with respect to or by reason of:

(a) any breach of any of the representations or warranties of Buyer contained in Article V of this Agreement;

(b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by Buyer or Parent contained in Article II, Article VII, or Article XI of this Agreement.

Section 9.04 Limitations on Indemnity; Requirements. The indemnification provided for in Sections 9.02 and 9.03 shall be subject to the following requirements and limitations:

(a) All amounts owing to any Buyer Indemnified Party for indemnification for Losses (regardless of the Company or Seller that is the cause of the Loss) will be first paid through distributions from the Escrow Amount until the Escrow Amount is reduced to zero. After the Escrow Amount has been reduced to zero, and subject to the other limitations and caps set forth in this Section 9.04 and notwithstanding any language in this Agreement to the contrary, a Buyer Indemnified Party shall have the right to seek to satisfy such additional Losses by asserting any such claims only against the Sellers or Seller Principals of the Company giving rise to such Loss or, in its discretion, set-off such Losses against any other payments due such Company's Sellers or Seller Principals.

(b) Except in the case of: (i) a breach of a Fundamental Representation; or (ii) fraud, Sellers' aggregate indemnification obligation for Losses pursuant to Section 9.02(a) and 9.02(h) of this Agreement shall be capped at a dollar amount equal to the Base Escrow.

(c) Except in the case of: (i) a breach of a Fundamental Representation; or (ii) fraud, Sellers' aggregate indemnification obligation for Losses pursuant to Section 9.02(d), 9.02(e) or 9.02(g) shall be capped at a dollar amount equal to the Tax Escrow.

(d) Except in the case of fraud, which shall have no cap, and subject to the cap limitations set forth in Section 9.04(b) and Section 9.04(c) above, the maximum liability of any individual Seller or Seller Principal with respect to any indemnification obligation for Losses arising under this Agreement shall not exceed such Seller's or Seller Principal's pro rata portion of the Purchase Price hereunder.

(e) Except in the case of: (i) a breach of a Buyer and Parent Fundamental Representation; or (ii) fraud, Buyer and Parent's aggregate indemnification obligation for Losses pursuant to Section 9.03(a) of this Agreement shall be capped at a dollar amount equal to the Base Escrow, and the maximum aggregate liability of Buyer and Parent with respect to any indemnification obligation for Losses shall not exceed the Purchase Price hereunder.

Section 9.05 Indemnification Procedures.

(a) Whenever any claim shall arise for indemnification hereunder, the party entitled to indemnification (the "Indemnified Party") shall promptly provide written notice of such claim to the other party (the "Indemnifying Party"). The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party is actually prejudiced by reason of such delay or failure.

(b) In connection with any claim giving rise to indemnity hereunder resulting from or arising out of any Action by a person or entity who is not a party to this Agreement (a "Third Party Claim"), the Indemnifying Party, at its sole cost and expense and upon written notice to the Indemnified Party, may assume the defense of any such Action with counsel reasonably satisfactory to the Indemnified Party. The Indemnified Party shall be entitled to participate in the defense of any such Action, with its counsel and at its own cost and expense. If the Indemnifying Party does not assume the defense of any such Action, the Indemnified Party may, but shall not be obligated to, defend against such Action in such manner as it may deem appropriate, including, but not limited to, settling such Action, after giving notice of it to the Indemnifying Party, on such terms as the Indemnified Party may deem appropriate and no action taken by the Indemnified Party in accordance with such defense and settlement shall relieve the Indemnifying Party of its indemnification obligations herein provided with respect to any damages resulting therefrom. The Indemnifying Party shall not settle any Action without the Indemnified Party's prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed).

(c) Any Action by an Indemnified Party on account of a Loss which does not result from a Third Party Claim (a "Direct Claim") shall be asserted by the Indemnified Party giving the Indemnifying Party notice that describes the Direct Claim in reasonable detail, shall include copies of all material written evidence thereof and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have 30 days after its receipt of such notice to respond in writing to such Direct Claim. The Indemnified Party shall allow the Indemnifying Party and its professional advisors to investigate the matter or circumstance alleged to give rise to the Direct Claim, and whether and to what extent any amount is payable in respect of the Direct Claim and the Indemnified Party shall assist the Indemnifying Party's investigation by giving such information and assistance (including access to personnel and the right to examine and copy any accounts, documents or records) as the Indemnifying Party or any of its professional advisors may reasonably request. If the Indemnifying Party does not so respond within such 30 day period, the Indemnifying Party shall be deemed to have approved such claim, subject to the limitations set forth in Section 9.04, in which case the Indemnified

Party shall be free to pursue such remedies as may be available to the Indemnified Party, including causing such Loss to be paid from the Escrow, on the terms and subject to the provisions of this Agreement.

Section 9.06 Tax Treatment of Indemnification Payments. All indemnification payments made under this Agreement shall be treated by the parties as an adjustment to the Purchase Price for Tax purposes, unless otherwise required by law.

Section 9.07 Calculation of Losses. All Losses payable to an Indemnified Party under this Article 9 shall be calculated without duplication, including as to amounts included in the calculation of Closing Working Capital and part of the final Closing Adjustments under Section 2.03.

Section 9.08 Materiality. For all purposes of this Article IX only (including any determination as to whether there has been a breach with respect to a representation or warranty and the determination of the amount of Losses resulting therefrom), all representations and warranties shall be construed as if all limitations and qualifications as to "materiality" had been omitted.

Section 9.09 Cumulative Remedies. The rights and remedies provided in this Article IX are cumulative and are in addition to and not in substitution for any other rights and remedies available at law or in equity or otherwise.

ARTICLE X

TERMINATION

Section 10.01 Termination. This Agreement may be terminated at any time prior to the Closing:

(a) by the mutual written consent of the Sellers and Buyer;

(b) by Buyer by written notice to the Companies and Sellers if:

(i) Buyer is not then in material breach of any provision of this Agreement and there has been a breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by the Companies or a Seller pursuant to this Agreement that would give rise to the failure of any of the conditions specified in Article VIII and such breach, inaccuracy or failure has not been cured by the Companies or such Seller within ten (10) days of the Companies' receipt of written notice of such breach from Buyer; or

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(ii) any of the conditions set forth in Section 8.01 or Section 8.02 shall not have been, or, if in Buyer's discretion exercised in good faith, it becomes apparent that any of such conditions will not be, fulfilled by September 30, 2019, unless such failure shall be due to the failure of Buyer to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it prior to the Closing, or unless such failure is due to a delay caused by a Governmental Authority;

(c) by the Companies and Sellers by written notice to Buyer if:

(i) the Companies and Sellers are not then in material breach of any provision of this Agreement and there has been a breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by Buyer pursuant to this Agreement that would give rise to the failure of any of the conditions specified in Article VIII and such breach, inaccuracy or failure has not been cured by Buyer within ten (10) days of Buyer's receipt of written notice of such breach from the Companies and Sellers; or

(ii) any of the conditions set forth in Section 8.01 or Section 8.03 shall not have been, or if, if in the Companies' and the Sellers' discretion exercised in good faith, it becomes apparent that any of such conditions will not be, fulfilled by September 30, 2019, unless such failure shall be due to the failure of the Companies or a Seller to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it prior to the Closing, or unless such failure is due to a delay caused by a Governmental Authority; or

(d) by Buyer or the Companies in the event that (i) there shall be any Law that makes consummation of the transactions contemplated by this Agreement illegal or otherwise prohibited or (ii) any Governmental Authority shall have issued an Order restraining or enjoining the transactions contemplated by this Agreement, and such Order shall have become final and non-appealable.

Section 10.02 Effect of Termination. In the event of the termination of this Agreement in accordance with this Article, this Agreement shall forthwith become void and there shall be no liability on the part of any party hereto except:

(a) as set forth in this Article X and Section 7.08 (Confidentiality) and Article XII hereof; and

(b) if this Agreement is terminated by a party because of a material breach of the Agreement by another party or because one or more of the conditions to the terminating party's obligations under this Agreement is not satisfied as a result of another party's failure to comply with its obligations under this Agreement, the terminating party's right to pursue all legal remedies will survive such termination unimpaired; provided further, each Seller agrees that the remedy of damages at law for the material breach by any of them of any of this Agreement leading to termination may be an inadequate remedy and the parties agree that in addition to any other remedies or relief that may be available to the Buyer, Buyer shall be entitled to seek a decree or order of specific performance or mandamus to enforce the observance and performance of the provisions of this Agreement. The parties agree that both damages and specific performance shall be proper modes of relief and are not to be considered alternative remedies.

Section 10.03 Reverse Termination Fee. In the event that this Agreement is terminated by the Companies or Sellers as a result of Buyer's breach of this Agreement by failing to pay the Purchase Price under the terms of this Agreement, unless the failure to do so is as a result of a breach of any representation, warranty or covenant of Sellers contained in this Agreement, or as a result of a failure of any of the Seller's Conditions to Closing set forth in Sections 8.01 and 8.02 hereof, then Buyer shall pay to the Companies a reverse termination fee equal to US$447,375 (the "Reverse Termination Fee"). Any payment required to be made pursuant to this Section 10.03 shall be made to Companies promptly following termination of this Agreement (and in any event not later than five (5) Business Days after such termination) and such payment

shall be made by wire transfer of immediately available funds to an account to be designated by the Companies. The parties hereto acknowledge that the damages resulting from termination of this Agreement under circumstances in which the Reverse Termination Fee is payable are uncertain and incapable of accurate calculation and that the amounts payable pursuant to this Section 10.03 are reasonable forecasts of the actual damages which may be incurred, and in the event that the Companies shall receive full payment pursuant to this Section 10.03, the receipt of the Reverse Termination Fee shall be deemed to be liquidated damages, and not a penalty, for any and all losses or damages suffered or incurred by the Companies, the Sellers and any of its and their Affiliates or any other Person in connection with Buyer's breach of this Agreement (and the termination hereof) by failing to pay the Purchase Price under the terms of this Agreement, and upon such payment of such amount none of Buyer or any of its Affiliates, including Parent, shall have any further liability or obligation relating to Sellers or any Company arising out of the termination of this Agreement as a result of Buyer's breach of this Agreement by failing to pay the Purchase Price hereunder. Nothing in this Section 10.03 limits Companies' or Sellers' ability to reject the Reverse Termination Fee in the event of fraud by Buyer, or pursue any independent cause of action against Parent with respect to a breach of the Confidentiality Agreement between Parent and the Companies.

ARTICLE XI

POST-CLOSING COVENANTS

Section 11.01 [Reserved]

Section 11.02 Release.

(a) Effective upon the Closing, each Seller, on behalf of itself and its respective Affiliates, each Seller Principal, and each of their respective successors and assigns (each, a "Releasing Party"), knowingly, voluntarily and unconditionally releases, acquits and forever discharges, to the fullest extent permitted by Law, Buyer, Parent, each Company and each of their respective predecessors, successors, parents, subsidiaries and other Affiliates, and all of their current and former officers, directors, partners, employees, agents, and representatives (each, a "Released Party") of, from and against any and all claims, causes of action, demands, suits, debts, obligations, liabilities, damages, losses, costs, and expenses (including reasonable attorneys' fees) of every kind or nature whatsoever, known or unknown, actual or potential, suspected or unsuspected, fixed or contingent, that such Released Party ever had, has or may have, now or in the future, arising out of or relating to ownership of the Units or the operation of the Business (collectively, the "Released Claims"); provided, however, that this release does not extend to any claim arising out of or related to a Party's obligations under this Agreement, or to enforce such Releasing Party's rights under this Agreement. The foregoing release shall be binding on Seller, each Seller Principal, and each of their successors, assigns, creditors, representatives, guardians, trustees and any other Person claiming by, through or in right of a Seller or a Seller Principal. Each Releasing Party represents it has not assigned any such claims to any third party prior to the date hereof and will not assign any such claims after the date hereof. Each Releasing Party agrees not to, and agrees to cause, as applicable, its Affiliates and each of their respective successors and assigns, not to, assert any such claims against the Released Parties.

(b) Each Releasing Party agrees it shall not, and no one on its behalf shall, assert or file any claim, complaint, charge, suit or action against any Released Party arising out of any matter released pursuant to this Section 11.02. In the event that any claim, complaint, charge, suit or action is asserted or filed against a Released Party in breach hereof, such Released Party shall be entitled to recover its costs, fees or expenses, including reasonable attorneys' fees and costs at trial and on appeal, incurred in defending against such action from the Releasing Party.

(c) Each Releasing Party acknowledges that it may hereafter discover facts different from, or in addition to, those which it now believes to be true with respect to any and all of the claims released in this Section 11.02, and no such additional fact shall affect the validity or enforceability of the releases contained in this Section 11.02.

(d) Each Releasing Party acknowledges that it is fully informed and aware of its rights to receive independent legal advice regarding the advisability of the releases contemplated hereby and has received such independent legal advice with regard to the advisability thereof. Releasing Party further acknowledges that it: (i) has made an investigation of the facts pertaining to the releases contemplated hereby as it has deemed necessary, and (ii) has not relied upon any statement or representation of others.

(e) Each Releasing Party shall be deemed to relinquish, to the extent it is applicable, and to the full extent permitted by law, the provisions, rights, and benefits of Section 1542 of the California Civil Code, which provides:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

Each Releasing Party shall be deemed to relinquish, to the extent applicable, and to the full extent permitted by law, the provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to California Civil Code Section 1542.

Section 11.03 Further Assurances. Following the Closing, each of the parties hereto shall, and shall cause their respective Affiliates to, execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement.

ARTICLE XII

MISCELLANEOUS

Section 12.01 Sellers' Agent.

(a) The Sellers, pursuant to this Agreement, hereby appoint Michael Thomsen as the Sellers' Agent, who shall be the Sellers' representative and attorney-in-fact for each Seller. The Sellers' Agent shall have the authority to act for and on behalf of each of the Sellers, including without limitation, to amend this Agreement, to give and receive notices and communications, waivers and consents under this Agreement, to act on behalf of the Sellers with respect to any matters arising under this Agreement, to authorize delivery to the Buyer of cash and other property, to object to such deliveries, to agree to, negotiate, enter into settlements and compromises of, and commence, prosecute, participate in, settle, dismiss or otherwise terminate, as applicable, lawsuits and claims, mediation and arbitration proceedings, and to comply with orders of courts and awards on behalf of courts, mediators and arbitrators with respect to such suits, claims or proceedings, and to take all actions necessary or appropriate in the judgment of the Sellers' Agent for the accomplishment of the foregoing. In addition to and in furtherance of the foregoing, the Sellers' Agent shall have the right to (i) employ accountants, attorneys and other professionals on behalf of the Sellers, and (ii) incur and pay all costs and expenses related to (A) the performance of its duties and obligations as the Sellers' Agent hereunder, and (B) the interests of the Sellers under this Agreement. The Sellers' Agent shall for all purposes be deemed the sole authorized agent of the Sellers until such time as the agency is terminated with notice to the Buyer. Such agency may be changed by the Sellers from time to time upon not less than thirty (30) days prior written

notice to the Buyer; provided, however, that the Sellers' Agent may not be removed unless Sellers holding the right to receive a majority of the Purchase Price (" Sellers Majority") agree to such removal and to the identity of the substituted Sellers' Agent. Any vacancy in the position of the Sellers' Agent may be filled by approval of a Sellers Majority. No bond shall be required of the Sellers' Agent, and the Sellers' Agent shall not receive compensation for its services. Notices or communications to or from the Sellers' Agent shall constitute notice to or from each of the Sellers during the term of the Agreement.

(b) The Sellers' Agent shall not incur any liability with respect to any action taken or suffered by him or omitted hereunder as Sellers' Agent while acting in good faith and in the exercise of reasonable judgment. The Sellers' Agent may, in all questions arising hereunder, rely on the advice of counsel and other professionals and for anything done, omitted or suffered in good faith by the Sellers' Agent based on such advice and the Sellers' Agent shall not be liable to anyone. The Sellers' Agent undertakes to perform such duties and only such duties as are specifically set forth in this Agreement, and no covenants or obligations shall be implied under this Agreement against the Sellers' Agent; provided, however, that the foregoing shall not act as a limitation on the powers of the Sellers' Agent determined by him to be reasonably necessary to carry out the purposes of his obligations. The Sellers shall severally and pro-rata, in accordance with their respective pro-rata share of the Purchase Price, indemnify the Sellers' Agent and hold him harmless against any loss, liability or expense incurred without gross negligence or bad faith on the part of the Sellers' Agent and arising out of or in connection with the acceptance or administration of his duties under this Agreement. Specifically, each Seller hereby agrees to reimburse the Sellers' Agent for his pro rata share of any reasonable and documented costs or expenses (including attorneys' fees) incurred by the Sellers' Agent in pursuing a dispute pursuant this Agreement.

(c) A decision, act, consent or instruction of the Sellers' Agent shall constitute a decision, act, consent or instruction from all of the Sellers and shall be final, binding and conclusive upon each of the Sellers. The Buyer may rely upon any such decision, act, consent or instruction of the Sellers' Agent as being the decision, act, consent or instruction of every such Seller. The Buyer is hereby relieved from any liability to any person for any acts done by it in accordance with such decision, act, consent or instruction of the Sellers' Agent. In furtherance of the foregoing, any reference to a power of the Sellers under this Agreement, to be exercised or otherwise taken, shall be a power vested in the Sellers' Agent.

Section 12.02 **Expenses**. All costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses, whether or not the Closing shall have occurred; provided however that, upon the Closing, any of Companies' costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby that are not paid at or prior to Closing shall be included within the determination of the Closing Working Capital.

Section 12.03 **Further Assurances.** Following the Closing, each of the parties hereto shall, and shall cause their respective Affiliates to, execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement.

Section 12.04 **Notices**. All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next business day if sent after normal business hours of the recipient or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 12.03):

If to Sellers:

[Name of Seller]
Attn: Michael Thomsen, Sellers' Agent
[***]

If to Companies prior to the Closing:

Michael Thomsen
[***]

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with a copy to:

Lara L. DeCaro
Leland, Parachini, Steinberg, Matzger & Melnick LLP
199 Fremont Street 21st Floor
San Francisco, CA 94105
Telephone: 415.957.1800Email: ldecaro@lpslaw.com

and;

Beau Epperly
Epperly | Elam, LLP
c/o: Beau Epperly
88 Kearny Street, Suite 1850
San Francisco, CA 94108

If to Buyer or Parent:

TerrAscend Corp.
P.O. Box 43125
Mississauga, ON
L5C 1W2
Canada
Attention: Matthew Johnson, President
[***]

with a copy to:

Fox Rothschild LLP
2000 Market Street, 20th Floor
Philadelphia, PA 19103-3222
USA
Attention: Stephen M. Cohen, Esq.
Facsimile: (215) 299-2150
E-mail: smcohen@foxrothschild.com

And

Fox Rothschild LLP
1001 Fourth Avenue, Suite 4500
Seattle, WA 98154
Attention: Erin Joyce Letey
Facsimile: (206) 389-1585
E-mail: eletey@foxrothschild.com

Section 12.05 **Headings**. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

Section 12.06 **Severability**. If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties hereto shall negotiate in good faith to modify the Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

Section 12.07 **Entire Agreement**. This Agreement and the documents to be delivered hereunder constitute the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein, and supersede all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter. In the event of any inconsistency between the statements in the body of this Agreement and those in documents to be delivered hereunder, the Exhibits and Company Disclosure Schedules (other than an exception expressly set forth as such in the Company Disclosure Schedules), the statements in the body of this Agreement will control.

Section 12.08 **Successors and Assigns**. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither party may assign its rights or obligations hereunder without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed. No assignment shall relieve the assigning party of any of its obligations hereunder.

Section 12.09 **No Third-Party Beneficiaries**. Except as provided in Article XI, this Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 12.10 **Amendment and Modification**. This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each party hereto.

Section 12.11 **Waiver**. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

Section 12.12 **Governing Law**. This Agreement shall be governed by and construed in accordance with the internal laws of the State of California without giving effect to any choice or conflict of law provision or rule (whether of the State of California or any other jurisdiction).

Section 12.13 **Mandatory Arbitration**. Except for any claim for injunctive relief under Section 12.14 below, any controversy or claim between or among the parties arising out of or relating to this Agreement shall be determined exclusively by binding arbitration in accordance with the Commercial Arbitration Rules of the JAMS (the "Rules"). The arbitration shall be heard by one arbitrator to be selected in accordance with the Rules at the offices of the JAMS in San Francisco, California, unless the parties mutually agree otherwise. The parties shall share the costs of the arbitration equally; however, each party shall be responsible for its own attorneys' fees and other costs and expenses. The parties waive the right, if any, to obtain any award for exemplary or punitive damages or any other amount for the purpose of imposing a penalty from the other in any arbitration or judicial proceeding or other adjudication arising out of or relating to this Agreement, or any breach hereof, including any claim that this Agreement, or any part of it, is invalid, illegal or otherwise voidable or void. The decision of the arbitrator shall be final and conclusive upon all parties. If for some reason a court determines not to enforce the mandatory arbitration provision in Section 12.13 of this Agreement, or either Party brings an action for injunctive relief under Section 12.14, then the exclusive jurisdiction and venue for any dispute between the parties shall be the courts for the State of California located in the City or County of San Francisco.

Section 12.14 **Equitable Relief**. Each party agrees that where this Agreement entitles a party to seek injunctive relief, specific performance or other equitable relief, each party expressly waives any right to claim that any breach of this Agreement is adequately compensable in monetary damages and waives any requirement to post a bond and shall reimburse the non-breaching party for its reasonable attorney's fees and costs incurred in obtaining any such relief.

Section 12.15 **Counterparts**. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

[Signatures to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Securities Purchase Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

COMPANIES

BTHHM BERKELEY, LLC

By: /s/ *Ryan Hudson*
Name: Ryan Hudson
Title: CEO

PNB NORIEGA, LLC

By: /s/ *Ryan Hudson*
Name: Ryan Hudson
Title: CEO

V PRODUCTS, LLC

By: /s/ *Brian Scott*
Name: Brian Scott
Title: President

SELLERS AND SELLER PRINCIPALS:

/s/ *Michael Thomsen*
Michael Thomsen

/s/ *Ryan Hudson*
Ryan Hudson

/s/ *Arion Luce*
Arion Luce

BUYER:

WDB HOLDING CA, INC.

By: /s/ *Matthew Johnson*
Name: Matthew Johnson
Title: President, WDB Holding CA, Inc.

PARENT:

TERRASCEND CORP.

By: /s/ *Michael Nashat*
Name: Michael Nashat
Title: CEO, TerrAscend Corp.

/s/ *Anthony Shira*
Anthony Shira

/s/ *Jamie Shira*
Jamie Shira

/s/ *Bianca Blesching*
Bianca Blesching

/s/ *Scott Hawkins*
Scot Hawkins

/s/ *Brian Scott*
Brian Scott

/s/ *Shawn Darling*
Shawn Darling

/s/ *Andrew Bulfer III*
Andrew Bulfer III

MICHAIL FAMILY 2004 LIVING TRUST

/s/ *David Michail*
By: David Michail
Title: Trustee

PNB Berkeley, LLC

/s/ *Ryan Hudson*
By Ryan Hudson
Title: CEO

Exhibit A

Schedule of Sellers

[***]

[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]

[***]

[***]	[***]	[***]
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[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]

[***]

Exhibit B

Known Tax Obligations

None.

Permitted Encumbrances

None.

Exhibit C

Escrow Agreement

[***]

Exhibit D

Form of Employment Agreement

[***]

Exhibit E

Form of Non-Compete

[***]

Exhibit 2.3

CERTAIN CONFIDENTIAL INFORMATION (MARKED BY BRACKETS AS "[***]") HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED.

EXECUTION COPY

SECURITIES PURCHASE AGREEMENT

By and Among

RHMT, LLC ("RHMT"),

Deep Thought, LLC ("Deep Thought"),

Howard Street Partners, LLC ("Howard Street"),

(RHMT, Deep Thought and Howard Street Partners are each a "Company" and collectively the "Companies"),

the limited liability company interest holders of each of the Companies set forth on the Schedule of Sellers attached hereto (each a "Seller" and collectively the "Sellers")

Michael Thomsen, as the Sellers' Agent ("Sellers' Agent"), and

TerrAscend Corp. ("Parent")

and
WDB Holding CA, Inc.
("Buyer")

February 10, 2019

SECURITIES PURCHASE AGREEMENT

This Securities Purchase Agreement (this "Agreement"), dated as of February 10, 2019, is entered into by and among RHMT, LLC, a California limited liability company ("RHMT"), Deep Thought, LLC, a California limited liability company ("Deep Thought"), and Howard Street Partners, LLC, a California limited liability company ("Howard Street") (RHMT, Deep Thought and Howard Street are each a "Company" and collectively the "Companies"), the holders of the outstanding securities of each of the Companies set forth on the Schedule of Sellers attached hereto as Exhibit A (each a "Seller" and collectively the "Sellers"), TerrAscend Corp., a corporation incorporated under the *Business Corporations Act* (Ontario) ("Parent"), WDB Holding CA, Inc., a Delaware corporation and wholly-owned subsidiary of Parent ("Buyer"), and Michael Thomsen, an individual residing in the State of California, as agent for the Sellers (the "Sellers' Agent").

RECITALS

WHEREAS, each Company is engaged in the business of selling, and dispensing cannabis and cannabis-related products, accessories and branded merchandise in California under the trade name "The Apothecarium" (collectively, the "Business");

WHEREAS, Sellers currently collectively own 100% of the issued and outstanding equity of the Companies, which, for each Company consists of (i) 49.9 common units, representing 49.9% of the outstanding equity interests in the Company, (ii) 50.1 three percent (3%) preferred units, representing 50.1% of the outstanding equity interests in the Company and (iii) a 15% unsecured promissory note from the Company to the Sellers, owned by the Sellers based on their percentage interest in such Company.

WHEREAS, Buyer wishes to purchase, and the Sellers desire to sell to Buyer, for each Company: (i) all of the outstanding common units held by each Seller and (ii) the outstanding promissory note held by Sellers.

WHEREAS, concurrently with the execution of this Agreement, Buyer is entering into a stock purchase agreement (the "No.Cal SPA") to purchase certain limited liability company units and other securities of BTHHM Berkeley, LLC PNB Noriega LLC, and V Products LLC (the "No.Cal Companies"), and a stock purchase agreement (the "Las Vegas SPA") to purchase the outstanding limited liability units of Gravitas Ltd. (the "Las Vegas Company") each of which (other than V Products) is also engaged in the business of selling, and dispensing cannabis and cannabis-related products, accessories and branded merchandise under the trade name "The Apothecarium," or, with respect to V Products, is in engaged in the manufacture of cannabis edibles under the trade name "Valhalla";

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS

Section 1.01 **Defined Terms**. The following terms have the meanings specified or referred to in this Article I:

(a) "Action" means any claim, action, cause of action, Product Claim, demand, lawsuit, arbitration, inquiry, audit, notice of violation, proceeding, litigation, citation, deficiency notice, summons, subpoena or investigation of any nature, civil, criminal, administrative, regulatory or otherwise, whether at law or in equity.

(b) "Affiliate" means, with respect to any specified Person, any other Person who, directly or indirectly, controls, is controlled by, or is under common control with such Person, including, without limitation, any general partner, managing member, officer or director of such Person or any venture capital fund now or hereafter existing that is controlled by one or more general partners or managing members of, or shares the same management company with, such Person.

(c) "Base Escrow" means US$[***], in cash, available to satisfy indemnification owed by the Sellers and Seller Principals to Buyer Indemnified Parties under Section 9 of this Agreement. The Base Escrow amount will be calculated at closing and equal 7.5% of the Purchase Price pursuant to Section 2.02 hereunder *plus* 7.5% of the purchase price under Section 2.02(a) of the No. Cal SPA.

(d) "Board of Directors" with respect to each Company, means Michael Thomsen, Ryan Hudson, Matthew Johnson, Heather Molloy and Adam Kozak.

(e) "Business Day" means any day except Saturday, Sunday or any other day on which commercial banks located in San Francisco, California or Toronto, Ontario are authorized or required by Law to be closed for business.

(f) "Buyer and Parent Fundamental Representations" means the representations and warranties of Buyer and Parent in Sections 5.01, 5.02, 5.03, 5.06, 5.07 and 5.09.

(g) "Canadian Securities Laws" means, collectively, the applicable securities legislation and related rules, regulations, instruments and published policy statements of each of the applicable Provinces and Territories of Canada.

(h) "Code" means the Internal Revenue Code of 1986, as amended.

(i) **"**Collateral**"** means, with respect to a Borrower, all assets of the Borrower,wherever located and whether now or in the future owned, existing, arising or acquired, including without limitation the following (as such terms are defined in the UCC): Accounts, Chattel Paper, Inventory (to the extent permitted by Applicable Law), Equipment, Instruments, Investment Property, Documents, Deposit Accounts, Letter-of-Credit Rights, General Intangibles, Supporting Obligations, other personal property and, to the extent not listed above, all products and proceeds of the foregoing.

(j) "Common Shares" has the meaning set forth in Section 5.09.

(k) "Contracts" means all contracts, leases, deeds, mortgages, licenses, instruments, notes, commitments, undertakings, indentures, joint ventures and all other agreements, commitments and legally binding arrangements, whether written or oral.

(l) "Controlled Substances Act" means Title 21 of the United States Code, Chapter 13 §801*et seq*.

(m) "CSE" means the Canadian Securities Exchange.

(n) "Cannabis Licenses" means (i) the operational medicinal and adult-use retailer licenses granted to the Companies by the California Bureau of Cannabis Control and Department of Public Health, and (ii) each other Permit issued to Companies by any Governmental Authority in connection therewith.

(o) "Company Intellectual Property" means, with respect to a Company, any and all of the following: (a) all names used by Company and the Business, including corporate and fictitious names, trade names, domain names, registered and unregistered trademarks, service marks and applications therefor, and all logos, slogans and other trade dress and commercial symbols with which the goodwill of Company or any of its services may be associated, and all translations, adaptations, derivations and combinations thereof and all applications, registrations and renewals in connection therewith, together with all goodwill associated therewith; (b) all inventions, discoveries and all other developments and works of any kind (whether or not patentable, whether or not complete and whether or not recorded in writing or any other form or medium or reduced to practice), and all patents, patent applications and inventions and discoveries (or reduced to practice), all improvements thereto, and all patents, patent applications and patent disclosures, together with all reissuances, continuations, continuations in part, revisions, extensions and reexaminations thereof; (c) all copyrightable works, copyrights and applications, registrations and renewals thereof (including with respect to software, marketing materials, business plans or instructional or training materials), and all derivative works therefrom; (d) mask works and all applications, registrations and renewals in connection therewith; (e) computer software (including all versions thereof), including source code, object, executable and binary code, objects, comments, screens, user interfaces, report formats, templates, menus, buttons and icons and all files, data, materials, manuals, design notes and other items and documentation related to any of the foregoing; (f) web sites, web site domain names and other e-commerce assets and resources of any kind or nature; (g) trade secrets and confidential information and proprietary rights, including ideas, concepts, methods, plans, business models, strategies, processes, technology, know-how and the like, and including all proprietary compilations of data (such as customer lists, prospect lists or supplier lists) whether or not the individual elements or items are confidential or proprietary; (h) all other intellectual property and proprietary rights of any kind, nature or description; (i) all proprietary recipes, formulas, manufacturing processes, packaging and labeling relating to the Products; (j) contents of all diagrams, schematics, algorithms, formulae, plans, graphics, designs, mats, plates, negatives, films, blueprints, drawings, sketches and other renderings or tangible embodiments of any of the foregoing (in whatever form or medium) and (k) all goodwill associated with the foregoing.

(p) "Company Transaction Expenses" means, for each Company: (a) the fees and expenses owed by a Seller or Company to their investment bankers, attorneys, accountants and other professionals payable in connection with this Agreement or the consummation of the transactions contemplated hereby, (b) the aggregate amount of any transaction bonuses or similar payments owed by a Company to any director, officer or employee of such Company triggered by the consummation of such transactions (including both the employer and employee portions of all employment, payroll and withholding Tax obligations relating to or arising from such bonuses or payments) and (c) the aggregate amount of management fees, loans, transaction fees, sale bonuses or similar payments owed by a Company to a Seller that are unpaid as of, or are triggered by, the consummation of such transactions, in the case of each of the foregoing clauses (a), (b) and (c), regardless of whether such fees, expenses or other amounts are due and payable as of the Closing.

(q) "Data Laws" means Laws, regulations, guidelines, and rules in any jurisdiction (federal, state, local, and non-U.S.) applicable to data privacy, data security, and/or personal information, including the Federal Trade Commission's Fair Information Principles, as well as industry standards applicable to Companies.

(r) "Deep Thought Promissory Note" means that 15% Promissory Note dated February 6, 2019 from Deep Thought to the Deep Thought Sellers, in the principal amount of US$22,008,804.72.

(s) "Deep Thought Operating Agreement" means the Second Amended and Restated Operating Agreement of Deep Thought, effective as of February 6, 2019.

(t) "Deep Thought Sellers" means Ryan Hudson, Michael Thomsen, Arion Luce, Anthony Shira and Jamie Shira, in the percentages set forth on the Schedule of Sellers.

(u) "Encumbrance" means and includes:

(i) with respect to any personal property, any intangible property or any property other than Real Property, any security or other property interest or right, claim, lien, pledge, option, charge, community property interest, security interest, contingent or conditional sale, or other title claim or retention agreement or lease or use agreement in the nature thereof, interest or other right or claim of third parties, whether voluntarily incurred or arising by operation of Law, and including any agreement to grant or submit to any of the foregoing in the future; and

(ii) with respect to any Real Property (whether and including owned real estate or leased real estate), any mortgage, lien, easement, interest, right of way, condemnation or eminent domain proceeding, encroachment, any building, use or other form of restriction, encumbrance or other claim (including adverse or prescriptive) or right of third parties (including any Governmental Authority), any lease or sublease, boundary dispute, and agreements with respect to any real property including: purchase, sale, right of first refusal, option, construction, building or property service, maintenance, property management, conditional or contingent sale, use or occupancy, franchise or concession, whether voluntarily incurred or arising by operation of Law, and including any agreement to grant or submit to any of the foregoing in the future.

(v) "Environmental Laws" means any and all Laws relating to any of the following: (a) pollution or the protection of the environment (including, without limitation, air, surface water, ground water and land); (b) solid, gaseous or liquid waste generation, treatment, storage, disposal or transportation of Hazardous Materials; (c) exposure to Hazardous Materials; or (c) manufacture, processing, treatment, distribution, use, storage, transportation, emission, disposal or release of Hazardous Materials, each as in effect on and as interpreted as of the date hereof and on the Closing Date. Without limiting the generality of the foregoing, Environmental Laws shall include all of the following (in effect on the date hereof and on the Closing Date): (1) the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 (codified at Title 42 U.S.C. Sections 9601 *et seq.*); as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 USCA §9601 *et seq.*; (2) the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, as amended by the Hazardous and Solid Waste Amendments of 1984, 42 USCA §6901 *et seq.*; (3) the Federal Water Pollution Control Act Amendments of 1972, as amended by the Clean Water Act of 1977, 33 USCA §1251 *et seq.*; (4) the Toxic Substances Control Act of 1976, 15 USCA §2601 *et seq;* (5) the Emergency Planning and Community Right-to-Know Act of 1986, 42 USCA §11001 *et seq*; (6) the Clean Air Act of 1966, as amended by the Clean Air Act Amendments of 1990, 42 USCA §7401 *et seq*; (7) the National Environmental Policy Act of 1970, 42 USCA §4321 *et seq.*; (8) the River and Harbors Act of 1899, 33 USCA §401 *et seq.*; (9) the Endangered Species Act of 1973, 16 USCA §1531 *et seq.*; (10) the Occupational Safety and Health Act of 1970, 29 USCA §651 *et seq.*; (11) the Safe Drinking Water Act of 1974, 42 USCA §300f *et seq.*; (12) the Hazardous Materials Transportation Act, 49 USCA App. §5101 *et seq.*; (13) the California Environmental Quality Act (CEQA), Pub. Res. Code, § 21000 *et seq.;* and (14) any and all regulations adopted with respect to the foregoing Laws, and all similar federal, state and local environmental statutes and ordinances and the regulations, orders and decrees now promulgated.

(w) "Escrow Agent" means Global Loan Agency Services Limited, dba GLAS.

(x) "Escrow Amount" means the Base Escrow plus the Tax Escrow.

(y) "Escrow Agent Fee" shall mean US$7,750.00 (*estimated)*.

(z) "Exchange Act" means the Securities Exchange Act of 1934.

(aa) "Fundamental Representations" means, with respect to Sellers and Companies, the representations and warranties in Article III, and Sections 4.01, 4.02, 4.03, 4.06(a), 4.06(b), 4.18, and 4.22.

(bb) "GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the accounting profession), or in such other statements by such entity as may be in general use by significant segments of the U.S. accounting profession, which are applicable to the facts and circumstances on the date of determination.

(cc) "Governmental Authority" means any country, state, provincial, territorial, commonwealth, city, town, township, borough, village, district, territory or other political subdivision thereof; any federal, state, provincial, territorial local, municipal, foreign or other government or governmental, quasi-governmental or other regulatory authority of any nature (including any agency, branch, department, board, commission, court, tribunal or other entity exercising governmental or quasi-governmental powers); any multinational organization or body; any body exercising, or entitled or purporting to exercise, any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power, including any arbitrator; any self-regulatory or professional or trade organization having authority to regulate the Business, including the California Bureau of Cannabis Control, California Department of Food and Agriculture, California Department of Public Health, California Department of Tax and Fee Administration, the CSE, or any instrumentality or official of any of the foregoing.

(dd) "Hazardous Material" means (a) those substances included within the definitions of "hazardous substances," "hazardous materials," "toxic substances," or "solid waste" (or words of similar intent or meaning) under applicable Environmental Law including, without limitation, CERCLA, RCRA, CEQA, and the Hazardous Materials Transportation Act, 49 U.S.C. Sections 5101 et seq. as amended, and in the regulations promulgated pursuant to said laws; (b) those chemicals known to cause cancer or reproductive toxicity, as published pursuant to the Safe Drinking Water and Toxic Enforcement Act of 1986, Sections 25249.5 et seq. of the Health & Safety Code as amended; (c) those substances listed in the United States Department of Transportation Table (49 CFR 172.101 and amendments thereto) or by the Environmental Protection Agency (or any successor agency) as hazardous substances (40 CFR Part 302.4 and amendments thereto); (d) any material, waste or substance which is (i) petroleum, (ii) asbestos, (iii) polychlorinated biphenyls, (iv) designated as a "hazardous substance" pursuant to Section 311 of the Clean Water Act, 33 U.S.C. Section 1251 et seq. (33 U.S.C. Section 1321) or listed pursuant to Section 307 of the Clean Water Act (33 U.S.C. Section 1317); (v) flammable explosives; (vi) radioactive materials or substances; or (vii) mold, spores or fungus; and (e) such other substances, materials and wastes which are regulated, as of the date hereof or the Closing Date, as hazardous, toxic or radioactive under applicable local, state or Federal law, or which are classified as hazardous, toxic or radioactive under any Environmental Law.

(ee) "Howard Street Operating Agreement" means the Second Amended and Restated Operating Agreement of Howard Street, effective as of February 6, 2019.

(ff) "Howard Street Promissory Note" means that 15% Promissory Note dated February 6, 2019 from Howard Street to the Howard Street Sellers, in the

principal amount of US$9,510,406.35.

(gg) "Howard Street Sellers" means Ryan Hudson, Michael Thomsen, Arion Luce, Anthony Shira and Jamie Shira, in the percentages set forth on the Schedule of Sellers.

(hh) "Indebtedness" means, with respect to a Company, without duplication: (i) all liabilities for borrowed money, whether current or funded; (ii) all obligations evidenced by a note, bond, debenture, letter of credit, draft or similar instrument; (iii) that portion of obligations with respect to capital leases, if any, that is properly classified as a liability on a balance sheet; (iv) all other obligations of Companies, other than Permitted Accounts Payable; (v) notes payable and drafts accepted representing extensions of credit; (vi) any obligation owed for all or any part of the deferred purchase price of property or services, unless otherwise included as a current liability in the Working Capital adjustment described below; (vii) all obligations of a Company to its members or managers; (viii) all Tax obligations of a Company (including any amounts under audit by any tax authority, other than the Known Tax Obligations); (ix) any amounts, fines, penalties or claims asserted against a Company by any Governmental Authority; (x) all obligations pursuant to an Equity Incubator Agreement or Equity Incubator Plan; (xi) all interest on the items set forth in (i) through (x) above; (xii) any guarantees of indebtedness of any other person; (xiii) all indebtedness and obligations of the types described in the foregoing clauses (i) through (xii) above to the extent secured by any lien on any property or asset owned or held by a Company, regardless of whether the indebtedness secured thereby shall have been assumed by a Company or is nonrecourse to the credit of a Company; provided, however, that the term "Indebtedness" shall not include the RHMT Promissory Note, the Deep Thought Promissory Note, or the Howard Street Promissory Note.

(ii) "Inventory" means all inventory of or relating to the Business (including, without limitation, raw materials, work in process, packaging, ingredients, finished goods, merchandise and supplies).

(jj) "Key Personnel" means the Persons identified on Schedule III.

(kk) "Known Tax Obligations" are the federal Tax Liabilities for the years and in the amounts listed on Exhibit B attached hereto.

(ll) "Law" means any statute, law, ordinance, regulation, rule, code, order, constitution, treaty, common law, judgment, decree, other requirement or rule of law of any Governmental Authority, but does not include any United States federal law to the extent such federal law or treaty would be violated, or protections under such law would be unavailable to a party, as a result of operating or owning a state licensed cannabis business in compliance with California law.

(mm) "Liabilities" means any liabilities, obligations or commitments of any nature whatsoever, asserted or unasserted, known or unknown, absolute or contingent, accrued or unaccrued, matured or unmatured, or otherwise.

(nn) "Management Company" means WDB Management CA, LLC, a California limited liability company.

(oo) "Material Adverse Effect" means any event, change, development or occurrence that, individually or together with any other event, change, development or occurrence, has had, or reasonably would be expected to have, a material adverse effort on Companies' Business, results of operations, properties, assets or conditions (whether financial or otherwise), Permits, relations with customers, any material asset, Key Personnel or prospects, whether long-term or short-term, whether or not anticipated, except for the effects of changes in the general economy that do not impact the Companies disproportionately relative to other Persons of comparable size in the Companies' industry.

(pp) "Non-Foreign Certificate" shall mean a duly executed non-foreign affidavit, dated as of the Closing Date, sworn under penalty of perjury and in form and substance required under the Treasury Regulations issued pursuant to Section 1445 of the Code, and reasonably acceptable to Buyer, stating that the Person issuing such affidavit is not a "foreign person" as defined in Section 1445 of the Code.

(qq) "Obligations" with respect to a Borrower (as defined in Section 2.05), means such Borrower's obligations to pay when due any debts, principal, interest, fees, expenses, and other amounts such Borrower owes Lender now or later, under the terms of a Bridge Loan.

(rr) "Order" means any order, writ, judgment, injunction, decree, stipulation, assessment, determination or award entered by or with any Governmental Authority.

(ss) "Parent Disclosure Record" means all documents publicly filed under the profile of the Parent on SEDAR since January 1, 2018.

(tt) "Parent Shares" has the meaning set forth in Section 2.02(b).

(uu) "Permit" means any permit, license, franchise certificate, consent, accreditation and other authorization of a Governmental Authority.

(vv) "Permitted Accounts Payable" means normal and customary accounts payable of the Companies incurred in connection with the Business.

(ww) "Permitted Encumbrances" means those Encumbrances disclosed to Buyer and set forth on Exhibit B.

(xx) "Person" means any individual, corporation, partnership, trust, limited liability company, association or other entity.

(yy) "Proportionate Voting Shares" has the meaning set forth in Section 5.09.

(zz) "Post-Closing Tax Period" means any taxable period beginning after the Closing Date and, with respect to any taxable period beginning before and ending after the Closing Date, the portion of such taxable period beginning after the Closing Date.

(aaa) "Post-Closing Taxes" means Taxes of a Company or Seller for any Post-Closing Tax Period.

(bbb) "Pre-Closing Tax Period" means any taxable period ending on or before the Closing Date and, with respect to any taxable period beginning before and ending after the Closing Date, the portion of such taxable period ending on and including the Closing Date.

(ccc) "Pre-Closing Taxes" means Taxes of a Company or Seller for any Pre-Closing Tax Period.

(ddd) "Product" means any product manufactured, distributed or sold by the Business.

(eee) "Purchased Securities" means (i) with respect to a RHMT Seller, the RHMT Purchased Securities, (ii) with respect to a Deep Though Seller, the Deep Thought Purchased Securities, and (iii) with respect to a Howard Street Seller, the Howard Street Purchased Securities.

(fff) "Real Property" means the real property owned, leased or subleased by Companies, together with all buildings, structures and facilities located thereon.

(ggg) "Recapitalization Agreement" shall mean the Agreement and Plan of Recapitalization dated as of February 6, 2019 by and among (i) with respect to RHMT, RHMT and the RHMT Sellers, (ii) with respect to Deep Thought, Deep Thought and the Deep Thought Sellers, and (iii) with respect to Howard Street, Howard Street and the Howard Street Sellers.

(hhh) "Restricted Period" means the earlier of: (i) two (2) years after the Closing Date; or (ii) as to each Seller Principal, such earlier date, if any, that such Seller Principal is no longer employed by Companies or the Buyer, or any Affiliate thereof; provided, however, that the Seller Principal's employment was terminated without "cause" by the employer thereof, or for "good reason" by such Seller Principal; as the terms "cause" and "good reason" are defined in the respective Employment Agreements of each Seller Principal as required by Section 2.08 hereof.

(iii) "RHMT Operating Agreement" means the Amended and Restated Operating Agreement of RHMT, effective as of February 6, 2019.

(jjj) "RHMT Promissory Note" means that 15% Promissory Note dated February 6, 2019 from the Company to the RHMT Sellers, in the principal amount of US$31,520,622.75.

(kkk) "RHMT Sellers" means Ryan Hudson, Michael Thomsen, Arion Luce, Anthony Shira and Jamie Shira, in the percentages set forth on the Schedule of Sellers.

(lll) "RULLCA" means the California Revised Uniform Limited Liability Company Act, Title 2.6, Section 17701.01 *et seq.*

(mmm) "Securities Authorities" means the Ontario Securities Commission and any other applicable securities commission or securities regulatory authority of a province or territory of Canada.

(nnn) "SEDAR" means the System for Electronic Document Analysis and Retrieval maintained on behalf of the Securities Authorities.

(ooo) "Sellers' Agent" has the meaning set forth in the preamble above.

(ppp) "Sellers' Contribution to Escrow" means cash in an amount equal to $ [***] as a contribution to the Tax Escrow, plus cash in an amount equal to 86.65% of the total Base Escrow Amount as a contribution to the Base Escrow, which amount is subject to adjustment as provided in Section 2.06 herein.

(qqq) "Seller Principal" means Michael Thomsen, Ryan Hudson, Arion Luce, Anthony Shira, and Jamie Shira.

(rrr) "Special Representations" means, with respect to Sellers and Companies, the representations and warranties in Article III, and Sections 4.01, 4.02, 4.03, 4.05, 4.06, 4.11, 4.18, 4.20, 4.21 and 4.22.

(sss) "Subsidiary" means a Person that is controlled directly or indirectly by another Person and includes a Subsidiary of that Subsidiary. A Person is considered to "control" another Person if: (i) the first Person beneficially owns or directly or indirectly 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.

(ttt) "Taxes" means all federal, state, local, provincial, foreign and other income, gross receipts, sales, use, production, ad valorem, transfer, franchise, registration, profits, license, lease, service, service use, withholding, payroll, excise, employment, unemployment, estimated, excise, severance, environmental, stamp, occupation, premium, property (real or personal), real property gains, windfall profits, customs, duties or other taxes, fees, assessments or charges of any kind whatsoever, together with any interest, additions or penalties with respect thereto and any interest in respect of such additions or penalties, whether or not disputed, and including any obligations to indemnify or otherwise assume or succeed to the Tax Liabilities of any other Person.

(uuu) "Tax Escrow" means US$ [***], available to satisfy indemnification amounts owed by the Sellers and Seller Principals to Buyer Indemnified Parties under Section 9.02(d) and 9.02(e) of this Agreement (claims relating to Taxes), including the Known Tax Obligations, subject to adjustment as provided in Section 2.06 hereof.

(vvv) "Tax Return" means any return, declaration, report, claim for refund, information return, or statement or other document relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

(www) "UCC" means the Uniform Commercial Code-Secured Transactions in effect in the State of California, as amended from time to time.

Section 1.02 Table of Definitions. The following terms have the meanings set forth in the Sections referenced below:

Agreement	Preamble
Balance Sheet	Section 4.10
Balance Sheet Date	Section 4.10
Borrower	Section 2.05(a)
Bridge Loan	Section 2.05(a)
Business	Recitals
Buyer	Preamble
Buyer Disclosure Schedule	Article V

Buyer Indemnified Parties	Section 9.02
Cash Consideration	Section 2.02(a)
Closing	Section 2.07
Closing Adjustment	Section 2.03(b)(i)(3)
Closing Date	Section 2.07
Closing Date Proceeds	Section 2.08(c)(viii)(4)
Closing Indebtedness Schedule	Section 2.04(a)
Closing Working Capital	Section 2.03(b)(i)(2)
Closing Working Capital Statement	Section 2.03(b)(i)
Common Shares	Section 5.09
Companies	Preamble
Company Assets	Section 4.09(a)
Company Owner	Section 3.06(a)
Company Transaction Expense Schedule	Section 2.04(b)
Debt Payoff Letters	Section 2.04(a)
Deep Thought Purchased Units	Section 2.01(b)
Deep Thought Purchased Securities	Section 2.01(b)
Direct Claim	Section 9.05(c)
Disputed Amounts	Section 2.03(c)(iii)
Estimated Closing Adjustment	Section 2.03(a)(ii)
Estimated Closing Working Capital	Section 2.03(a)(i)(2)
Estimated Closing Working Capital Statement	Section 2.03(a)(i)
Exchangeable Shares	Section 5.09

Facilities	Section 4.21
Financial Statements	Section 4.10
H&S Code	Section 3.06(c)(iv)
Howard Street Purchased Units	Section 2.01(c)
Howard Street Purchased Securities	Section 2.01(c)
Indemnified Party	Section 9.05(a)
Indemnifying Party	Section 9.05(a)
Independent Accountant	Section 2.03(c)(iii)
Interim Financial Statements	Section 4.10
IP License	Section 4.06(c)
Las Vegas Company	Recitals
Las Vegas SPA	Recitals
Leases	Section 4.09(c)
Lender	Section 2.05(a)
Loss	Section 9.02
Material Contract	Section 4.07
MSA	Section 2.08(a)(vi)
No.Cal SPA	Recitals
No.Cal Companies	Recitals
Ownership Changes	Section 7.04(b)
Parent	Preamble
Parent Shares	Section 2.02(b)
PCB	Section 4.21
Penal Code	Section 3.06(c)(iii)
Physical Inventory	Section 2.03(a)(i)(2)
Preferred Shares	Section 5.09
Product Claim	Section 4.20(a)
Proportionate Voting Shares	Section 5.09
Purchase Price	Section 2.02
Recalls	Section 4.20(a)
Released Claims	Section 11.02(a)
Released Party	Section 11.02(a)
Releasing Party	Section 11.02(a)
Resolution Period	Section 2.03(c)(ii)
Reverse Termination Fee	Section 10.03
Review Period	Section 2.03(c)(i)
RHMT Purchased Units	Section 2.01(a)
RHMT Purchased Securities	Section 2.01(a)
Rules	Section 12.13
Securities	Section 3.03
Seller	Preamble
Sellers' Agent	Preamble
Sellers Majority	Section 12.01(a)
Statement of Objections	Section 2.03(c)(ii)
Straddle Period	Section 6.02
Supplemental Disclosure Schedule	Section 7.03(c)
Target Working Capital	Section 2.03(a)(ii)
Third Party Claim	Section 9.05(b)
Transaction Agreements	Section 4.01(b)
Unaudited Financial Statements	Section 4.10

Working Capital	Section 2.03(a)
Agreement	Preamble

ARTICLE II

PURCHASE AND SALE OF SECURITIES

Section 2.01 Purchase and Sale.

(a) RHMT. Subject to the terms, conditions, representations and warranties, covenants and other agreements of the Parties set forth within this Agreement, at the Closing (as defined herein) each RHMT Seller shall sell to Buyer, and Buyer shall purchase from the RHMT Sellers, the following securities: (1) 49.9 Common Units (as defined in the RHMT Operating Agreement), representing 49.9% of the outstanding Units of RHMT, in the amounts set forth opposite such Seller's name under *"Securities Purchased"* on the Schedule of Sellers attached as Exhibit A (the "RHMT Purchased Units"), and (2) the RHMT Promissory Note (together with the RHMT Purchased Units, the "RHMT Purchased Securities"), in each case free and clear of any Encumbrance, for the consideration specified in Section 2.02(a).

(b) Deep Thought. Subject to the terms, conditions, representations and warranties, covenants and other agreements of the Parties set forth within this Agreement, at the Closing (as defined herein) each Deep Thought Seller shall sell to Buyer, and Buyer shall purchase from the Deep Thought Sellers, the following securities: (1) 49.9 Common Units (as defined in the Deep Thought Operating Agreement), representing 49.9% of the outstanding Units of Deep Thought, in the amounts set forth opposite such Seller's name under *"Securities Purchased"* on the Schedule of Sellers attached as Exhibit A (the "Deep Thought Purchased Units") and (2) the Deep Thought Promissory Note (together with the Deep Thought Purchased Units, the "Deep Thought Purchased Securities"), in each case free and clear of any Encumbrance, for the consideration specified in Section 2.02(a).

(c) Howard Street. Subject to the terms, conditions, representations and warranties, covenants and other agreements of the Parties set forth within this Agreement, at the Closing (as defined herein) each Howard Street Seller shall sell to Buyer, and Buyer shall purchase from the Howard Street Sellers, the following securities: (1) 49.9 Common Units (as defined in the Howard Street Operating Agreement), representing 49.9% of the outstanding Units of Howard Street, in the amounts set forth opposite such Seller's name under *"Securities Purchased"* on the Schedule of Sellers attached as Exhibit A (the "Howard Street Purchased Units") and (2) the Howard Street Promissory Note (together with the Howard Street Purchased Units, the "Howard Street Purchased Securities"), in each case free and clear of any Encumbrance, for the consideration specified in Section 2.02(a).

Section 2.02 Consideration. Subject to adjustment pursuant to Section 2.03 and 2.04 hereof, the aggregate purchase price of US$[***] (the "Purchase Price") to be paid by or on behalf of Buyer to the Sellers at the Closing for the securities described in Section 2.01 above shall consist of the following

(a) US$31,468,170.36 in cash (the "Cash Consideration") and

(b) subject to compliance with securities laws and the policies of the CSE, 5,805.25 Proportionate Voting Shares of Parent (the "Parent Shares") with an aggregate issuance price equivalent to US$[***] (based on the daily average exchange rate reported by the Bank of Canada on the day prior to the date of issuance). The number of Parent Shares to be issued hereunder will be adjusted to take into effect any stock dividend, stock split, subdivision, combination, reclassification or similar non-dilutive event (the "Event") affecting the Proportionate Voting Shares prior to Closing, with the Parent Shares to be issued hereunder at Closing representing the same percentage of the outstanding Proportionate Voting Shares as they did immediately prior to the Event.

(c) The Purchase Price (consisting of the Cash Consideration and the Parent Shares, and adjusted by the Sellers' Contribution to Escrow) shall be allocated among the Companies and the Sellers in the amounts and in the percentages as set forth on the Schedule of Sellers attached hereto as Exhibit A.

(d) An aggregate of US$[***], subject to adjustment as provided in Section 2.06 and constituting the Sellers' Contribution to Escrow, shall be withheld from the Cash Consideration as shown on the Schedule of Sellers and deposited with the Escrow Agent in the manner identified in Section 2.06 hereafter.

Section 2.03 Purchase Price Adjustment.

(a) Closing Adjustments.

(i) At least five (5) Business Days before the Closing, Sellers shall prepare and deliver to Buyer a statement for each Company (each, an "Estimated Closing Working Capital Statement"), which statement shall be prepared in accordance with GAAP and this Agreement and contain, in each case as of the Closing Date:

(1) an estimated balance sheet of such Company (without giving effect to the transactions contemplated hereby), and

(2) an estimate of the Working Capital as of the Closing Date for each Company (with respect to each Company, its "Estimated Closing Working Capital").

For purposes hereof, "Working Capital" as to a Company shall mean the excess of such Company's current assets, including cash and cash equivalents, over such Company's current liabilities (excluding Taxes), as determined in accordance with GAAP applied on a consistent basis with the Company's Financial Statements, without giving effect to the consummation of the transactions contemplated by this Agreement, and adjusted to exclude the Company's accounts receivable aged beyond 90 days of invoice date. The inventory component of the Working Capital, if applicable, shall be determined by Buyer and each Company jointly conducting a physical count of such Company's Inventory as proximate to the Closing Date as practicable, which amount shall be adjusted to reflect sales, the production of finished goods, the purchase of raw materials and other transactions between the time of such physical count and the Effective Time using standard accounting cutoff procedures to arrive at a value which shall be deemed the physical inventory as of the Closing Date ("Physical Inventory").

(ii) The "Estimated Closing Adjustment" for each Company shall be an amount equal to the Estimated Closing Working Capital minus such Company's target working capital set forth on the Schedule of Sellers attached (for each Company, its "Target Working Capital"). If the Estimated Closing Adjustment is a positive number, the Cash Consideration payable to the Sellers of such Company (in accordance with the Schedule of Sellers) shall be increased by the amount of the Estimated Closing Adjustment. If the Estimated Closing Adjustment is a negative number, the Cash Consideration payable to the Sellers such Company shall be reduced by the amount of the Estimated Closing Adjustment.

(b) Post-Closing Adjustment.

(i) Not later than ninety (90) days after the Closing Date, Buyer shall prepare and deliver to Sellers a statement for each Company (each, a "Closing Working Capital Statement" and collectively, the "Closing Working Capital Statements"), which statement shall be prepared in accordance with GAAP applied on a basis consistent with the calculation of the Estimated Closing Working Capital and contain:

(1) an unaudited balance sheet of such Company (without giving effect to the transactions contemplated hereby) as of the Closing Date;

(2) a calculation of the Working Capital (which shall take into account the results of the Physical Inventory) for such Company as of the Closing Date (with respect to each Company, its "Closing Working Capital"); and

(3) the resulting "Closing Adjustment," which, for each Company, shall be an amount equal to such Company's Closing Working Capital minus its Target Working Capital.

(c) Examination and Review.

(i) Examination. After receipt of the Closing Working Capital Statements, Sellers shall have thirty (30) days (the "Review Period") to review each Closing Working Capital Statement. During the Review Period, the Sellers' Agent and its representatives will have access to the books and records of the Companies, to the extent that such books and records are necessary to verify the amounts set forth in the Closing Working Capital Statements, as Sellers may reasonably request for the purpose of reviewing and analyzing the Closing Working Capital Statements and to prepare a Statement of Objections (as hereafter defined), provided that, such access shall be in a manner that does not unreasonably interfere with the normal business operations of the Companies.

(ii) Objection. On or prior to the last day of the Review Period, Sellers may object to any Closing Working Capital Statement by causing Sellers' Agent to deliver to Buyer a written statement setting forth Sellers' objections in reasonable detail, indicating by Company each disputed item or amount and the basis for Sellers' disagreement therewith (a "Statement of Objections"). If Sellers fail to deliver a Statement of Objections before the expiration of the Review Period, then each Closing Working Capital Statement and each corresponding Closing Adjustment (as defined above) reflected in the Closing Working Capital Statements shall be deemed to have been accepted by Sellers. If Sellers' Agent delivers a Statement of Objections before the expiration of the Review Period, Sellers' Agent and Buyer shall negotiate in good faith to resolve such objections within thirty (30) days after the delivery of a Statement of Objections (the "Resolution Period"), and, if the same are so resolved within the Resolution Period, the Closing Adjustment and the Closing Working Capital Statements, with such changes as may be agreed in writing by Sellers' Agent and Buyer, shall be final and binding.

(iii) Resolution of Disputes. If Sellers' Agent and Buyer fail to reach an agreement with respect to all of the matters set forth in the Statement of Objections before expiration of the Resolution Period, then any amounts remaining in dispute ("Disputed Amounts") shall be submitted for resolution to an impartial nationally recognized firm of independent certified public accountants appointed by mutual agreement of Buyer and Sellers' Agent (the "Independent Accountant") who, acting as experts and not arbitrators, shall resolve the Disputed Amounts only and make any corresponding adjustments to the Closing Adjustment, as the case may be, and Closing Working Capital Statement. The parties hereto agree that all adjustments shall be made without regard to materiality. The Independent Accountant shall only decide the specific items under dispute by the parties and its decision for each Disputed Amount must be within the range of values assigned to each such item in the applicable Closing Working Capital Statement and the Statement of Objections, respectively.

(iv) Fees of the Independent Accountant. The fees and expenses of the Independent Accountant shall be paid by the party that is not the prevailing party. If any Disputed Amounts are submitted to the Independent Accountant, then, for purposes of this Section 2.03(c)(iv), Sellers shall be the prevailing party in such proceeding if a majority of the dollar amounts of the unresolved Disputed Amounts are decided by the Independent Accountant in favor of Sellers, and Buyer shall be the prevailing party if a majority of the dollar amounts of the unresolved Disputed Amounts are decided by the Independent Accountant in favor of Buyer (e.g., by way of example but not by way of limitation, if there are Two Hundred Thousand Dollars (US$200,000) of disputed items to be determined by the Independent Accountant and the Independent Accountant determines that Buyer's claims prevail with respect to One Hundred Twenty-Five Thousand Dollars (US$125,000) and Sellers' claims prevail with respect to Seventy-Five Thousand Dollars (US$75,000), then Buyer would be the prevailing party).

(v) Determination by Independent Accountant. The Independent Accountant shall make a determination as soon as practicable within thirty (30) days (or such other time as the parties hereto shall agree in writing) after its engagement, and its resolution of the Disputed Amounts and its adjustments to the Closing Working Capital Statements and/or the Closing Adjustments shall be conclusive and binding upon the parties hereto. Judgment on the award of the Independent Accountant may be entered by any court of competent jurisdiction.

(vi) Payments of Post-Closing Adjustment. Within ten (10) Business Days of acceptance of the applicable Closing Working Capital Statements or if there are Disputed Amounts, then within ten (10) Business Days of the resolution described in clause (iii) above, with respect to each Company and each Company's Closing Working Capital Statement; either (1) Buyer shall pay to the applicable Sellers the aggregate amount by which the Closing Adjustment is greater (or less negative) than the Estimated Closing Adjustment, or (2) Sellers' Agent shall direct the Escrow Agent to pay to Buyer the amount by which the Closing Adjustment is less (or more negative) than the Estimated Closing Adjustment from the Escrow Amount). Payments under this Section 2.03(vi) to Sellers shall be made in the percentages set forth in the Schedule of Sellers by wire transfer of immediately available funds. Buyer will also be entitled, at its sole option, to set-off any payment of the Closing Adjustment payable by Sellers against any future payments payable to Sellers. The obligations of Sellers set forth in this Section shall be joint and several.

(d) Adjustments for Tax Purposes. Any payments made pursuant to Section 2.3 shall be treated as an adjustment to the Purchase Price by the parties for Tax purposes, unless otherwise required by Law.

Section 2.04 Indebtedness and Company Transaction Expenses.

(a) Sellers shall deliver to the Buyer at least three (3) business days prior to the Closing Date a schedule (the "Closing Indebtedness Schedule") that contains a

complete and accurate statement of the amount of the Indebtedness owed by each Company, together with wire transfer instructions for the payoff of the Indebtedness and payoff letters from each payee (the "Debt Payoff Letters") in form, scope and substance acceptable to Buyer stating the full amount of the outstanding Indebtedness due to such payee as of the Closing Date (including any applicable *per diem* amounts) and any applicable payment instructions. At the Closing, Buyer shall pay in full (on behalf of the Companies or Sellers) all Indebtedness reflected on the Closing Indebtedness Schedule by wire transfers of immediately available funds to the holders of such Indebtedness, such that on the Closing the Companies have no Indebtedness. For clarification, the Bridge Loan to Howard Street shall be considered Indebtedness of Howard Street, and the Bridge Loan to RHMT shall be considered Indebtedness of RHMT.

(b) Company Transaction Expenses. At least three (3) business days prior to the Closing Date, Sellers shall deliver to the Buyer for each Company a schedule (the "Company Transaction Expense Schedule") that contains a complete and accurate statement of the amount of such Company's Transaction Expenses, together with wire transfer instructions for the payment of all the Company's Transaction Expenses that will be unpaid as of the Closing Date. At the Closing, Buyer shall (on behalf of the Companies and Sellers), or Sellers shall cause each Company to (and shall provide sufficient funds to such Company to enable it to), pay all Company Transaction Expenses set forth on the Company Transaction Expense Schedule in accordance with the payment instructions set forth in the Company Transaction Expense Schedule.

(c) Closing Indebtedness and Transaction Expenses with respect to each Company shall be paid out of the Cash Consideration payable by Buyer with respect to such Company as set forth in the Schedule of Sellers attached.

Section 2.05 Bridge Loan.

(a) Loan Commitment. As soon as practicable after execution of this Agreement, Parent or an affiliate (the "Lender") will provide a senior secured loan to Howard Street in the principal amount of $4,800,000 and a senior secured loan to RHMT in the principal amount of $1,200,000 (each, a "Bridge Loan" and collectively, the "Bridge Loans"). RHMT and Howard Street are each a "Borrower" under this Section 2.05. The proceeds of the Bridge Loans will be used solely to pay off the Borrowers' outstanding debt to the lenders in the amounts set forth on Schedule 2.05. Prior to disbursement of the Bridge Loans, Borrowers will obtain payoff letters from each such lender in form and substance acceptable to Buyer to evidence the full satisfaction of such debt. Each Bridge Loan shall be evidenced by a senior secured promissory note from each Borrower, in substantially the form attached hereto as Exhibit F. The Bridge Loans shall mature upon the earlier of (i) the Closing; (ii) ninety (90) days after the termination of this Agreement pursuant to Article X; or (iii) the twelve-month anniversary of the date of the senior secured promissory note.

(b) Grant of Security Interest. Each Borrower hereby grants to Lender, to secure the payment and performance in full of all the Obligations, a continuing security interest in, and pledges to Lender, the Collateral, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof. If this Agreement is terminated, Lender's lien in the Collateral shall continue until the Obligations are repaid in full in cash.

(c) Priority of Security Interest. Each Borrower represents, warrants, and covenants to Lender that the security interest granted herein is and except to the extent perfection is not required hereunder, shall at all times continue to be a first priority perfected security interest in that Collateral which can be perfected by the filing of a financing statement under Article 9 of the UCC.

(d) Authorization to File Financing Statements. Each Borrower hereby authorizes Lender to file financing statements, without notice to Borrower, with all appropriate jurisdictions to perfect or protect Lender's interest or rights hereunder, including a notice that any disposition of the Collateral, by Borrower or any other Person, shall be deemed to violate the rights of Lender under the UCC.

Section 2.06 Escrow.

(a) At Closing, Buyer shall withhold from the Cash Consideration and furnish to Escrow Agent the Sellers' Contribution to Escrow. The Sellers' Contribution to Escrow shall be contributed by the Sellers of each of the Companies in the percentages set forth on the Schedule of Sellers attached hereto. The Escrow Account shall consist of two separate subaccounts: (1) a subaccount in the amount of the Base Escrow, consisting of Sellers' Contribution to the Base Escrow under this Agreement, and including a contribution from the sellers under the No.Cal SPA), all of which is available to satisfy indemnification amounts owed by the Sellers and Seller Principals to Buyer Indemnified Parties under Section 9 of this Agreement and Section 9 of the No.Cal SPA, and (2) the Tax Escrow in the amount of US$ [***], consisting of *US$* [***] as Sellers' contribution to the Tax Escrow under this *Agreement, and including US$* [***] as a contribution from sellers under *the No.Cal SPA, available to satisfy indemnification amounts owed by the Sellers and Seller Principals to Buyer Indemnified Parties under Section 9.02(d) and 9.02(e) of this Agreement (claims relating to Taxes, including Known Tax Obligations), each of which will be held and disbursed in accordance with the terms of the Escrow Agreement in substantially the form attached hereto (subject to the approval of the Escrow Agent) as Exhibit C. The Escrow Agent Fee shall be paid 50% by Buyer and 50% by Sellers as provided in Section 2.08.*

(b) In the event the Closing has not occurred by [***] then the Tax Escrow may be increased, and Sellers' Contribution to Escrow under this Agreement may be increased, in amount recommended by Buyer's third party tax advisors EisnerAmper, to take into account potential tax liability of the Companies for calendar year 2019.

Section 2.07 Closing. Subject to the terms and conditions of this Agreement, the closing of the transactions contemplated by this Agreement (the "Closing") shall take place no later than two (2) Business Days after the last of the conditions to Closing set forth in Article VIII have been satisfied or waived (other than conditions which, by their nature, are to be satisfied on the Closing Date) at the offices of Fox Rothschild LLP, 1001 Fourth Avenue, Suite 4500, Seattle, WA 98154, or at such other time or on such other date or at such other place as Buyer and the Sellers may mutually agree upon in writing (the day on which the Closing takes place being the "Closing Date"). The consummation of the transactions contemplated by this Agreement shall be deemed to occur at 12:01 a.m. on the Closing Date.

Section 2.08 Closing Deliveries.

(a) Deliveries of the Companies and the Sellers. At the Closing, and except as may otherwise be set forth on the disclosure schedules, Sellers shall deliver to Buyer the following:

(i) Evidence of termination of all of the agreements set forth on Schedule 2.08(a)(i) hereto;

(ii) Copies of all consents, approvals, waivers and authorizations referred to in Sections 3.02 and 4.04 of the Company Disclosure Schedules;

(iii) Proof in form, scope and substance reasonably satisfactory to Buyer that approval for each Company's Ownership Changes (as defined in Section 7.04(b)) has been received from all relevant Governmental Authorities (a "Governmental Authorization"), and that each San Francisco Health Code Article 33 Permit is current, in good standing and may continue to be held by each Company (and is not subject to termination or cancellation) following the Closing of the transactions contemplated hereby, such that as of the Closing, each Company has full right, title and interest in and to all licenses, Permits and Governmental Authorizations necessary to own and operate the Business;

(iv) Non-competition and non-solicitation agreements substantially in the form attached hereto asExhibit H or as agreed by the parties executed by each of the Seller Principals;

(v) The Escrow Agreement, in the form attached asExhibit C, duly executed by the Sellers' Agent on behalf of the Sellers and Escrow Agent;

(vi) A Management Services Agreement in substantially the form attached hereto as Exhibit E with each Company (the "MSA"), duly executed on behalf of each Company;

(vii) A Second Amended and Restated Operating Agreement of RHMT, LLC, in the form attached hereto as Exhibit D-1, duly executed by each Seller;

(viii) A Third Amended and Restated Operating Agreement of Deep Thought, LLC, in the form attached hereto as Exhibit D-2, duly executed by each Seller;

(ix) A Third Amended and Restated Operating Agreement of Howard Street, LLC, in the form attached hereto as Exhibit D-3, duly executed by each Seller;

(x) An amendment to the articles of organization of each of Company in form and substance satisfactory to Buyer, duly executed on behalf of each Company and filed with the Secretary of the State of California;

(xi) Evidence that each Company and its respective Sellers have completed all transactions contemplated by the Recapitalization Agreement;

(xii) An assignment separate from certificate and an allonge, duly executed by each RHMT Seller and in form and substance acceptable to Buyer, with respect to the RHMT Purchased Securities transferred to Buyer hereunder;

(xiii) An assignment separate from certificate and an allonge, duly executed by each Deep Thought Seller and in form and substance acceptable to Buyer, with respect to the Deep Thought Purchased Securities transferred to Buyer hereunder;

(xiv) An assignment separate from certificate and an allonge, duly executed by each Howard Street Seller and in form and substance acceptable to Buyer, with respect to the Howard Street Purchased Securities transferred to Buyer hereunder;

(xv) Evidence that each Company has entered into an Equity Incubator Agreement with a verified Equity Incubatee, in a form reasonably satisfactory to Buyer, and complied with all applicable requirements of San Francisco Police Code Article 16 regarding Equity Incubation;

(xvi) Fully executed Employment Agreements between Buyer or its Affiliate and the Key Personnel, in substantially the form attached hereto as Exhibit G-1; and a fully executed Independent Contractor Agreement between Buyer or its Affiliate and [***], in substantially the form attached hereto asExhibit G-2;

(xvii) A written acknowledgment from the landlord of 4000 Montgomery Drive, Santa Rosa, California that RHMT may continue to receive mail at such location after the Closing, in form and substance acceptable to Buyer;

(xviii) An fully executed amendment to the lease for 2414 Lombard Street, San Francisco, California, between Deep Thought and 2412 Real Estate Partners, in form and substance acceptable to Buyer;

(xix) Landlord estoppels which respect to each of the Leases;

(xx) Evidence that RHMT has forgiven the Indebtedness set forth on Schedule 2.08(a)(xx) as of December 31, 2018, in form and substance acceptable to Buyer;

(xxi) An assignment from Ryan Hudson and Michael Thomsen to Buyer, in form reasonably satisfactory to Buyer, with respect to their 30% interest in Culver City Wellness Center LLC;

(xxii) Confirmation of notice of termination of the Letter of Intent with Levy Affiliated, LLC with respect to the operation of Pacific Bay Wellness Center;

(xxiii) (xviii) A fully executed assignment of that certain License Agreement dated October 1, 2016 by and between RHMT LLC and PNB Berkeley LLC, in form, scope and substance reasonably acceptable to Buyer;

(xxiv) A good standing certificate (or its equivalent) for each Company from the Secretary of State or similar Governmental Authority of each jurisdiction under the Laws in which such Company is organized and registered to do business as a foreign entity;

(xxv) A good standing certificate for each Company from the California Franchise Tax Board (FTB);

(xxvi) A tax clearance certificate for each Company from the California Employment Development Department on Form DE 2220;

(xxvii) For each Seller that is not a natural person, a good standing certificate (or its equivalent) from the Secretary of State or similar Governmental Authority of each jurisdiction under the Laws in which such Seller is incorporated and registered to do business as a foreign entity;

(xxviii) Uniform Commercial Code searches of filings made pursuant to Article 9 thereof in the State of California, in form, scope and substance reasonably satisfactory to Buyer, confirming the absence of Encumbrances on the Companies (other than Permitted Encumbrances) as of a date within ten (10) days of the Closing;

(xxix) Docket or similar searches of relevant federal and state courts with regard to any pending litigation involving, or judgment against, the Companies and Sellers in form, scope and substance reasonably satisfactory to Buyer, confirming the absence of pending litigation other than as disclosed on Schedule 9.02(f) and Encumbrances (other than Permitted Encumbrances) as of a date on or before the Closing;

(xxx) Evidence that all Indebtedness of the Companies has been paid and all Companies Transaction Expenses have been paid.

(xxxi) Written resignations, effective as of the Closing, of any Managers and officers (as used in RULLCA) of the Companies;

(xxxii) Proof in form satisfactory to Buyer that all domain names identified on Schedule 4.06(a) are registered exclusively to RHMT;

(xxxiii) A certificate of the Manager of each Company dated as of the Closing certifying that attached thereto are true and complete copies of all resolutions adopted by the members and managers of such Company authorizing the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, including the appointment of the Board of Directors as the Manager of each Company, and confirmation that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated hereby;

(xxxiv) For each Seller that is not a natural person, a certificate of the manager of each such Seller dated as of the Closing certifying that attached thereto are true and complete copies of all resolutions adopted by the members and managers of such Seller authorizing the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, and confirmation that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated hereby;

(xxxv) The certificate required by Section 8.02(e), dated as of the Closing Date;

(xxxvi) A Non-Foreign Certificate and Form W-9 from each Seller; and

(xxxvii) A funds flow agreement, dated as of the Closing Date, and executed by the Sellers, setting forth for each Company and each Seller their pro rata portion of the Closing Date Proceeds.

(b) Parent's Deliveries. At the Closing, Parent shall deliver to each Seller:

(i) A copy of the board resolutions adopted by the Board of Directors of the Parent authorizing the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, and confirmation that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated hereby; and

(ii) On behalf of Buyer, a stock certificate, issued in the name of such Seller, representing that Seller's pro rata entitlement to the Parent Shares (calculated to the one one-thousandth of a Parent Share).

(c) Buyer's Deliveries. At the Closing, Buyer shall deliver the following:

(i) Copies of all consents, approvals, waivers and authorizations referred to in Section 5.02 of this Agreement or in Section 5.02 of the Buyer Disclosure Schedules;

(ii) The Escrow Agreement duly executed by Buyer;

(iii) A Management Services Agreement with each Company in substantially the form attached hereto as Exhibit E, duly executed by the Manager;

(iv) A Second Amended and Restated Operating Agreement of RHMT, LLC duly executed by Buyer;

(v) A Third Amended and Restated Operating Agreement of Deep Thought, LLC duly executed by Buyer;

(vi) A Third Amended and Restated Operating Agreement of Howard Street, LLC duly executed by Buyer;

(vii) All other documents, instruments, and certificates required to be delivered to the Sellers at Closing, or that the Sellers may reasonably request, in form and substance reasonably satisfactory to the Sellers and their counsel.

(viii) Buyer shall pay in cash, without duplication, the following amounts:

(1) To each lender identified on the Closing Indebtedness Schedule, the amount due and payable to such lender as set forth in the Debt Payoff Letters;

(2) To each person identified on the Company Transaction Expense Schedule, the amount of Company Transaction Expenses due and payable to such Person as of the Closing Date as identified on such schedule;

(3) To the Escrow Agent, the Sellers' Contribution to Escrow and the Escrow Agent Fee; and

(4) To each Seller, their pro rata portion of Closing Date Proceeds, by wire transfer of immediately available funds pursuant to written wiring instructions provided by Sellers to Buyer prior to the Closing, and as set forth in a Closing Date Funds Flow executed by Sellers and delivered to Buyer no less than

three (3) business days prior to the Closing Date. For each Company, "Closing Date Proceeds" available to distribute to the Sellers of such Company will equal: the Cash Consideration, multiplied by such Company's percentage of Purchase Price set forth on Exhibit A, minus Sellers' Contribution to Escrow, multiplied by such Company's Percentage of Escrow set forth on Exhibit A, minus 50% of the Escrow Agent Fee, multiplied by such Company's percentage of Purchase Price, plus (or minus, if negative) the Company's Estimated Closing Adjustment, minus Company Transaction Expenses, minus the Company's Closing Indebtedness (such amount, for each Company, its "Closing Date Proceeds").

Section 2.09 Withholding. Buyer and the Companies shall be entitled to deduct and withhold from any consideration payable to Sellers pursuant to this Agreement all Taxes that Buyer and the Companies may be required to deduct and withhold under any provision of Tax Law. All such withheld amounts shall be treated as delivered to Sellers hereunder.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE SELLERS

Each Seller, severally and not jointly, hereby represents and warrants to Buyer that the statements contained in this Article III are true and correct as of the date hereof and as of the Closing Date, except as otherwise set forth in written disclosure schedules delivered pursuant to this Article III, copies of which are attached to this Agreement.

Section 3.01 Organization and Authority of Seller. If an entity, Seller is duly formed, validly existing and in good standing under the laws of its jurisdiction of formation. Seller has all necessary power and authority to enter into this Agreement, to carry out Seller's obligations hereunder and to consummate the transactions contemplated hereby. The execution and delivery by Seller of this Agreement, the performance by Seller of its obligations hereunder and the consummation by Seller of the transactions contemplated hereby have been duly authorized by all requisite action on the part of Seller. This Agreement has been duly executed and delivered by Seller, and (assuming due authorization, execution and delivery by the other parties hereto) this Agreement constitutes a legal, valid and binding obligation of Seller, enforceable against Seller in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity), and excluding any United States federal Law to the extent such federal law or treaty would be violated, or protections under such Law would be unavailable to a party, as a result of operating or owning a state licensed cannabis business in compliance with California law.

Section 3.02 No Conflicts; Consents. Except as disclosed in Section 3.02 of the Company Disclosure Schedules, the execution, delivery and performance by Seller of this Agreement and the documents to be delivered hereunder, and the consummation of the transactions contemplated hereby, do not and will not: (a) violate or conflict with the organizational documents of Seller, if applicable; (b) violate or conflict with any judgment, order, decree, statute, Law, ordinance, rule or regulation applicable to Seller; or (c) conflict with, or result in (with or without notice or lapse of time or both) any violation of, or default under, or give rise to a right of termination, acceleration or modification of any obligation or loss of any benefit under any material contract or other instrument to which Seller is a party. Except as disclosed in Section 3.02 of the Company Disclosure Schedules, no notice, consent, approval, waiver or authorization is required to be obtained by Seller from any person or entity (including any governmental authority) in connection with the execution, delivery and performance by Seller of this Agreement and the consummation of the transactions contemplated hereby.

Section 3.03 Securities. Seller represents he or she is the record and beneficial owner of the Common Units, Preferred Units and Promissory Note (collectively, the "Securities") of each Company described on Schedule 3.03. All Securities set forth on Schedule 3.03 are owned by the Seller free and clear of any Encumbrance (other than restrictions on transfer arising under the Operating Agreement, which will be amended and restated as of the Closing). Seller has the full right, authority and power to sell, assign and transfer the Purchased Securities to Buyer. The Securities have not been sold, assigned or transferred, nor has any agreement been entered into to sell, assign or transfer any of the Securities to any other person. There are no restrictions on or agreements with respect to the voting rights of Seller that would impair Buyer's rights under this Agreement. Upon delivery to Buyer of an assignment separate from certificate and allonge for the Purchased Securities at the Closing and Buyer's payment of the Closing Date Proceeds, Buyer shall acquire good, valid and marketable title to the Purchased Securities, free and clear of all Encumbrances.

Section 3.04 Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated hereby based upon arrangements made by or on behalf of a Seller.

Section 3.05 Parent Shares.

(a) Each Seller understands that the Parent Shares have not been registered under the Securities Act of 1933, as amended and are being issued pursuant to an exemption from registration and prospectus requirements of the Canadian Securities Laws and the securities laws of the United States. Each Seller acknowledges that Parent and Buyer will rely on Seller's representations, warranties and certifications set forth below for purposes of confirming the availability of any exemption from such registration and prospectus requirements. Each Seller has not received a document purporting to describe the business and affairs of the Buyer or Parent that has been prepared primarily for delivery to and review by prospective investors so as to assist those investors to make an investment decision in respect of Parent under the terms of this Agreement. Each Seller has such knowledge and experience in financial and business affairs as to be capable of evaluating the merits and risks of an investment in the Parent Shares. Each Seller acknowledges that each Seller is eligible to acquire the Parent Shares pursuant to the exemption from the prospectus requirements of Canadian Securities Laws found in s. 2.12 *Asset Acquisitions* of National Instrument 45-106 *Prospectus Exemptions*. The certificates representing the Parent Shares (and any replacement certificate issued prior to the expiration of the applicable hold periods), or ownership statements issued under a direct registration system or other electronic book-based or book-entry system, will bear the following legends in accordance with applicable securities Laws:

"UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [INSERT THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE CLOSING DATE]."

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "US SECURITIES ACT"), OR ANY STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S ("REGULATION S") UNDER THE US SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL SECURITIES LAWS AND REGULATIONS, (C) IN COMPLIANCE WITH THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE US SECURITIES ACT PROVIDED BY (1) RULE 144 THEREUNDER, IF AVAILABLE, OR (2) RULE 144A THEREUNDER, IF AVAILABLE, AND IN EACH CASE IN COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS, OR (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, PROVIDED THAT IN THE CASE OF TRANSFERS PURSUANT TO (C)(1) OR (D) ABOVE, A LEGAL OPINION OF COUNSEL OF RECOGNIZED STANDING OR OTHER EVIDENCE, IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE CORPORATION, TO THAT EFFECT MUST FIRST BE PROVIDED TO THE CORPORATION. THESE SECURITIES MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON CANADIAN STOCK EXCHANGES."

Each Seller acknowledges that: (i) it has been provided with the opportunity to consult its own legal advisors with respect to the Parent Shares issuable to it pursuant to this Agreement and with respect to the existence of resale restrictions imposed by applicable securities Laws; (ii) no representation has been made respecting the applicable holding periods imposed by the securities Laws or other resale restrictions applicable to the Parent Shares which restrict the ability of the Seller to resell such securities; (iii) it is solely responsible to find out what these restrictions are; (iv) it is solely responsible (and the Parent is not in any way responsible) for compliance with applicable resale restrictions; and (v) it is aware that it may not be able to resell the Parent Shares, except in accordance with limited exemptions under the securities Laws. Each Seller will execute and deliver within the applicable time periods all documentation as may be required by applicable securities Laws to permit the issuance of the Parent Shares on the terms set forth herein and, if required by applicable securities Laws, will execute, deliver and file or assist the Parent in obtaining and filing such reports, undertakings and other documents relating to the purchase of the Parent Shares as may be required by any applicable securities Laws, securities regulator, stock exchange or other regulatory authority, which includes, without limitation, determining the eligibility of each Seller to acquire the Parent Shares under applicable securities Laws, preparing and registering certificates (if any) representing the Parent Shares and completing regulatory filings required by the applicable securities commissions. Accordingly, each Seller consents to the collection, use and disclosure of certain personal information for the purposes of meeting legal, regulatory, self-regulatory, security and audit requirements (including any applicable tax, securities, money laundering or anti-terrorism legislation rules or regulations) and as otherwise permitted or required by Law, which disclosures may include disclosures to tax, securities or other regulatory or self-regulatory authorities in Canada and/or in foreign jurisdictions, if applicable, in connection with the regulatory oversight mandate of such authorities.

(b)

(i) Each Seller is resident in the United States or otherwise a "U.S. Person", as defined in Regulation S under the US Securities Act.

(ii) Seller understands and acknowledges (1) that the Parent Shares have not been, or will not be, registered under the US Securities Act, or under any state securities laws, and no registration statement or prospectus in respect thereof will be prepared or filed under the US Securities Act or applicable securities Laws, and that the Parent Shares are being offered and sold in reliance upon federal, provincial and state exemptions for transactions not involving any public offering, thus the Parent Shares are "restricted securities," as such term is defined in Rule 144 under the US Securities Act, and will be subject to restrictions on resale under such laws and as set forth in the restrictive legends set forth above. As a condition of receiving Parent Shares at Closing, each Seller shall be required to deliver the Seller Acknowledgment as to their status as an "accredited investor," as defined in Rule 501(a) of Regulation D promulgated under the US Securities Act, together with any supporting information as reasonably requested by the Company or Parent in order to confirm their status and the availability of an exemption from the registration requirements of the US Securities Act and applicable state securities laws for the issuance of such Parent Shares to such holder; (2) that upon the original issuance thereof, and until such time as the same is no longer required under the applicable requirements of the US Securities Act or Applicable Securities Laws, the certificates representing the Parent Shares, and all securities issued in exchange therefor or in substitution thereof, will bear legends as described in Section 3.05(a) above.

(iii) Each Seller consents to Parent making a notation on its respective records or giving instructions to any transfer agent of the Parent Shares in order to implement the restrictions on transfer set forth and described herein.

(iv) Each Seller understands and acknowledges that Parent does not have an obligation or present intention of filing a registration statement under the US Securities Act or Applicable Securities Laws in respect of the Parent Shares.

(v) Each Seller acknowledges that he is acquiring the Parent Shares solely for his, her or its own account and not on behalf of any other person for investment purposes only and not with a view to the resale, distribution or other disposition thereof in violation of Applicable Securities Laws.

(vi) Each Seller represents and warrants that alone, or with the assistance of his, her or its professional advisors, he, she or it has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of his, her or its investment in the Parent Shares and is able, without impairing his, her or its financial condition, to hold such securities for an indefinite period of time and to bear the economic risks, and withstand a complete loss, of such investment.

(vii) Each Seller represents and warrants that he, she or it has had access to such additional information, if any, concerning as he, she or it has considered necessary in connection with his, her or its investment decision to acquire the Parent Shares.

Section 3.06 Cannabis Matters. Each Seller and each Seller Principal hereby make the following representations and warranties relating specifically to cannabis matters:

(a) That such Seller that is a natural person, and each equity holder, director, officer, manager, member or managing member of each Company (each, a "Company Owner"), is at least twenty-one (21) years of age;

(b) That such Company, Seller, Seller Principal and Company Owner is in compliance with all licensing requirements established by the applicable Government Authorities with respect to the Cannabis Licenses;

(c) That such Seller, Seller Principal and each Company Owner does not have any felony convictions in the State of California or any other jurisdiction. For purposes of this
Agreement, "felony conviction" shall mean and refer to the following:

(i) a plea or verdict of guilty;

(ii) a conviction following a plea of nolo contendere;

(iii) any convictions dismissed under California Penal Code (the "Penal Code") §§1203.4, 1203.4a and 1203.41 or any equivalent non-California law;

(iv) any conviction dismissed under California Health and Safety Code (the "H&S Code") §11361.8 or any equivalent non-California law;

(v) any violent felony conviction under § 667.5(c) of the Penal Code;

(vi) any serious felony conviction under §1192.7(c) of the Penal Code;

(vii) a felony conviction involving fraud, deceit or embezzlement;

(viii) a felony conviction for hiring, employing or using a minor in transporting, carrying, selling, giving away, preparing for sale or peddling any controlled substance to a minor, or offering, furnishing or selling any controlled substance to a minor;

(ix) a felony conviction for drug trafficking with enhancements pursuant to §§ 11370.4 and 11379.8 of the H&S Code; and

(x) a conviction under §§ 382 or 383 of the Penal Code.

(d) That such Seller, Seller Principal and Company Owner has not been convicted of or committed any violation of the California Sherman Food, Drug and Cosmetic Law that resulted in suspension or revocation of a license, administrative penalty, citation, civil proceeding or criminal conviction;

(e) That such Seller, Seller Principal and Company Owner has not been convicted of or committed any violation of the California Food Sanitation Act that resulted in suspension or revocation of a license, administrative penalty, citation, civil proceeding or criminal conviction;

(f) That such Seller, Seller Principal and Company Owner has not received any fines or penalties for the production or cultivation of a controlled substance on public or private land pursuant to California Fish and Game Code §§ 12025 or 12025.1;

(g) That such Seller, Seller Principal and Company Owner has not been convicted of or committed any act that would result in the denial of a license, permit, registration or other consent or approval to conduct commercial cannabis activity;

(h) That such Seller, Seller Principal and Company Owner has not been sanctioned by any licensing authority, city or county for any unlicensed commercial cannabis activity;

(i) That such Seller, Seller Principal and Company Owner has not, had any license, permit, registration or other consent or approval to conduct commercial cannabis activity suspended or revoked by any licensing authority or local jurisdiction, or has had any application for a license, permit, registration or other consent or approval to conduct commercial cannabis activity denied, or received any fines or penalties relating to a Cannabis License or otherwise related to any cannabis activity;

(j) That such Seller, Seller Principal and Company Owner is not employed by any agency in the State of California or any of its political subdivisions in any position that involves the enforcement of the Cannabis Laws, or that involves the enforcement of any of the penal provisions of law of the State of California prohibiting or regulating the sale, use, possession, transportation, distribution, testing, manufacturing, or cultivation of cannabis or cannabis products, including but not limited to, employment with the California Department of Justice as a peace officer, or employment in any district attorney's office, in any city attorney's office, in any sheriff's office, or in any local police department; and

(k) That such Seller, Seller Principal and Company Owner has not been determined by a court or governmental agency or tribunal to have engaged in any attempt to obtain a registration, license, or approval to operate a cannabis business in any state or locality by fraud, misrepresentation, or the submission of false information.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES AS TO COMPANIES

With respect to each Company, Sellers and Seller Principals, jointly and severally, hereby represent and warrant to Buyer that each of the statements contained in this Article IV with respect to are true and correct as of the date hereof and as of the Closing Date, except as otherwise set forth in written disclosure schedules delivered pursuant to this Article IV, copies of which are attached to this Agreement (the "Company Disclosure Schedule"). For clarification, the Seller Principals are making the representations hereunder with respect to all Companies; the RHMT Sellers are making representations hereunder only with respect to RHMT, the Deep Thought Sellers are making representations hereunder only with respect to Deep Thought, and the Howard Street Sellers are making representations hereunder only with respect to Howard Street.

Section 4.01 Organization, Authority and Qualification of Companies.

(a) Company is a limited liability company duly organized, validly existing and in good standing under the laws of the State of California and has all necessary limited liability company power and authority to own, operate or lease the properties and assets now owned, operated or leased by it and to carry on its business as it is currently conducted. Company is duly qualified to transact business and is in good standing in the state of California, A true and correct list of all Permits held by Company is set forth in Section 4.01(a) of the Company Disclosure Schedule. Company does not do any business in any other jurisdiction.

(b) Company has all requisite power and authority to execute and deliver this Agreement and the other agreements, documents, instruments, and certificates required to be executed and delivered by Company pursuant to Sections 2.08 and 8.02 of this Agreement (collectively with this Agreement, the "Transaction Agreements"), and to perform its respective obligations thereunder.

(c) Each Transaction Agreement to which Company is a party constitutes (or will upon execution at the Closing constitute) the legally binding obligation of such Company, enforceable in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity), and excluding any United States federal Law to the extent such federal law or treaty would be violated, or protections under such Law would be unavailable to a party, as a result of operating or owning a state licensed cannabis business in compliance with California law. The execution, delivery and performance of the Transaction Agreements by Company, and the consummation of the transactions contemplated thereby, have been duly and validly authorized by all requisite action of such Company and do not and will not: (a) violate any provision of applicable Law, excluding any United States federal Law to the extent such federal law or treaty would be violated, or protections under such Law would be unavailable to a party, as a result of operating or owning a state licensed cannabis business in compliance with California law; (b) contravene, conflict with, or result in a violation of: (i) any provision of the organizational documents of such Company; or (ii) any resolution adopted by such Company's managers or members; or (c) conflict with, result in the termination of any provisions of, constitute a default under, accelerate any obligations arising under, trigger any payment under, result in the creation of any Encumbrance pursuant to, or otherwise adversely affect, the rights of such Company under any of the Material Contracts to which such Company is a party or by which any of its assets is bound, in each case with or without the giving of notice, the passage of time or both.

Section 4.02 Capitalization.

(a) All of the issued and outstanding ownership interests in Company are owned beneficially and of record by Sellers as set forth on the Schedule of Sellers.

(b) Section 4.02(b) of the Disclosure Schedule set forth whether Company is a member-managed or manager-managed LLC, and, with respect to manager-managed LLCs, the name of each manager.

(c) Except as set forth in Section 4.02 of Company Disclosure Schedules, there are (i) no options, warrants, convertible securities or other rights, agreements, arrangements or commitments relating to the securities of or an equity interest in Company or obligating Company to issue or sell any securities, or any other interest, in such Company, (ii) except for the Company's Operating Agreement (which will be amended and restated as of the Closing), no voting agreements or voting trusts, operating agreements, proxies or other agreements between or among any Person or Persons relating to Company or the securities or ownership interests of Company, (iii) no other rights, agreements, arrangements or commitments relating to the securities of Company to which the Company is a party, or by which the Company is bound, obligating the Company to repurchase, redeem, retire or otherwise acquire any of its securities, or any other interest in, such Company, and (iv) no outstanding or authorized stock appreciation, phantom stock, profit participation or other similar rights with respect to Company.

Section 4.03 No Subsidiaries; No Conversion.

(a) Company does not own, or hold any interest in, any shares, limited liability company units or other equity, or any ownership interest in any other Person.

(b) Company is not an Affiliate of or has ever been Affiliated with any mutual benefit, public benefit or cooperative corporation. No Person is or was a "member" (as defined at California Corporations Code Section 5056), or was a "member" (as defined at California Corporations Code Section 12238) in Company or any Company Affiliate, or held any "membership" in Company (as defined in California Corporations Section 5057 or California Corporations Code Section 12239). For the purposes of this Section 4.03(b) the term "Company" is deemed to include any predecessor business or entity and any business or entity Affiliated with any Company predecessor business or entity.

Section 4.04 No Conflicts; Consents. Except as disclosed in Section 4.04 of the Company Disclosure Schedules, the execution, delivery and performance by the Company of this Agreement and the documents to be delivered hereunder, and the consummation of the transactions contemplated hereby, do not and will not: (a) violate or conflict with the organizational documents of the Company; (b) violate or conflict with any Law, Order or Permit applicable to the Company; or (c) conflict with, or result in (with or without notice or lapse of time or both) any violation of, or default under, or give rise to a right of termination, acceleration or modification of any obligation or loss of any benefit under any Material Contract or Permit or other instrument to which Company is a party. Except as disclosed in Section 4.04 of the Company Disclosure Schedules, no notice, consent, approval, waiver or authorization is required to be obtained by Company from any person or entity (including any Governmental Authority) in connection with the execution, delivery and performance by Company of this Agreement and the consummation of the transactions contemplated hereby.

Section 4.05 Litigation. Except as set forth in Section 4.05 of the Company Disclosure Schedule, there is no Action pending or to Sellers' knowledge, currently threatened (i) against Company or any of its officers, directors, members, employees or consultants arising out of their relationship with such Company; or (ii) that would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect. There is no action, suit, proceeding or investigation by Company pending or which Company intends to initiate.

Section 4.06 Intellectual Property.

(a) Section 4.06(a) of the Company Disclosure Schedule lists (i) all registered Company Intellectual Property and (ii) all material unregistered Company Intellectual Property, indicating specifically which Company owns each item of Company Intellectual Property. Except as disclosed in Section 4.06 of the Company Disclosure Schedule, the Company listed on Section 4.06(a) of the Company Disclosure Schedule owns the entire right, title and interest in, to and under, or has a valid license to use, its Company Intellectual Property, free and clear of any Encumbrances other than Permitted Encumbrances. All trademarks that are included in Company Intellectual Property and that have been registered with the United States Patent and Trademark Office and all copyrights that are included in Company Intellectual Property and that have been registered with the United States Copyright Office are currently in compliance with all Laws, are valid and enforceable. Each member, manager, employee and consultant of the Company has assigned to the applicable Company all intellectual property rights he or she owns that are related to the Business.

(b) Section 4.06(b) of the Company Disclosure Schedule contains a complete list and description of all of the Products of the Business. Company owns all right, title and interest in and to, or has the right to use pursuant to a valid and enforceable Contract, all Company Intellectual Property used, necessary or useful to manufacture, advertise, distribute and sell the Products and to otherwise fully conduct its Business, including without limitation, all proprietary recipes, formulas, manufacturing processes, packaging, labeling, trademarks, tradenames and copyrights, and that, except as specifically disclosed in Section 4.06(b) of the Company Disclosure Schedule, none of such Products or recipes, formulas, manufacturing processes, packaging, labeling, trademarks, tradenames or copyrights have been licensed or provided for the use of any third party.

(c) Section 4.06(c) of the Company Disclosure Schedule identifies each item of intellectual property that any third party owns and that Company uses pursuant to license, sublicense, agreement, covenant not to sue, or permission (an "IP License"). Company has delivered to Buyer correct and complete copies of all such IP Licenses. Each of the IP Licenses is legal, valid, binding, enforceable, and in full force and effect in all material respects. No party to any IP License is in material breach or default, and no event has occurred that with notice or lapse of time would constitute a material breach or default or permit termination, modification, or acceleration thereunder. No party to any of the IP Licenses has repudiated any material provision thereof. Company has not granted any license or other rights (contractual or otherwise) that would entitle a third party to copy, distribute or use any Company Intellectual Property in any manner.

(d) No proceeding is pending or, to the Sellers' knowledge, threatened asserting the invalidity or misuse of, challenging Company's rights in, or otherwise opposing any rights of such Company with respect to Company Intellectual Property, and to the Sellers' knowledge there is no reasonable basis for such a claim. Company has not received notice of any conflict with the asserted rights of any third party with respect to any Company Intellectual Property. To the Sellers' knowledge, the conduct of the Business and Company's use of Company Intellectual Property has not infringed upon, misappropriated or violated and does not infringe upon, misappropriate or violate the rights of any third party. To the Sellers' knowledge, no rights of Company in any Company Intellectual Property has been infringed upon, misappropriated or violated by any third party. To the Sellers' knowledge, no information of Company regarded as confidential or proprietary has been disclosed to a third party, other than pursuant to a valid and binding confidentiality agreement.

(e) To the extent that any Company Intellectual Property has been developed or created independently or jointly by any Person other than the Company, such other Person has delivered to the Company owning such Company Intellectual Property a duly executed and valid written assignment transferring to such Company ownership of all of such Person's rights in and to all Intellectual Property in the developed work. Section 4.06(e) of the Company Disclosure Schedule sets forth an accurate and complete list of each Person other than the Company who has developed or created independently or jointly any Company Intellectual Property.

(f) None of the software used in the Business is subject to any "copyleft" or other obligation or condition (including any obligation or condition under any "open source" license, such as the GNU's General Public License or Lesser/Library GPL, the Artistic License (e.g., PERL), the Mozilla Public License, the Netscape Public License, the Sun Community Source License (SCSL) or the Sun Industry Standards License (SISL)), that requires or could require or conditions or could condition the use or distribution of such software on the disclosure, licensing, or distribution of any source code for any portion of such software or that otherwise imposes or could impose any limitation, restriction, or condition on the right or ability of any Company to use or distribute such software.

(g) No Company is currently using, nor will it be necessary for Buyer from and after the Closing Date to use: (A) any inventions or other Intellectual Property rights of any of Company's past or present officers, employees or contractors made prior to or outside the scope of their employment or engagement with such Company; (B) any inventions or other Intellectual Property rights of any of Company's past or present directors, shareholders or agents; or (C) any confidential information or trade secrets of any former employer of any such Person.

Section 4.07 Material Contracts. Except as set forth in Section 4.07 of the Company Disclosure Schedules, there are no Contracts to which Company is a party or by which it is bound (each, a "Material Contract") that involve (i) obligations (contingent or otherwise) of, or payments to, Company in excess of US$10,000, (ii) the license of any patent, copyright, trademark, trade secret or other proprietary right to or from Company, (iii) indemnification by Company with respect to any person outside the ordinary course of business, (iv) limitations on the ability of Company to compete in any line of business or with any Person or in any geographic area or during any period of time; (v) Company, on one hand, and any officer, director, Seller or Key Personnel, on the other hand; (vi) requires Company to purchase minimum quantities (or pay any amount for failure to purchase any specific quantities) of goods or services, or contains "most favored customer" or similar pricing arrangements; (vii) provides for a partnership, joint venture, teaming or similar arrangement pursuant to which Company shares in the profits or losses of any business with any other Person or is jointly liable with any other Person; (viii) pursuant to which Company is (a) a lessee or sublessee of or holds, occupies or operates, any real property, (b) a lessor or sublessor of, or makes available for use, occupancy or operation by any Person, any real property or (c) a lessee or sublessee of any personal property; (ix) creates an Encumbrance on any Company Assets or evidences any Indebtedness, or (x) extends for a term of more than 12 months from the Closing Date (unless terminable by Company without payment or penalty upon no more than 60 days' notice). Each Material Contract is valid and binding on the applicable Company in accordance with its terms and is in full force and effect. Neither Company nor, to Seller's knowledge, any other party thereto, is in material breach of or default under (or is alleged to be in breach of or default under) or to Seller's knowledge has provided or received any notice of any intention to terminate, any Material Contract. No event or circumstance has occurred that, with notice or lapse of time or both, would constitute an event of default under any Material Contract or result in a termination thereof, would require additional guarantors thereof, or would cause or permit the acceleration or other changes of any right or obligation or the loss of any benefit thereunder. Buyer has been supplied with a correct and complete copy of each Material Contract.

Section 4.08 Interests in Clients, Suppliers, Etc.; Affiliated Transactions

(a) Except as set forth in Section 4.08(a) of the Company Disclosure Schedule, other than standard employee benefits generally made available to all employees, (i) there are no Contracts or Liabilities between the Company as one party, and a Seller or any Affiliate of a Seller as the other party, (ii) there are no Contracts or Liabilities between the Company as one party, and any other Affiliate of the Company as the other party, (iii) neither Sellers, any Affiliate of Sellers nor any officer of such Company possesses, directly or indirectly, any financial interest in, or is a director, officer or employee of, any Person which is a client, supplier, customer, lessor, lessee, or competitor of a Company, and (iv) neither Sellers nor any Affiliate of a Seller is a guarantor of any liabilities or obligations of the Company. Ownership of securities of a company whose securities are registered under the Securities Exchange Act of 1934, as amended, of 1% or less of any class of such securities shall not be deemed to be a financial interest for purposes of this Section 4.08.

(b) Section 4.08(b) of the Company Disclosure sets forth a description of any Contract that grants any Seller or Affiliate of a Seller any rights to any Products, Company Intellectual Property, Company Assets or other property of Company.

Section 4.09 Property and Assets.

(a) Company owns, free and clear of all Encumbrances (other than Permitted Encumbrances), all right, title and interest in and to the assets, properties and rights of every kind and description, real, personal and mixed, tangible and intangible, wherever situated which are used or useful in the conduct of the Business of such Company (with respect to each Company, their "Company Assets"), including, without limitation, the following: (i) all equipment, machinery, trucks, automobiles, materials, supplies, office furniture and office equipment, computers and telecommunications equipment and devices, and other tangible personal property used in the Business; (ii) all leases and agreements of Company, including those specifically identified within the Company Disclosure Schedules; (iii) all customer lists, sales data, brochures, suppliers, names, mailing lists, art work, photographs and sales and marketing materials; (iv) all Permits, licenses (including the Cannabis Licenses), registrations, Orders and approvals relating to the Business; (v) all trade secrets, secret processes and procedures, engineering, production, assembly, design, installation, other technical drawings and specifications, working notes and memos, market studies, consultants' reports, technical and laboratory data, engineering prototypes; (vi) all Company Intellectual Property used, necessary or useful to manufacture, advertise, distribute and sell the Products and to otherwise fully conduct the Business, including without limitation, all proprietary recipes, formulas, manufacturing processes, packaging and labeling; (vii) all patents, trademarks, trademark registrations, trade names, service marks, copyrights and copyright registrations; (viii) corporate minute books and stock books; (iv) all records of Company; (x) all Inventory, accounts receivable and other assets reflected on the Interim Financial Statements; (xi) all computer applications software, owned or licensed, whether for general business usage (e.g., accounting, word processing, graphics, spreadsheet analysis, etc.) or specific, unique-to-the-business usage (e.g., order processing, manufacturing, process control, shipping, etc.) and all computer operating, security or programming software, owned or licensed by Company; (xii) any insurance policies maintained by Company; (xiii) cash and cash equivalents on hand or in bank accounts; (xiv) assets constituting any pension or other funds for the benefit of the employees of Company; (xv) any claims and rights against third parties; (xvi) claims for refunds of Taxes and other governmental charges to the extent such funds relate to periods ending on or prior to Closing date; and (xvii) all other assets (including all causes of action, rights of action, contract rights and warranty and product liability claims against third parties, all telephone numbers, telecopier numbers, websites, domain names, and email addresses) relating to Company Assets or the Business, regardless of whether any value is ascribed thereto in the Company Financial Statements. To the extent that any Company Assets are owned by any Affiliate of Company or any Seller, such Company Assets shall be transferred to the applicable Company prior to Closing.

(b) Company does not own, and has ever owned, any Real Property.

(c) The address of such the facilities leased or subleased by Company, the name of the third-party lessors or lessees, as applicable, and the primary terms of each lease are set forth on Section 4.09 of the Company Disclosure Schedule. True, correct and complete copies of each such lease or sublease and any amendments, extensions and renewals thereof (the "Leases") have heretofore been delivered by Company to the Buyer. Company enjoys quiet and undisturbed possession under the applicable Leases to which it is a party. Company's interest in the applicable Leases is free and clear of any Encumbrances (other than Permitted Encumbrances), is not subject to any deeds of trust, assignments, subleases or rights of any third parties created by such Company, other than the lessor thereof. The Leases are valid and binding and in full force and effect, and Company is not in default thereunder as to the payment of rent or otherwise, and the consummation of the transactions contemplated by this Agreement will not constitute an event of default under the Leases and the continuation, validity and effectiveness of the Leases will not be adversely affected by the transactions contemplated by this Agreement. Except as set forth in Section 4.09 of the Company Disclosure Schedule, the consent of the lessor to the Leases is not required in connection with the transactions contemplated by this Agreement. The use and operation of the Real Property in the conduct of Company's Business does not violate in any material respect any Law, covenant, condition, restriction, easement, license, permit or agreement. No material improvements constituting a part of the Real Property encroach on real property owned or leased by a Person other than the Company. No landlord under any of the Leases is in default of such party's obligations under the respective Leases, Company has not received any notice from the landlord under any of the Leases that such landlord is negotiating or has entered into an agreement to sell the respective leased Real Property, and the leased Real Property is not subject to any pending or threatened condemnation or eminent domain actions. No tenant under any of the Leases that is a sublease is in default of such party's obligations under the respective Leases, and Company has not received any notice from the tenant under any Leases that is a sublease that Company is in default of such Lease of its obligations as landlord.

(d) Each item of personal property that constitutes Company Assets is free from any material defects, has been maintained in all material respects in accordance with normal industry practice, is in an operating condition and repair (subject to normal wear and tear) adequate and suitable for the purposes for which such asset and property is presently used. The property and assets of Company are sufficient for it to continue to conduct the Business after the Closing in substantially the same manner as heretofore conducted by the Company and in accordance with all applicable Laws.

Section 4.10 Financial Statements; Financial Matters. Attached in Section 4.10 of the Company Disclosure Schedules are (i) copies of each Company's unaudited financial statements consisting of the estimated balance sheet of such Company as at December 31 in each of the years 2015, 2016, and 2017 and the related statements of operations, comprehensive income, changes in members' equity and cash flows for the years then ended (the "Unaudited Financial Statements") and (ii) unaudited financial statements consisting of the balance sheet of Company at December 31, 2018 and the related statements of operations, comprehensive income, changes in members' equity and cash flows for the twelve (12) month period then ended (the "Interim Financial Statements" and together with the Unaudited Financial Statements, collectively, the "Financial Statements"). The balance sheets of each Company as of December 31, 2018 are referred to herein as the "Balance Sheet" and the date thereof as the "Balance Sheet Date". The term "Interim Financial Statements" shall also include any updates to the Financial Statements delivered by the Company to Buyer pursuant to Section 7.03(b)(i). The Financial Statements will have been prepared in accordance with GAAP applied on a consistent basis throughout the period involved, subject, in the case of the Interim Financial Statements, to normal and recurring year-end adjustments, and the absence of notes. Subject to the foregoing sentence, the Financial Statements fairly present in all material respects the financial condition of the Company as of the respective dates they were prepared and the results of the operations of Company for the periods indicated. The Company has not had any disagreement with its accountants relating to the Financial Statements. The Company does not have any long-term or short-term debt except as set forth in Section 4.10 of the Company Disclosure Schedules.

Section 4.11 Personnel Matters.

(a) Section 4.11(a) of the Company Disclosure Schedules contains a correct and complete list of the employees and independent contractors of Company as of the date hereof, including each such person's name, job title or function, and job location; whether such person is subject to an employment agreement or consulting agreement; a true, correct and complete listing of his or her current salary or wage payable by Company, including any bonus, contingent or deferred compensation payable to such person; the total compensation paid by Company to each such person for the fiscal years ending December 31, 2015, 2016 and 2017, including any bonus, contingent or deferred compensation; the amount of accrued but unused vacation time; and his or her current status (as to leave or disability status, employee or independent contractor, full time or part time, and exempt or nonexempt). Company is not delinquent in payments to any of its employees, consultants, or independent contractors for any wages, salaries, commissions, bonuses, or other direct compensation for any service performed for it or amounts required to be reimbursed to such employees, consultants or independent contractors. Company has complied in all material respects with all applicable local, state and federal equal employment opportunity laws and with other laws related to employment, including those related to wages, hours, worker classification and collective bargaining. Company has withheld and paid to the appropriate governmental entity, or is holding for payment not yet due to such governmental entity, all amounts required to be withheld from employees of such Company. Company is not liable for any arrears of wages, taxes, penalties or other sums for failure to comply with any of the foregoing.

(b) Company has made all required contributions and has no liability to any such employee benefit plan, other than liability for health plan continuation coverage described in Part 6 of Title I(B) of the Employee Retirement Income Security Act of 1974, as amended, and has complied in all material respects with all applicable laws for any such employee benefit plan.

(c) All individuals presently characterized and treated by Company as independent contractors or consultants are properly characterized as independent contractors under all applicable laws. All employees of Company are presently classified as exempt under the Fair Labor Standards Act and state and local wage and hour laws are reasonably classified as such by Company.

(d) Except as set forth in Section 4.11(d) of the Company Disclosure Schedules, to the Sellers' knowledge, no Key Personnel has any plans to terminate employment or relationship with Company.

(e) Except as set forth in Section 4.11(e) of the Company Disclosure Schedules, Company is not a party or threatened to be made a party to any action, suit, proceeding, hearing, or investigation brought by or on behalf of any employee, former employee, independent contractor, former independent contractor or current or former service provider without regard to its compensation, of Company, including but not limited to any of the following: (i) wrongful termination, (ii) breach of employment agreement, (iii) unpaid wages or hours, (iv) workplace harassment or discrimination, (v) workers' compensation, (vi) unemployment insurance, (vii) employment status or (viii) any investigation or enforcement action brought or threatened to be brought by the United States Department of Labor or any similar state or local agency.

(f) Except as set forth in Section 4.11(f) of the Company Disclosure Schedules, Company is not subject to any labor union or collective bargaining agreement and no such agreement is currently being negotiated by or involving Company. Company has no (i) unfair labor practice charge or complaint against it in respect of its business that is pending or threatened before the National Labor Relations Board, any state labor relations board or any court or tribunal, (ii) material labor relations problems, including any material grievances, strikes, lockouts, disputes, request for representations, union organization activities (including but not limited to union organization campaigns or requests for representation), slowdowns or stoppages pending, threatened or anticipated in respect of its business and there have been no strikes,

lockouts, disputes, union organization activities (including but not limited to union organization campaigns or requests for representation), slowdowns or stoppages, or (iii) pending, threatened or anticipated actions, arbitrations, administrative proceedings, charges, complaints or investigations that involve the labor or employment relations of Company, including but not limited to, issues relating to employment discrimination, wage and hour and occupational health and safety.

(g) Except as set forth in Section 4.11(g) of the Disclosure Schedule, Company has never classified, compensated or considered any person who provided services to it as a volunteer or as ineligible for the protections of the California Labor Code. No employee, contractor, or individual who provided services to Company or any Company Affiliate was compensated with Inventory or in any form except cash and Company securities. Neither Company nor any Company Affiliate accepted donated services or labor. For the purposes of this Section 4.11(g), the term "Company" is deemed to include any predecessor business or entity and any business or entity Affiliated with Company predecessor business or entity.

Section 4.12 **Tax Matters**. Except as set forth in Section 4.12 of the Company Disclosure Schedules, and with respect to Company:

(a) all Tax Returns that are required to be filed by the Company on or before the Closing Date have been timely filed, and all such Tax Returns are true, correct and complete in all material respects. Company has paid all Taxes that are due and payable on or before the Closing Date, whether or not shown on any Tax Return. The unpaid Taxes of the Company do not exceed the reserve for Taxes set forth in the Interim Financial Statements (without regard to any reserve for deferred Taxes established to reflect timing differences between book and Tax income). Company is not currently the beneficiary of any extension of time within which to file any Tax Return. Company has not failed to remit taxes as required under the California Revenue and Taxation Code.

(b) No claim has ever been made by an authority in a jurisdiction where Company does not file Tax Returns that Company is or may be subject to taxation by that jurisdiction. There are no Encumbrances for Taxes (other than for current Taxes not yet due and payable) upon any of the assets of Company.

(c) Company has withheld and paid all Taxes required to have been withheld and paid in connection with any amounts paid or owing to any employee, independent contractor, creditor, member, or other third party.

(d) Except as set forth in Section 4.12(d) of the Company Disclosure Schedule, no audits, examinations or administrative or legal proceedings relating to any Tax liabilities of Company are pending or being conducted. Except as set forth in Section 4.12(d) of the Company Disclosure Schedule, Company has not received from any foreign, federal, state, or local taxing authority (including jurisdictions where Company has not filed Tax Returns) any (i) written inquiry or notice indicating an intent to open an audit or other review with respect to any Tax liabilities of Company, or (ii) written notice of deficiency or proposed adjustment for any Tax liabilities of Company. To the Sellers' knowledge, there are no threatened audits or proposed deficiencies or other claims for unpaid Taxes of Company.

(e) Company has complied, in all respects, with Code Section 280E and has not taken a deduction or credit for any expenditures to the extent prohibited by Code Section 280E. Company has complied with IRS Chief Counsel Advice 201504011.

(f) Company has not waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency.

(g) Company is not a party to, nor does Company have any liability under, any Tax sharing or Tax indemnification agreement, and Company is not otherwise obligated to indemnify another Person for any Taxes, or otherwise pay another Person's Taxes, either contractually or otherwise. Company has no liability for any Taxes of another Person as transferee under any applicable Law, including but not limited to under Code Section 6901.

(h) Company has disclosed on its federal income Tax Returns all positions taken therein that could give rise to substantial understatement of federal income Tax, within the meaning of Section 6662 of the Code, and Company has not participated in a "reportable transaction" within the meaning of Treasury Regulations Section 1.6011-4(b).

(i) Company has always been classified as a Subchapter C corporation under all applicable Tax Laws.

(j) Company has never been a party to any joint venture, partnership or other agreement, arrangement or Contract that is treated as a partnership for U.S. federal income Tax purposes.

(k) No power of attorney has been executed by or on behalf of Company with respect to any matters relating to Taxes that is currently in force.

(l) Company has never had a "permanent establishment" in any foreign country, as such term is defined in any applicable Tax treaty or convention between the United States and such foreign country, or ever had any of its employees or agents conduct any business in any country other than the United States.

(m) Company has never applied for any ruling relating to Taxes from any Governmental Authority, or entered into any closing agreement with any Governmental Authority.

(n) Company has never made nor, to the knowledge of Company, is it required to make, any adjustment under Code Section 481(a) or file Internal Revenue Service Form 3115 by reason of a change in accounting method or otherwise, or will Company be required to include any item of income in, or exclude any item of deduction from, taxable income for any Post-Closing Tax Period or Post-Closing Straddle Period, in each case as a result of any (w) closing agreement described in IRC Section 7121 or any similar Law relating to state, local or foreign Taxes,
(x) installment sale or open transaction disposition made on or before the Closing Date, and
(y) prepaid amount received on or prior to the Closing Date.

(o) Company is in compliance with all applicable "unclaimed funds" and "escheat" Laws.

(p) Section 4.12(p) of the Company Disclosure Schedules list all federal, state, local, and non-U.S. income Tax Returns filed with respect to Company for taxable periods ended on or after December 31, 2014, indicates those Tax Returns that have been audited, and indicates those Tax Returns that currently are the subject of audit. Company has delivered to Buyer true, correct and complete copies of all federal, state, local, and non-U.S. Tax Returns, examination reports, and statements of deficiencies assessed against or agreed to by Company filed or received since December 31, 2014.

(q) Company is not a party to any agreement, contract, arrangement or plan that has resulted or could result, separately or in the aggregate, in the payment of (i) any "excess parachute payment" within the meaning of Code §280G (or any corresponding provision of state, local, or non-U.S. Tax Law) or (ii) any amount that will not be fully deductible as a result of Code §162(m) (or any corresponding provision of state, local, or non-U.S. Tax Law). Company has never been a United States real property holding corporation within the meaning of Code §897(c)(2) during the applicable period specified in Code §897(c)(1)(A)(ii). Company has disclosed on its federal income Tax Returns all positions taken therein that could give rise to a substantial understatement of federal income Tax within the meaning of Code §6662. Company is not, and has never been a party to or bound by any Tax allocation or sharing agreement. Company (A) has not been a member of an affiliated group filing a consolidated federal income Tax Return and (B) has no Liability for the Taxes of any Person under Reg. §1.1502-6 (or any similar provision of state, local, or non-U.S. law), as a transferee or successor, by contract, or otherwise.

(r) Section 4.12(r) of the Company Disclosure Schedule sets forth the following information with respect to the Company as of the most recent practicable date: (A) the basis of Company in its assets; (B) the amount of any net operating loss, net capital loss, unused investment or other credit, unused foreign tax credit, or excess charitable contribution allocable to Company; and (C) the amount of any deferred gain or loss allocable to Company arising out of any intercompany transaction.

(s) Company will not be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any:

(i) change in method of accounting for a taxable period ending on or prior to the Closing Date;

(ii) use of an improper method of accounting for a taxable period ending on or prior to the Closing Date;

(iii) "closing agreement" as described in Code §7121 (or any corresponding or similar provision of state, local, or non-U.S. income Tax Law) executed on or prior to the Closing Date;

(iv) intercompany transaction or excess loss account described in Treasury Regulations under Code §1502 (or any corresponding or similar provision of state, local, or non-U.S. income Tax Law);

(v) installment sale or open transaction disposition made on or prior to the Closing Date;

(vi) prepaid amount received on or prior to the Closing Date; or

(vii) election under Code §108(i).

(t) Company has not distributed stock of another Person, or had the Units distributed by another Person, in a transaction that was purported or intended to be governed in whole or in part by Code §355 or Code §361.

(u) Company (A) is not a "controlled foreign corporation" as defined in Code §957, (B) is not a "passive foreign investment company" within the meaning of Code §1297, or (C) has a permanent establishment (within the meaning of an applicable Tax treaty) or otherwise have an office or fixed place of business in a country other than the country in which it is organized.

(v) Company has not received any letter ruling from the Internal Revenue Service (or any comparable ruling from any other taxing authority).

Section 4.13 Insurance. Section 4.13 of the Company Disclosure Schedules contains a correct and complete description of each insurance policy maintained by or which covers Company, and which Company is covered, with respect to its properties, assets, employees and business, and each such policy is in full force and effect, all premiums thereon have been paid, and Company is otherwise in compliance in all material respects with the terms and provisions of each such policy. Company is not in default with respect to its obligations under any insurance policy it maintains, and Company has never been denied insurance coverage. Company has no self-insurance or co-insurance programs. The insurance policies maintained by Company, with respect to their amounts and types of coverage, are adequate to insure fully against risks to which the Company and its property and assets are normally exposed in the operation of its Business. Section 4.13 of the Company Disclosure Schedules also sets forth a list of all pending claims and the claims history for Company since its date of formation (including with respect to insurance obtained but not currently maintained).

Section 4.14 Absence of Undisclosed Liabilities. Except as set forth in Section 4.14 of the Company Disclosure Schedules, Company has no obligation or Liability, whether absolute, accrued, contingent or otherwise, except for (i) Liabilities that are reflected or reserved against on the Company's Balance Sheet or specifically disclosed in the footnotes thereto, (ii) Liabilities which have arisen after the date of the Balance Sheet Date in the ordinary course of business (none of which is a Liability resulting from breach of contract, breach of warranty, tort, infringement, claim, lawsuit, violation of Law or environmental liability or cleanup obligation), and that are not, individually or in the aggregate, material.

Section 4.15 Accounts Payable and Receivable; Solvency.

(a) Except as set forth in Section 4.15 of the Company Disclosure Schedules, the amount of all accounts receivable, unbilled invoices and other debts due or recorded in the respective records and books of account of Company as being due to such Company (i) as of the date hereof (less the amount of any provision or reserve therefor made in the Balance Sheet) are good, valid and collectible in full in the ordinary course of business and in any event not later than ninety (90) days after the date thereof; and none of such accounts receivable or other debts is subject to any counterclaim or set-off except to the extent of any such provision or reserve, and (ii) as of the Closing Date (less the amount of any provision or reserve therefor made in the Balance Sheet) shall be good, valid and collectible in full in the ordinary course of business and in any event not later than ninety (90) days after the Closing Date; and none of such accounts receivable or other debts at the Closing Date shall be, subject to any counterclaim or set-off except to the extent of any such provision or reserve. There has been no material adverse change since the Balance Sheet Date in the amount of accounts receivable or other debts due Company or the allowances with respect thereto, or accounts payable of such Company, from that reflected in the Balance Sheet.

(b) No petition under the U.S. Bankruptcy Code or any other bankruptcy Laws has been filed against any Seller, Company or any of their respective Affiliates in the last seven (7) years, and the Sellers have no knowledge of any Person contemplating the filing of any such petition against Sellers, Company or any of their respective Affiliates. Company has never made an assignment for the benefit of creditors or made any voluntary filing or otherwise taken advantage of any bankruptcy Law for relief as a debtor. Neither the Sellers nor Company are contemplating making any assignment for the benefit of creditors or any making any filing or otherwise taking any action

to take advantage of, or with a view to making a filing under or taking advantage of, any bankruptcy Law for relief as a debtor.

Section 4.16 Inventory.

(a) All Inventory, whether reflected on the Estimated Working Capital Statement or subsequently acquired, is of a quality and quantity usable and salable, in the ordinary course of business consistent with past practice, except for obsolete items, items of below standard quality, or non-compliant items, all of which have been written off or written down to net realizable value in the balance sheet and as reflected in the Estimated Working Capital Statement as of the Closing Date, or a reserve for such inventory has been established. The inventory reserves reflected on the Estimated Working Capital Statement was adequate as of the date of the Estimated Working Capital Statement. Since the date of the Estimated Working Capital Statement, there have not been any write-downs of the value of, or establishment of any reserves against, any inventory, except for write-downs and reserves established in the ordinary course of business, in good faith and consistent with past practice and experience. All inventories not written off have been priced at cost on the first in, first out basis. All Inventory is owned by the Company free and clear of all Encumbrances (other than Permitted Encumbrances), and no inventory is held on a consignment basis.

Section 4.17 Absence of Certain Developments. Except as expressly contemplated by this Agreement or as set forth in Section 4.17 of the Company Disclosure Schedules, since the Balance Sheet Date, and other than in the ordinary course of business, there has not been, with respect to any Company, any:

(a) event, occurrence or development that has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect;

(b) amendment of the organizational documents of Company;

(c) split, combination or reclassification of any membership interests in Company;

(d) issuance, sale or other disposition of, or creation of any Encumbrance on, any ownership interests in Company, or grant of any options, warrants or other rights to purchase or obtain (including upon conversion, exchange or exercise) any ownership interests in Company;

(e) declaration or payment of any distributions on or in respect of any ownership interests in Company or redemption, purchase or acquisition of any of Company's outstanding ownership interests;

(f) material change in any method of accounting or accounting practice of Company, except as required by GAAP or as disclosed in the notes to the Financial Statements;

(g) entry into any Contract that would constitute a Material Contract;

(h) incurrence, assumption or guarantee of any indebtedness for borrowed money except unsecured current obligations and Liabilities incurred in the ordinary course of business consistent with past practice;

(i) transfer, assignment, sale or other disposition of any of the assets shown or reflected in the Balance Sheet or cancellation of any debts or entitlements;

(j) transfer or assignment of or grant of any license or sublicense under or with respect to any Company Intellectual Property;

(k) abandonment or lapse of or failure to maintain in full force and effect any registration of Company Intellectual Property, or failure to take or maintain reasonable measures to protect the confidentiality or value of any trade secrets included in Company Intellectual Property;

(l) abandonment or lapse of or failure to maintain in full force and effect any Permit or license from any Governmental Authority;

(m) default, breach or violation of any Permit, or notice of the same from any Governmental Authority;

(n) material damage, destruction or loss (whether or not covered by insurance) to any Company Assets;

(o) any capital investment in, or any loan to, any other Person;

(p) acceleration, termination, material modification to or cancellation of any material Contract (including, but not limited to, any Material Contract) to which Company is a party or by which it is bound;

(q) any material capital expenditures;

(r) imposition of any Encumbrance upon any of Company's properties or assets, tangible or intangible;

(s) (i) grant of any bonuses, whether monetary or otherwise, or changes in any wages, salary, severance, pension, vacation, incentives, trading arrangements or policies or other compensation or benefits in respect of its current or former employees, officers, managers, independent contractors or consultants, other than as required by applicable Law, (ii) change in the terms of employment for any employee or any termination of any employees that results in any increase in liabilities or costs to Company, or (iii) action to accelerate the vesting or payment of any compensation or benefit for any current or former employee, officer, manager, independent contractor or consultant;

(t) adoption, modification or termination of any: (i) employment, severance, retention or other agreement with any current or former employee, officer, manager, independent contractor or consultant, (ii) benefit plan or (iii) collective bargaining or other agreement with a union, in each case whether written or oral;

(u) any loan to (or forgiveness of any loan to), or entry into any other transaction with, any of its members or current or former managers, officers and employees;

(v) entry into a new line of business or abandonment or discontinuance of existing lines of business;

(w) adoption of any plan of merger, consolidation, reorganization, liquidation or dissolution or filing of a petition in bankruptcy under any provisions of

federal or state bankruptcy Law or consent to the filing of any bankruptcy petition against it under any similar Law;

(x) purchase, lease or other acquisition of the right to own, use or lease any property or assets for an amount in excess of US$15,000, individually (in the case of a lease, per annum) or US$50,000 in the aggregate (in the case of a lease, for the entire term of the lease, not including any option term), except for purchases of inventory or supplies in the ordinary course of business consistent with past practice;

(y) acquisition by merger or consolidation with, or by purchase of a substantial portion of the assets, stock or other equity of, or by any other manner, any business or any Person or any division thereof; or

(z) any Contract to do any of the foregoing, or any action or omission that would result in any of the foregoing.

Section 4.18 Compliance with Laws; Permits.

(a) Except as set forth in Section 4.18(a) of the Company Disclosure Schedules, Company has complied and is in compliance in all material respects with all applicable Laws and Orders. Except as set forth in Section 4.18(a) of the Company Disclosure Schedules, no notices have been received by, and no claims have been filed against, Company alleging a violation of any such Laws or Orders, and, to the Sellers' knowledge, no event has occurred or circumstance exists that (with or without notice or lapse of time or both) may constitute or result in a violation by Company of, or a failure on the part of Company to comply with, any Laws or Orders.

(b) Except as set forth in Section 4.18(b) of the Company Disclosure Schedules, Company holds all Permits, including the Cannabis Licenses, required for the lawful conduct of its business, as presently conducted, or necessary for the lawful ownership and/or lease of its properties and assets or the operation of its business as presently conducted. Except as set forth in Section 4.18(b) of the Company Disclosure Schedules, Company has not received any notices alleging the failure to hold any Permit from any Government Authority. All such Permits are in full force and effect. Except as set forth in Section 4.18 of the Company Disclosure Schedules, Company is in compliance in all material respects with all terms and conditions of all such Permits and is not subject to any Action with respect to those Permits. Except as set forth in Section 4.18(b) of the Company Disclosure Schedules, all of such Permits will be available for use by Company immediately after the Closing based upon the pre-approval of the appropriate Governmental Authority responsible for such approval. Any applications for the renewal of any such Permit which are due prior to the Closing Date shall be timely made or filed by Company prior to the Closing Date. Any applications for the transfer of any such Permit which are due prior to the Closing Date shall be timely made or filed by Company prior to the Closing Date. No proceeding to modify, suspend, revoke, withdraw, terminate or otherwise limit any such Permit is pending or threatened and neither the Company nor any of the Sellers know of any valid basis for such proceeding, including the transactions contemplated hereby.

(c) Except as set forth in Section 4.18(c) of the Company Disclosure Schedules, Buyer has been supplied with a correct and complete copy of each Permit of Governmental Authorities obtained or possessed by Company.

(d) Company has duly and timely filed and complied with all applicable Laws relating to reports, certifications, declarations, statements, information or other filings submitted or to be submitted to any Governmental Authority, and all such submissions or filings were true and complete when submitted or filed and, to the extent required by an applicable Laws, have been updated properly and completely.

(e) Neither Company nor, to the Sellers' knowledge, any director, officer, employee, agent or other Person acting or purporting to act on behalf of such Company in connection with the Business has directly or indirectly (i) given or agreed to give any bribe, kickback, or other illegal payment from corporate funds; (ii) used any of its funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (iii) made any direct or indirect unlawful payment to any foreign or domestic government official or employee from its funds; (iv) violated or is in violation of any provision of the U.S. Foreign Corrupt Practices Act of 1977; (v) established or maintained any unrecorded fund or asset; (vi) concealed or mischaracterized an illegal or unauthorized payment or receipt; (vii) knowingly made a false entry in the business records; or (viii) committed or participated in any act which is illegal or could subject Company, Buyer or Parent to fines, penalties or other sanctions under applicable Law.

(f) Company has in place the policies, programs and procedures reasonably necessary and advisable for its operations regarding (i) security, surveillance and anti-diversion for any facility at which Company has or intends to have cultivation, processor or dispensary facilities, (ii) the storage and disposal of fertilizers, herbicides and pesticides used and stored at each location currently or formerly owned or leased by the Company for cultivation, processor or dispensary facilities, (iii) the transportation of cannabis, cannabis infused products/by-products and/or cash to or from any of the Company's cultivation, processor or dispensary facilities, and (iv) the storage and disposal of cannabis and cannabis infused products and byproducts, and such policies, programs and procedures comply with all applicable regulatory requirements.

Section 4.19 Books and Records. Except as set forth in section 4.19 of the Company Disclosure Schedule, the minute book of Company contains accurate records of all meetings of, and company action taken by (including action taken by written consent) the managers or members of the Company. The books and records of Company, true, correct and complete copies of which have been made available to Buyer, (a) have been kept in the ordinary course of business, (b) are complete and correct in all material respects, (c) the transactions entered or reflected therein represent bona fide transactions, and (d) there have been no transactions involving Company that properly should have been set forth therein and that have not been accurately so set forth. Company does not have any of its records, systems, controls, data or information recorded, stored, maintained, operated or otherwise wholly or partly dependent on or held by any means (including any electronic, mechanical or photographic process, whether computerized or not) which (including all means of access thereto and therefrom) are not under the exclusive ownership and direct control of such Company.

Section 4.20 Product Liability.

(a) Except as set forth in Section 4.20 of the Company Disclosure Schedule, (i) there is no notice, demand, claim, action, suit, inquiry, hearing, proceeding, notice of violation or investigation of a civil, criminal or administrative nature by or before any court or other governmental authority against or involving any Product, or class of claims or lawsuits involving a Product which is pending or, to Sellers' knowledge, threatened, on behalf of the purchaser of any Product, resulting from an alleged defect in any Product (each such defect, failure or breach, a "Product Claim"), and (ii) there has not been, nor is there under consideration or investigation by the Business, any Product recall or post-sale warning (collectively, such recalls and post-sale warnings are referred to as "Recalls") conducted by or on behalf of the Business concerning any Product or, to the knowledge of Sellers, any Recall conducted by or on behalf of any entity as a result of any alleged defect in any Product supplied by the Business.

(b) All Company Products have been produced, packaged and labeled in accordance with all applicable Laws, regulations and standards. All Company Products will be of premium quality, fit for the intended use and human consumption, merchantable and of good quality, not adulterated or misbranded, and free of any defects. No Company Products will be cultivated or produced with, or contain any pesticides in violation of applicable Law.

Section 4.21 Environmental Matters. Except as disclosed in Section 4.21 of the Company Disclosure Schedule (i) the Real Property and all buildings and improvements thereon (the "Facilities") are in material compliance with all Environmental Laws; (ii) Company has all material Permits required for its operations under Environmental Laws and is in material compliance with the terms and conditions of those Permits, (iii) no notices or Actions are pending or, to the Company's or Seller's knowledge, threatened relating to Hazardous Materials or a violation of any Environmental Laws; (iv) Company has not received any notice (verbal or written) of any non-compliance of the Facilities or of its past or present operations with Environmental Laws; (v) except as set forth in Section 4.21 of the Company Disclosure Schedule, there are no Hazardous Materials present in, on, under any Real Property or migrating through soil, groundwater or surface water from the Real Property or, to the Company's or the Sellers' knowledge, migrating through soil, groundwater or surface water towards the Property in violation of any Environmental Laws; (vi) all Hazardous Materials and wastes have been disposed of by Company or by any other person in accordance with the requirements of all Environmental Laws; (vii) no methylene chloride or asbestos is contained in or has been used at or released from the Facilities by Company or by any other person in non-compliance with Environmental Laws; (viii) there have been no "spills" of "pollutants" as those terms are defined in the Environmental Protection Act, R.S.O. 1990 c. E.19, for which Company is responsible either as the "owner of the pollutant", or the "person having control of a pollutant" as defined in the Environmental Protection Act, R.S.O. 1990 c. E.19; (ix) except as set forth in Section 4.21 of the Company Disclosure Schedule, there have not been in the past and are not now, any underground tanks or underground improvements at, on or under any Real Property including without limitation, treatment or storage tanks, sumps, or water, gas or oil wells; (x) there are no polychlorinated biphenyls ("PCBs") deposited, stored, disposed of or located on any Real Property or Facilities or any equipment on any Real Property containing PCBs at levels in excess of 50 parts per million; (xi) there is no formaldehyde on any Real Property or in the Facilities, nor any insulating material containing urea formaldehyde in the Facilities.

Section 4.22 Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Company.

Section 4.23 Powers of Attorney. There are no outstanding powers of attorney executed on behalf of Company.

Section 4.24 Data Privacy. Company has complied with and, as presently conducted and as presently proposed to be conducted, are in compliance with, all Data Laws. Company has complied with, and is presently in compliance with, its respective policies applicable to data privacy, data security, and/or personal information. No personal information of any individuals has been collected by Company or transferred to third parties in violation of any Data Laws. Company has not experienced any incident in which personal information or other data was or may have been stolen or improperly accessed, and Company is not aware of any facts suggesting the likelihood of the foregoing, including without limitation, any breach of security or receipt of any notices or complaints from any Person regarding personal information or other data. Company has not received, and Company is not aware of, any notices, claims, investigations or proceedings pending, or, to the Sellers' or such Company's knowledge, threatened, by state or federal agencies, or private parties involving notice or information to individuals that any personal information held or stored by Company has been compromised, taken, accessed, or misused. All websites related to the Company's business contain privacy notices informing visitors how their personal information will be used, collected, stored, and protected. Company does not store or maintain sensitive personal information except in a manner consistent with published privacy notices and in a manner that provides commercially-acceptable secure storage and protection of such information. No information or data collected or stored by or on behalf of the Company has been subject to unauthorized or unlawful access or use. If Company has entered into written agreements with any vendors, service providers or other entities under which the Company provides personal information, those agreements require that such vendors, service providers and other entities protect such information in a manner equivalent to the protections that Company is required by law, or pursuant to their published privacy notices, to provide to the individuals involved.

Section 4.25 Disclosure. The representations, warranties and statements made by the Sellers and the Company in this Agreement (which includes the Company Disclosure Schedules) do not contain any untrue statement of a material fact or omit to state a material fact necessary to make such statement, in light of the circumstances in which it was made, not misleading. Sellers and the Company have not concealed or omitted to disclose to Buyer any fact, event, occurrence, condition or circumstance, or combinations of facts, events, occurrences, conditions or circumstances, that has had or could reasonably be expected to result in a Material Adverse Effect.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF BUYER AND PARENT

Buyer and Parent hereby represent and warrant to Sellers that each of the statements contained in this Article V are true and correct as of the date hereof and as of the Closing Date, except as otherwise set forth in written disclosure schedules delivered pursuant to this Article V, copies of which are attached to this Agreement (the "Buyer Disclosure Schedules") and the Parent Disclosure Record:

Section 5.01 Organization and Authority; Enforceability.

(a) Buyer is a corporation duly organized, validly existing and in good standing under the laws of the state of Delaware. Buyer has full corporate power and authority to enter into this Agreement and the documents to be delivered hereunder to which it is a party, to carry out its obligations hereunder and to consummate the transactions contemplated hereby. The execution, delivery and performance by Buyer of this Agreement and the documents to be delivered by Buyer hereunder and the consummation of the transactions contemplated hereby have been duly authorized by all requisite corporate action on the part of Buyer. This Agreement and the documents to be delivered hereunder by Buyer have been duly executed and delivered by Buyer, and (assuming due authorization, execution and delivery by the Sellers, the Companies and Parent) this Agreement and the documents to be delivered hereunder constitute legal, valid and binding obligations of Buyer, enforceable against Buyer in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity), and excluding any United States federal law to the extent such federal law or treaty would be violated, or protections under such law would be unavailable to a party, as a result of operating or owning a state licensed cannabis business in compliance with California law.

(b) Parent is incorporated and in good standing under the *Business Corporations Act* (Ontario). Parent has full power and authority to enter into this Agreement and the documents to be delivered hereunder to which it is a party, to carry out its obligations hereunder and to consummate the transactions contemplated hereby. The execution, delivery and performance by Parent of this Agreement and the documents to be delivered by Parent hereunder and the consummation of the transactions contemplated hereby have been duly authorized by all requisite action on the part of Parent. This Agreement and the documents to be delivered hereunder by Parent have been duly executed and delivered by Parent, and (assuming due authorization, execution and delivery by the Sellers, the Companies and Buyer) this Agreement and the documents to be delivered hereunder constitute legal, valid and binding obligations of Parent, enforceable against Parent in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity), and excluding any United States federal law to the extent such federal law or treaty would be

violated, or protections under such law would be unavailable to a party, as a result of operating or owning a state licensed cannabis business in compliance with California law.

Section 5.02 No Conflicts; Consents.

(a) The execution, delivery and performance by Buyer of this Agreement and the documents to be delivered hereunder, and the consummation of the transactions contemplated hereby, do not and will not: (a) violate or conflict with the organizational documents of Buyer; or (b) violate or conflict with any judgment, order, decree, statute, Law, ordinance, rule or regulation applicable to Buyer. Except for the board of directors of Buyer, no consent, approval, waiver or authorization is required to be obtained by Buyer from any person or entity (including any governmental authority) in connection with the execution, delivery and performance by Buyer of this Agreement and the consummation of the transactions contemplated hereby.

(b) The execution, delivery and performance by Parent of this Agreement and the documents to be delivered hereunder, and the consummation of the transactions contemplated hereby, do not and will not: (a) violate or conflict with the organizational documents of Parent; or (b) violate or conflict with any judgment, order, decree, statute, Law, ordinance, rule or regulation applicable to Parent. Except for the board of directors of Parent, no consent, approval, waiver or authorization is required to be obtained by Parent from any person or entity (including any governmental authority) in connection with the execution, delivery and performance by Parent of this Agreement and the consummation of the transactions contemplated hereby.

Section 5.03 Issuance of Shares. The Parent Shares have been duly authorized by Parent and, upon issuance in accordance with the terms hereof, and assuming the representations in Section 3.05 and in the Seller Acknowledgment are true and correct, shall be validly issued, fully paid and non-assessable with the holder being entitled to all rights accorded to a holder of Proportionate Voting Shares in the capital of Parent.

Section 5.04 Financial Ability. Buyer will have as of the Closing and any such other applicable time that Buyer is required to make payments pursuant to this Agreement sufficient funding to consummate the transactions contemplated by this Agreement and satisfy all other costs and expenses arising in connection herewith.

Section 5.05 Investment Purpose. Buyer is acquiring the Purchased Securities solely for its own account for investment purposes and not with a view to, or for offer or sale in connection with, any distribution thereof. Buyer acknowledges that the Purchased Securities are not registered under the Securities Act of 1933, as amended, or any state securities laws, and that the Purchased Securities may not be transferred or sold except pursuant to the registration provisions of the Securities Act of 1933, as amended or pursuant to an applicable exemption therefrom and subject to state securities laws and regulations, as applicable.

Section 5.06 Legal Proceedings. There is no Action pending or, to Buyer's or Parent's knowledge, threatened against or by Buyer, Parent, or any Affiliate of Buyer or Parent that challenges or seeks to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. No event has occurred or circumstances exist that may give rise or serve as a basis for any such Action.

Section 5.07 Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Buyer or Parent.

Section 5.08 Disclosure. The representations, warranties and statements made by Buyer and Parent in this Agreement (which includes the Buyer Disclosure Schedules) do not contain any untrue statement of a material fact or omit to state a material fact necessary to make such statement, in light of the circumstances in which it was made, not misleading. Neither Buyer nor Parent has concealed or omitted to disclose to the Companies and the Sellers any fact, event, occurrence, condition or circumstance, or combinations of facts, events, occurrences, conditions or circumstances, that has had or could reasonably be expected to result in a Buyer and Parent Material Adverse Effect. For purposes of this Section 5.08, a Buyer and Parent Material Adverse Effect means any event, change, development or occurrence that, individually or together with any other event, change, development or occurrence, has had, or reasonably would be expected to have, a material adverse effort on Buyer or Parent's business, results of operations, properties, assets or conditions (whether financial or otherwise), permits, relations with customers, any material asset, key personnel, or prospects, whether long-term or short-term, whether or not anticipated, except for the effects of changes in the general economy that do not impact the Buyer or Parent disproportionately relative to other Persons of comparable size in the Buyer and Parent's industry.

Section 5.09 Share Capital. The authorized capital of the Parent consists of (i) an unlimited number of common shares ("Common Shares"); (ii) an unlimited number of proportionate voting shares ("Proportionate Voting Shares "); (iii) an unlimited number of exchangeable shares ("Exchangeable Shares"); and (iv) an unlimited number of preferred shares ("Preferred Shares"). As of January 31, 2019, there were: (i) 42,522,479 Common Shares issued and outstanding; (ii) 8,608,129 options issued and outstanding providing for the issuance of up to 8,608,129 Common Shares; (iii) 1,359,772 warrants to acquire Common Shares issued and outstanding providing for the issuance of up to 1,359,772 Common Shares; (iv) 35,021.529 Proportionate Voting Shares issued and outstanding; (v) 28,636,361 warrants to acquire Proportionate Voting Shares issued and outstanding providing for the issuance of up to 28,636.36 Proportionate Voting Shares; (vi) 38,890,571 Exchangeable Shares issued and outstanding; and (vii) no Preferred Shares issued and outstanding. Except as set forth above, there are no outstanding rights, options, warrants, conversion rights, stock appreciation rights, redemption rights, repurchase rights, calls, commitments, preemptive or other rights or agreements of any kind that obligate Parent or any of its Affiliates to repurchase, redeem, acquire, issue or sell any shares of capital stock or other securities of Parent or any of its Subsidiaries or any securities or obligations convertible or exchangeable into or exercisable for, or that give any Person a right to subscribe for or acquire, any securities of Parent or any of its Subsidiaries, and no securities or obligations evidencing such rights are authorized, issued or outstanding.

Section 5.10 Reporting Issuer / Disclosure.

(a) The Parent is a "reporting issuer" or equivalent thereof in the Canadian Provinces of British Columbia, Alberta and Ontario, is not on the list of reporting issuers in default under applicable Canadian Securities Laws and is not in default of any material requirements of any applicable securities Laws or the rules and regulations of the CSE. No delisting, suspension of trading in or cease trading order with respect to any of its securities and, to the knowledge of the Parent, no inquiry or investigation of any Securities Authority, is pending, in effect or ongoing or threatened. The Common Shares are listed only on the CSE and quoted on the OTCQX ® Best Market and trading of the Common Shares is not currently halted or suspended. No other securities of the Parent or any of its Subsidiaries are listed on any stock exchange. None of the Parent's Subsidiaries, is subject to any continuous or periodic, or other disclosure requirements under any securities laws in any jurisdiction.

(b) The Parent has taken no action to cease to be a reporting issuer in British Columbia, Alberta or Ontario, nor has the Parent received notification from any Securities Authority, seeking to revoke the reporting issuer status of the Parent. No delisting, suspension of trading or cease trade or other order or restriction with respect to any securities of the Parent or any of its Subsidiaries is pending, in effect or, to the knowledge of the Parent, has been threatened, or is expected to be implemented or undertaken and the Parent is not subject to any formal or informal review, enquiry, investigation or other proceeding relating to any such order or restriction.

(c) The Parent has, since January 1, 2018, complied and is in compliance with applicable Canadian Securities Laws and the rules, policies and requirements of the CSE in all material respects. The Parent has timely filed with the Securities Authorities all material forms, reports, schedules, certifications, statements and

other documents required to be filed by it under Canadian Securities Laws and where applicable, the rules and policies of the CSE since January 1, 2018. The documents comprising the Parent Disclosure Record complied as filed in all material respects with applicable Canadian Securities Laws and where applicable, the rules and policies of the CSE and did not, as of the date filed (or, if amended or superseded by a subsequent filing prior to the date of this Agreement, on the date of such filing), contain any untrue statement of a material fact or omit to state a material fact required or necessary to make the statements contained therein not misleading in light of the circumstances in which they were made. The Parent has not filed any confidential material change report with the Securities Authorities which at the date hereof remains confidential. There are no outstanding or unresolved comments in comments letters from any Securities Authorities with respect to any of the Parent Disclosure Record and, to the Parent's knowledge, none of the Parent or any of the Parent Disclosure Record is subject of an ongoing audit, review, comment or investigation by any Securities Authority or the CSE.

ARTICLE VI

TAX MATTERS

Section 6.01 Tax Covenants.

(a) Without the prior written consent of Buyer, and except as otherwise required by law, neither Seller and, prior to the Closing, no Company, their Affiliates nor their respective Representatives shall, to the extent it may affect, or relate to, such Company, make, change or rescind any Tax election, amend any Tax Return or take any position on any Tax Return, take any action, omit to take any action or enter into any other transaction that would have the effect of increasing the Tax liability or reducing any Tax asset of Buyer or such Company in respect of any Post-Closing Tax Period. Sellers agree that Buyer is to have no liability for any Tax resulting from any action of Sellers, any Company, their Affiliates or any of their respective Representatives, and agrees to indemnify and hold harmless Buyer (and, after the Closing Date, the Companies) against any such Tax or reduction of any Tax asset.

(b) All transfer, documentary, sales, use, stamp, registration, value added and other such Taxes and fees (including any penalties and interest) incurred in connection with this Agreement shall be borne and paid by Sellers when due. Sellers shall, at Sellers' own expense, timely file any Tax Return or other document with respect to such Taxes or fees (and Buyer shall cooperate with respect thereto as necessary).

(c) Sellers are responsible for all Pre-Closing Taxes. Buyer shall prepare, or cause to be prepared, all Tax Returns required to be filed by any Company after the Closing Date with respect to all Pre-Closing Tax Periods (a "Pre-Closing Period Tax Return"). With respect to each Pre-Closing Period Tax Return, Buyer shall permit Sellers to review and comment on each such Pre-Closing Period Tax Return, together with any and all workpapers supporting the creation of the Pre-Closing Period Tax Return, at least 20 days prior to filing and Buyer shall consider, in good faith, the reasonable comments so provided. Sellers shall pay to Buyer its share of all Pre-Closing Taxes as shown on such Pre-Closing Period Tax Returns no less than five Business Days before the due date of such Tax Returns; provided, however, that if the amount of Sellers Pre-Closing Taxes as shown on such Pre-Closing Period Tax Returns is greater than it would have been if Buyer had prepared such Pre-Closing Tax Returns in a manner consistent with the past practices of Company (it shall be deemed consistent with past practices if the differences are required by changes in Law, ordinances, judgments, decrees and orders and governmental rules and regulations that are binding upon Company), then Sellers shall, at the time of filing the Pre-Closing Period Tax Return, be required to pay to Buyer only the difference of: (i) the amount of Pre-Closing Taxes they would have paid had the Pre-Closing Period Tax Return been prepared consistent with the past practices of the Company minus; (ii) any prepayments made by Company or Sellers (to IRS or other applicable taxing body) for such Pre-Closing Taxes. In the event such prepayments exceed the amount owed to Buyers for Pre-Closing Taxes, the overage amount shall be applied to Working Capital or otherwise settled to Sellers.

(d) Buyer and Sellers' Agent shall cooperate fully, as and to the extent reasonably requested by the other, in connection with the filing any audit, claim for refund, litigation or other administrative or judicial proceeding (a "Contest") with respect to Pre-Closing Tax Returns. Buyer will have control over any such Contest, through counsel of its own choosing, however, all expenses associated with such Contest shall be reimbursed by the Sellers. Sellers shall also have the right to participate in such Contest through the Sellers' Agent and counsel of their choosing at their own expense.

(e) Upon the final resolution of liability for any Tax due on any Pre-Closing Period Tax Return, including after resolution of any Contest, Sellers shall pay to Buyer any deficiency between the amount already paid by Sellers to Buyer pursuant to Section 6.01(c) above, and the Pre-Closing Taxes of the Company shown on such final Pre-Closing Period Tax Returns.

(f) Any Tax refunds that are received by any Company that relates to the Pre-Closing Period Tax Returns (net of any Tax cost and any other cost) shall be allocated between Sellers and Company based upon their respective percentage of taxes paid under Section 6.01(c) above. Buyer shall pay over to Sellers any such refund or the amount of any such credit within 15 days after receipt of such refund.

(g) Each Seller acknowledges that owning the Parent Shares may subject them to tax consequences both in the United States and Canada. Each Seller is responsible for all tax consequences arising as a result of such Seller's receipt and ownership of the Parent Shares. Each Seller acknowledges that neither Parent nor Buyer are providing any tax advice, and Seller is responsible for consulting with their own tax advisors.

Section 6.02 Straddle Period.

(a) In the case of Taxes that are payable by a Company with respect to a taxable period that begins before and ends after the Closing Date (each such period, a "Straddle Period"), the portion of any such Taxes that are treated as Pre-Closing Taxes for purposes of this Agreement shall be:

(i) in the case of Taxes (i) based upon, or related to, income, receipts, profits, wages, capital or net worth, (ii) imposed in connection with the sale, transfer or assignment of property, or (iii) required to be withheld, deemed equal to the amount which would be payable if the taxable year ended with the Closing Date; and

(ii) in the case of other Taxes, deemed to be the amount of such Taxes for the entire period multiplied by a fraction the numerator of which is the number of days in the period ending on the Closing Date and the denominator of which is the number of days in the entire period.

(b) Buyer shall prepare or cause to be prepared and file or cause to be filed all Tax Returns for each Company that are filed after the Closing Date for any

Straddle Period (a "Straddle Period Tax Returns"). Buyer shall permit Sellers' Agent to review and comment on each such Straddle Period Tax Return, together with any and all workpapers supporting the creation of the Pre-Closing Period Tax Return, at least 20 days prior to filing and Buyer shall consider, in good faith, the reasonable comments so provided. Sellers shall be responsible for all Pre-Closing Taxes of the Company shown on such Straddle Period Tax Returns, and Sellers shall pay to (or as directed by) Buyer its share of all Pre-Closing Taxes as shown on such Straddle Period Tax Returns no less than five Business Days before the due date of such Straddle Period Tax Returns; provided, however, that if the amount of Sellers Pre-Closing Taxes as shown on such Straddle Period Tax Returns is greater than it would have been if Buyer had prepared such Straddle Period Tax Returns in a manner consistent with the past practices of Company (it shall be deemed consistent with past practices if differences are required by changes in Law, ordinances, judgments, decrees and orders and governmental rules and regulations that are binding upon Company), then Sellers shall, at the time of filing the Straddle Period Tax Return, be required to pay to Buyer only the difference of: (i) the amount of Pre-Closing Taxes they would have paid had the Straddle Period Tax Return been prepared consistent with the past practices of the Company minus; (ii) any prepayments made by Company or Sellers (to IRS or other applicable taxing body) for such Pre-Closing Taxes. In the event such prepayments exceed the amount owed to Buyers for Pre-Closing Taxes, the overage shall be applied to Working Capital or otherwise settled to Sellers.

(c) Buyer and Sellers' Agent shall cooperate fully, as and to the extent reasonably requested by the other, in connection with any Contest with respect to Straddle Period Tax Returns. Buyer will have control over any such Contest, through counsel of its own choosing, however, any expenses associated with such Contest shall be allocated between Sellers and Buyer based upon the percentage of Pre-Closing Tax liability to total Tax liability shown on such Straddle Period Tax Returns. Sellers shall also have the right to participate in such Contest through the
Sellers' Agent and counsel of their choosing at their own expense.

(d) Upon the final resolution of liability for any Tax due on any Straddle Period Tax Return, including after resolution of any Contest, Sellers shall pay to Buyer any deficiency between the amount already paid by Sellers to Buyer pursuant to Section 6.02(b) above, and the Pre-Closing Taxes of the Company shown on such final Straddle Period Tax Returns.

(e) Any Tax refunds that are received by any Company that relates to the Straddle Period Tax Returns (net of any Tax cost and any other cost) shall be allocated between Sellers and Company based upon their respective percentage of taxes paid under Section 6.02(b) above; provided, however any Tax refund for a Straddle Period shall not be deemed to be for a Pre-Closing Tax Period on account of any carryover of a net operating loss, net capital loss, Tax credit, Tax basis or other Tax item arising from a Pre-Closing Tax Period. Buyer shall pay over to Sellers any such refund or the amount of any such credit within 15 days after receipt of such refund.

(f) Any disputes between the Sellers' Agent and Buyer with respect to the amount of taxes owing by the Sellers for such Straddle Period Tax Returns shall be resolved by the Independent Accountant, the cost of which shall be borne 50% by Sellers and 50% by Buyer.

Section 6.03 Amendments. Buyer shall not, and shall not cause or permit a Company after the Closing to amend any Pre-Closing Tax Returns in a manner that increases the tax liability of Sellers without the prior written consent of Sellers' Agent, which may not be unreasonably withheld, conditioned or delayed; provided, however, that no such approval of Sellers' Agent shall be necessary to amend any Pre-Closing Tax Returns to be consistent with the calculations of Taxes owing in the final settlement of the Known Tax Liabilities; provided further, however, that no such approval of Sellers' Agent shall be necessary to amend any Pre-Closing Tax Returns to the extent any such amendment is required as a result of the final resolution of liability for any Tax for any taxable period, by or as a result of (a) a final decision, judgment, decree or other order, if any, by any court of competent jurisdiction, or (b) a final settlement with the Internal Revenue Service, a closing agreement or accepted offer in compromise under Sections 7121 or 7122 of the Code, or a comparable agreement with any other taxing authority.

Section 6.04 Survival. The provisions of this Article VI shall terminate upon the 3 year anniversary of the Closing Date.

ARTICLE VII

PRE-CLOSING COVENANTS

Section 7.01 Conduct of Business Prior to the Closing. From the date hereof until the Closing, except as otherwise provided in this Agreement or consented to in writing by Buyer (which consent shall not be unreasonably withheld or delayed), Sellers shall, and shall cause the Companies to, (x) conduct their business in the ordinary course of business consistent with past practice but taking into account the Companies' growth and expansion in the projections provided to Buyer, including any new dispensaries; (y) use reasonable best efforts to maintain and preserve intact the current organization, business and franchise of the Companies and to preserve the rights, franchises, goodwill and relationships of its employees, customers, lenders, suppliers, regulators and others having business relationships with the Companies and (z) not cause or permit any Company to (i) declare, set aside, or pay any dividend or make any distribution with respect to its outstanding equity or redeem, purchase, or otherwise acquire any outstanding equity, or (ii) otherwise engage in any practice, take any action, or enter into any transaction of the sort described in Section 4.17 above. Without limiting the foregoing, from the date hereof until the Closing Date, the Sellers shall:

(a) cause the Companies to preserve and maintain all of its Permits, including the Cannabis Licenses;

(b) cause the Companies to pay their debts, Taxes and other obligations when due;

(c) cause the Companies to maintain the properties and assets owned, operated or used by Companies in the same condition as they were on the date of this Agreement, subject to reasonable wear and tear;

(d) cause the Companies to continue in full force and effect without modification all insurance policies identified in Section 4.13 of the Company Disclosure Schedules, except as required by applicable Law;

(e) cause the Companies to defend and protect their properties and assets from infringement or usurpation;

(f) cause the Companies to perform all of their obligations under all Contracts relating to or affecting its properties, assets or business;

(g) cause the Companies to maintain their books and records in accordance with
past practice;

(h) cause the Companies to comply in all material respects with all applicable
Laws; and

(i) cause the Companies not to take or permit any action that would cause any of the changes, events, or conditions described in Section 4.17 to occur.

Section 7.02 Access to Information. From the date hereof until the Closing, the Sellers shall, and shall cause the Companies to, (a) afford Buyer full and free access to and the right to inspect all of the properties, assets, premises, books and records, Contracts and other documents and data related to the Companies and Seller; (b) furnish Buyer with such financial, operating and other data and information related to the Companies and Sellers as Buyer may reasonably request; and (c) make the employees of the Companies available for consultation and permit access to other third parties reasonably requested for verification of any information so obtained. Any investigation pursuant to this Section 7.02 shall be conducted in such manner as not to interfere unreasonably with the conduct of the Business of the Companies.

Section 7.03 Notice of Certain Events.

(a) From the date hereof until the Closing, the Sellers and the Companies shall promptly notify Buyer in writing of:

(i) any fact, circumstance, event or action the existence, occurrence or taking of which (A) has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (B) has resulted in, or could reasonably be expected to result in, any representation or warranty made by the Sellers or the Companies hereunder not being true and correct or (C) has resulted in, or could reasonably be expected to result in, the failure of any of the conditions set forth in Section 8.02 to be satisfied;

(ii) any notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by this Agreement;

(iii) any notice or other communication from any Governmental Authority in connection with the transactions contemplated by this Agreement; and

(iv) any Actions commenced or, to the Sellers' knowledge, threatened against, relating to or involving or otherwise affecting the Companies or Sellers that, if pending on the date of this Agreement, would have been required to have been disclosed pursuant to Section 4.05 or that relates to the consummation of the transactions contemplated by this Agreement.

(b) From the date hereof until the Closing, the Companies shall provide Buyer with (i) periodic updates to the Financial Statements on a monthly basis, and (ii) updates to any reports or lists provided hereunder as part of the Company Disclosure Schedules.

(c) Subject to subsection (d) below, Sellers and the Companies may deliver a supplement to the Sections of the Disclosure Schedule corresponding to Section 4 of this Agreement (each such Supplement, a "Supplemental Disclosure Schedule") to the Buyer with respect to any fact(s), circumstance(s) or matter(s) (A) that arises after the date of this Agreement, (B) that arises in the ordinary course of business and to which the Buyer's consent is not required pursuant to Section 7.01, and (C) that, if existing as of, or prior to, the date of this Agreement, would have been required to be set forth or described in the Disclosure Schedule. A Supplemental Disclosure Schedule shall be arranged in paragraphs and subparagraphs corresponding to the lettered and numbered paragraphs and subparagraphs contained in this Agreement, as applicable. A Supplemental Disclosure delivered pursuant to this Section 7.03(c) shall be deemed to be an amendment and supplement to the Disclosure Schedule, provided, however that no Supplemental Disclosure Schedule shall operate as a waiver of or cure any misrepresentation, breach of representation or warranty that exists as of the date of this Agreement, or any breach of covenant.

(d) If Buyer determines, in its reasonable discretion, that any information disclosed on a Supplemental Disclosure Schedule pursuant to this Section 7.03 (i) has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, or (ii) has resulted in, or could reasonably be expected to result in, any Loss to the Buyer or a Company in excess of US$500,000, then Buyer may elect, by written notice to the Companies and the Sellers, to terminate this Agreement pursuant to Section 10.01(b)(i).

Section 7.04 Governmental Approvals and Consents.

(a) The Sellers and Buyer shall cooperate in good faith with the Government Authorities and undertake promptly any and all action required to maintain all Permits, including without limitation the Cannabis Licenses, such that such Permits may continue to be held by the Companies following the Closing of the transactions contemplated hereby, and complete lawfully the transactions contemplated by this Agreement as soon as practicable and any and all action necessary or advisable to avoid, prevent, eliminate or remove the actual or threatened commencement of any proceeding in any forum by or on behalf of any Government Authority, termination or revocation of any Permit, or the issuance of any Order that would delay, enjoin, prevent, restrain or otherwise prohibit the consummation of the transactions contemplated hereby. Buyer shall be solely responsible for and pay all filing fees payable to the Government Authorities in connection with the transactions contemplated by this Agreement.

(b) Without limitation on the foregoing, with the assistance of Buyer, the Sellers shall cause each Company, immediately following the execution of this Agreement, to take all steps necessary, including compliance with San Francisco Health Code Section 3311(b)(2), to file an application for a permit amendment to the Company's Health and Safety Code Article 33 Permit with the San Francisco Department of Public Health Environmental Health Branch to approve (i) the transfer of the Purchased Securities, (ii) the appointment of the Board of Directors as the Manager of each Company, and (iii) the approval of the MSA between each Company and Management Company (collectively, the "Ownership Changes").

(c) Sellers, the Companies and Buyer shall use reasonable best efforts to give all notices to, and obtain all consents from, all third parties that are described in Section 3.02, Section 4.04 and Section 5.02 of the Company Disclosure Schedules.

Section 7.05 Closing Conditions. From the date hereof until the Closing, each party hereto shall use reasonable best efforts to take such actions as are necessary to expeditiously satisfy the closing conditions set forth in Article VIII hereof.

Section 7.06 Public Announcements. No party to this Agreement shall issue any press release or make any public announcement relating to the subject matter of this Agreement without the prior written approval of the other parties (which consent shall not be unreasonably withheld or delayed), and the parties shall cooperate as to the timing and contents of any such announcement; provided, however, that any Party may make any public disclosure it believes in good faith is required by applicable Law or any listing or trading agreement concerning its publicly traded securities (in which case the disclosing Party will use its reasonable best efforts to advise the other Party and give it an opportunity to comment prior to making the disclosure).

Section 7.07 Exclusivity. Each of the Sellers shall not, and shall not authorize or permit any Company or any of the Company's or Seller's respective Affiliates, agents, officers or representatives to, directly or indirectly, (a) to take any action to initiate, assist, solicit, receive, negotiate, encourage or accept any offer or inquiry from any third party to engage in a business venture within the securities business or that relates to the Business; and (b) enter into any negotiations or agreements of any kind with any

other Person with respect to a "Change of Control Transaction". For the purposes of this Agreement, a Change of Control Transaction shall mean any of the following: (i) a sale of a majority in value of the assets of the Companies; (ii) a sale to a third party of a majority of the outstanding shares of the capital stock of Companies; (iii) a sale of newly issued equity occurs that represents more than 25% of the outstanding value of equity of the Companies or more than 25% in number of outstanding shares of the Companies, or (iv) the Companies participates in a merger, sale or business combination with any Person other than Buyer.

Section 7.08 Confidentiality.

(a) Prior to the Closing, the parties hereto agree that this Agreement and the transactions contemplated hereby and all information exchanged in connection therewith (prior to termination of the transactions or the Closing) shall remain in strict confidence (except for necessary disclosure to each of the parties' directors, officers, employees, agents, lenders or representatives who need to know such information for the sole purpose of evaluating or pursuing the consummation of the transactions), other than such disclosure as either party is obligated to provide, upon the advice of its counsel, by Law, court order or regulatory requirement.

(b) From and after the Closing, Sellers' Agent and each Seller shall hold, and shall cause his, her or its Affiliates to hold, and each shall use his, her or its reasonable efforts to cause his, her or its respective representatives to hold, in confidence any and all non-public, confidential or proprietary information, whether written or oral, relating to Buyer, each Company and the Business that remains in or comes into his, her or its possession after the Closing including, without limitation: (i) trade secrets, technical information, information related to technology, software, source code, object code, web applications, samples, prototypes, designs, , marketing information and systems, sales and procurement techniques, pricing information and calculators, market intelligence, financial information, business methods and systems, business processes, business models, operating procedures, operations manuals, and client and prospective client lists and information; (ii) any third-party information included with, or incorporated in, any of the foregoing; (iii) all notes, analyses, summaries and other materials prepared by or for any of Buyer, a Company, Sellers and Sellers' Agent or any of their respective representatives that contain, are based on or otherwise reflect, to any degree, any of the foregoing; and (iv) any other information that would reasonably be considered non-public, confidential or proprietary based on the nature of such information.

(c) The foregoing will not preclude Sellers' Agent or any Seller from (a) disclosing such confidential information if compelled or necessary to disclose the same by judicial or administrative process or by other requirements of law, including any legal action, suit or proceeding arising out of this Agreement (subject to the following sentence), or (b) discussing or using such confidential information if the same hereafter is in the public domain (other than as a result of a breach of this Section 7.08. If Seller's Agent or any Seller is requested or required (by oral questions, interrogatories, requests for information or other documents in legal, administrative, arbitration or other formal proceedings, subpoena, civil investigative demand or other similar process) to disclose any such confidential information, Sellers' Agent or Seller, as applicable, shall promptly notify Buyer of any such request or requirement so that Buyer may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Section 7.08. If, in the absence of a protective order or other remedy or the receipt of a waiver by Buyer, Sellers' Agent or any Seller is required to disclose such information, Sellers' Agent or such Seller, as applicable, may disclose that portion of such information that such Seller believes in good faith he, she or it is legally required to disclose. Sellers' Agent and Sellers shall be liable to Buyer for any breach of this Section 7.08 by any of their Affiliates or representatives.

Section 7.09 Prohibition on Trading in Parent Shares. From the date hereof until the Closing, Sellers shall not, and shall not permit any of their respective Affiliates to, directly or indirectly, purchase or sell any Common Shares, or any shares convertible or exchangeable for Common Shares, of Parent.

ARTICLE VIII

CONDITIONS TO CLOSING

Section 8.01 Conditions to Obligations of All Parties. The obligations of each party to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, at or prior to the Closing, of each of the following conditions:

(a) No Governmental Authority shall have enacted, issued, promulgated, enforced or entered any Order which is in effect and has the effect of making the transactions contemplated by this Agreement illegal, otherwise restraining or prohibiting consummation of such transactions or causing any of the transactions contemplated hereunder to be rescinded following completion thereof.

(b) The Companies and Sellers shall have received all consents, authorizations, orders and approvals from the Governmental Authorities referred to in Section 3.02, Section 4.04 and Section 7.04 and Buyer shall have received all consents, authorizations, orders and approvals from the Governmental Authorities referred to in Section 5.02 and Section 7.04, in each case, in form and substance reasonably satisfactory to Buyer and Seller, and no such consent, authorization, order and approval shall have been revoked.

Section 8.02 Conditions to Obligations of Buyer. The obligations of Buyer to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or Buyer's waiver, at or prior to the Closing, of each of the following conditions:

(a) Buyer shall have completed its due diligence investigation of the Companies and the Business, and shall, in its sole discretion, be satisfied with the results of such due diligence investigation;

(b) The representations and warranties of the Sellers and the Companies contained in this Agreement shall be true and correct in all respects (in the case of any representation or warranty qualified by materiality or Material Adverse Effect) or in all material respects (in the case of any representation or warranty not qualified by materiality or Material Adverse Effect) on and as of the date hereof and on and as of the Closing Date with the same effect as though made at and as of the Closing Date (except those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects);

(c) The Sellers and the Companies shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement to be performed or complied with by it prior to or on the Closing Date;

(d) No Action shall have been commenced against Buyer, Parent, the Sellers or the Companies, which would prevent the Closing. No injunction or restraining order shall have been issued by any Governmental Authority, and be in effect, which restrains or prohibits any transaction contemplated hereby;

(e) Buyer shall have received a certificate, dated the Closing Date and signed by a duly authorized officer of each Company and Sellers' Agent, that each of the conditions set forth in Section 8.02(b) and 8.02(c) have been satisfied.

(f) All approvals, consents and waivers that are listed on Section 3.02 and Section 4.04 of the Company Disclosure Schedules shall have been received, and executed counterparts thereof shall have been delivered to Buyer at or prior to the Closing;

(g) The Companies continue to hold all Permits, licenses (including the Cannabis Licenses), operating authorities, and the like, and such Permits, licenses and authorities (including the Cannabis Licenses) are not subject to termination or cancellation as a result of the Closing, in a manner sufficient to allow the Companies to operate their Business as presently conducted or proposed to be conducted.

(h) From the date of this Agreement, there shall not have occurred any Material Adverse Effect, nor shall any event or events have occurred that, individually or in the aggregate, with or without the lapse of time, could reasonably be expected to result in a Material Adverse Effect;

(i) The Buyer shall have entered into employment or consulting agreements with Key Personnel in substantially the forms attached as Exhibit G-1 and G-2;

(j) The Buyer and Parent shall have received approval for the transactions contemplated by this Agreement from their respective Boards of Directors;

(k) Buyer shall have entered into a definitive agreement with all of the equity owners of the No.Cal Companies; and

(l) An Affiliate of Buyer shall have entered into a definitive agreement with Gravitas Nevada Ltd. ("Gravitas"), Verdant Nevada LLC and Green Ache'rs Consulting Limited in order to acquire all of the outstanding shares of Gravitas; and

(m) The Buyer shall have received all of the deliveries set forth in Section 2.08(a) herein.

Section 8.03 Conditions to Obligations of the Sellers and the Companies. The obligations of the Sellers and the Companies to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or waiver by the Sellers and the Companies, at or prior to the Closing, of each of the following conditions:

(a) The representations and warranties of Buyer contained in this Agreement shall be true and correct in all respects (in the case of any representation or warranty qualified by materiality or Material Adverse Effect) or in all material respects (in the case of any representation or warranty not qualified by materiality or Material Adverse Effect) on and as of the date hereof and on and as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects).

(b) Buyer and Parent shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement to be performed or complied with by it prior to or on the Closing Date.

(c) No injunction or restraining order shall have been issued by any Governmental Authority, and be in effect, which restrains or prohibits any material transaction contemplated hereby.

(d) All approvals, consents and waivers that are listed on Section 5.02 of this Agreement or in the Buyer Disclosure Schedules shall have been received, and executed counterparts thereof shall have been delivered to the Companies at or prior to the Closing;

(e) The Companies shall have received a certificate, dated the Closing Date and signed by a duly authorized officer of Buyer, that each of the conditions set forth in Section 8.03(a) and Section 8.03(b) have been satisfied.

(f) From the date of this Agreement, there shall not have occurred any material adverse event in the business, results of operations, prospects, condition (financial or otherwise) or assets of Parent's business.

(g) The Sellers shall have received all of the deliveries set forth in Section 2.08(b) and (c) herein.

(h) An Affiliate of Buyer shall have entered into a definitive agreement with Gravitas, Verdant Nevada LLC and Green Ache'rs Consulting Limited in order to acquire all of the outstanding shares of Gravitas, and the Deposit (as defined in such agreement) shall have been deposited with the Escrow Agent, as required by such agreement.

ARTICLE IX

INDEMNIFICATION

Section 9.01 Survival of Representations and Covenants. Subject to the limitations and other provisions of this Agreement, the representations and warranties contained in Article III, Article IV and Article V herein shall survive the Closing and shall remain in full force and effect until the date that is eighteen (18) months from the Closing Date; provided, however that (i) the Special Representations shall survive until the expiration of the applicable statute of limitations, (ii) the representations and warranties in Section 4.12 shall survive for a period of three (3) years from the Closing Date; and (iii) any claims arising from fraud shall survive the Closing Date indefinitely subject to any applicable statute of limitations that may apply after discovery of such fraud. All of the covenants or other agreements contained in this Agreement shall survive the Closing Date indefinitely or for the period contemplated by their respective terms. Notwithstanding the foregoing, any claims asserted in good faith with reasonable specificity (to the extent known at such time) and in writing by notice from the non-breaching Party to the breaching Party prior to the expiration date of the applicable survival period shall not thereafter be barred by the expiration of such survival period and such claims shall survive until finally resolved. The right to indemnification, payment of damages or other remedy based on any representations, warranties, covenants and obligations contained in this Agreement shall not be affected by and will survive any investigation conducted with respect to, or any knowledge acquired (or capable of being acquired) at any time, whether before or after the Closing Date, with respect to the accuracy or inaccuracy or compliance with, any such representation, warranty, covenant or obligation.

Section 9.02 Indemnification By Sellers. Subject to the limitations and other terms and conditions of this Article IX, including the caps on liability set forth in Section 9.04, Sellers and the Seller Principals, jointly and severally, shall indemnify Buyer, Parent and their respective Affiliates (including, after the Closing, the Companies) (collectively, the "Buyer Indemnified Parties") against, and shall hold the Buyer Indemnified Parties harmless from and against, any and all claims, judgments, damages,

liabilities, settlements, losses, costs and expenses, including reasonable attorneys' fees and disbursements (a "Loss"), incurred or sustained by, or imposed upon, any of the Buyer Indemnified Parties based upon, arising out of, with respect to or by reason of:

(a) any breach of any of the representations or warranties made by a Company contained in Article IV of this Agreement;

(b) any breach of any of the representations or warranties made by a Seller contained in Article III of this Agreement;

(c) any breach or violation of, or failure to fully perform, any covenant, agreement, undertaking or obligation to be performed by Sellers or Company contained in Article II, Article VII, or Article XI of this Agreement;

(d) any breach or violation of, or failure to fully perform, any covenant, agreement, undertaking or obligation in Article VI;

(e) (i) all Taxes of the Companies or a Seller or relating to the business of the Companies for all Pre-Closing Tax Periods, including the Known Tax Obligations; (ii) all Taxes of any member of an affiliated, consolidated, combined or unitary group of which the Companies (or any predecessor thereto) is or was a member on or prior to the Closing Date by reason of a liability under Treasury Regulation Section 1.1502-6 or any comparable provisions of foreign, state or local Law; and (iii) any and all Taxes of any person imposed on the Companies or a Seller arising under the principles of transferee or successor liability or by contract, relating to an event or transaction occurring before the Closing Date; provided, however, that this covenant shall expire on the third (3rd) anniversary of the Closing Date;

(f) any Indebtedness or Transaction Expenses not paid in accordance with Section 2.04 and Section 2.08(c) hereunder;

(g) the matters set forth on Schedule 9.02(g); and

(h) the matters set forth on Schedule 9.02(h).

Section 9.03 Indemnification By Parent and Buyer. Subject to the limitations and other terms and conditions of this Article IX, Parent and Buyer, jointly and severally, shall indemnify Sellers against, and shall hold the Sellers harmless from and against, any and all Losses incurred or sustained by, or imposed upon, Sellers based upon, arising out of, with respect to or by reason of:

(a) any breach of any of the representations or warranties of Buyer contained in Article V of this Agreement; or

(b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by Buyer or Parent contained in Article II, Article VII, or Article XI of this Agreement.

Section 9.04 Limitations on Indemnity; Requirements. The indemnification provided for in Section 9.02 and Section 9.03 shall be subject to the following requirements and limitations:

(a) All amounts owing to any Buyer Indemnified Party for indemnification for Losses (regardless of the Company or Seller that is the cause of the Loss) will be first paid through distributions from the Escrow Amount until the Escrow Amount is reduced to zero. After the Escrow Amount has been reduced to zero, and subject to the other limitations and caps set forth in this Section 9.04 and notwithstanding any language in this Agreement to the contrary, a Buyer Indemnified Party shall have the right to seek to satisfy such additional Losses by asserting any such claims only against the Sellers or Seller Principals of the Company giving rise to such Loss or, in its discretion, set-off such Losses against any other payments due such Company's Sellers or
Seller Principals.

(b) Except in the case of: (i) a breach of a Fundamental Representation, or (ii) fraud, Sellers' aggregate indemnification obligation for Losses pursuant to Section 9.02(a) and 9.02(g) of this Agreement shall be capped at a dollar amount equal to the Base Escrow.

(c) Except in the case of: (i) a breach of a Fundamental Representation, or (ii) fraud, Sellers' aggregate indemnification obligation for Losses pursuant to Section 9.02(d) or 9.02(e) shall be capped at a dollar amount equal to the Tax Escrow.

(d) Except in the case of fraud, which shall have no cap, and subject to the cap limitations set forth in Section 9.04(b) and Section 9.04(c) above, the maximum liability of any individual Seller or Seller Principal with respect to any indemnification obligation for Losses arising under this Agreement shall not exceed such Seller's or Seller Principal's pro rata portion of the Purchase Price hereunder.

(e) Except in the case of: (i) a breach of a Buyer and Parent Fundamental Representation; or (ii) fraud, Buyer and Parent's aggregate indemnification obligation for Losses pursuant to Section 9.03(a) of this Agreement shall be capped at a dollar amount equal to the Base Escrow, and the maximum aggregate liability of Buyer and Parent with respect to any indemnification obligation for Losses shall not exceed the Purchase Price hereunder.

Section 9.05 Indemnification Procedures.

(a) Whenever any claim shall arise for indemnification hereunder, the party entitled to indemnification (the "Indemnified Party") shall promptly provide written notice of such claim to the other party (the "Indemnifying Party"). The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party is actually prejudiced by reason of such delay or failure.

(b) In connection with any claim giving rise to indemnity hereunder resulting from or arising out of any Action by a person or entity who is not a party to this Agreement (a "Third Party Claim"), the Indemnifying Party, at its sole cost and expense and upon written notice to the Indemnified Party, may assume the defense of any such Action with counsel reasonably satisfactory to the Indemnified Party. The Indemnified Party shall be entitled to participate in the defense of any such Action, with its counsel and at its own cost and expense. If the Indemnifying Party does not assume the defense of any such Action, the Indemnified Party may, but shall not be obligated to, defend against such Action in such manner as it may deem appropriate, including, but not limited to, settling such Action, after giving notice of it to the Indemnifying Party, on such terms as the Indemnified Party may deem appropriate and no action taken by the Indemnified Party in accordance with such defense and settlement shall relieve the Indemnifying Party of its indemnification obligations herein provided with respect to any damages resulting therefrom. The Indemnifying Party shall not settle any Action without the Indemnified Party's prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed).

(c) Any Action by an Indemnified Party on account of a Loss which does not result from a Third Party Claim (a "Direct Claim") shall be asserted by the

Indemnified Party giving the Indemnifying Party notice that describes the Direct Claim in reasonable detail, shall include copies of all material written evidence thereof and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have 30 days after its receipt of such notice to respond in writing to such Direct Claim. The Indemnified Party shall allow the Indemnifying Party and its professional advisors to investigate the matter or circumstance alleged to give rise to the Direct Claim, and whether and to what extent any amount is payable in respect of the Direct Claim and the Indemnified Party shall assist the Indemnifying Party's investigation by giving such information and assistance (including access to personnel and the right to examine and copy any accounts, documents or records) as the Indemnifying Party or any of its professional advisors may reasonably request. If the Indemnifying Party does not so respond within such 30 day period, the Indemnifying Party shall be deemed to have approved such claim, subject to the limitations set forth in Section 9.04, in which case the Indemnified Party shall be free to pursue such remedies as may be available to the Indemnified Party, including causing such Loss to be paid from the Escrow, on the terms and subject to the provisions of this Agreement.

Section 9.06 Tax Treatment of Indemnification Payments. All indemnification payments made under this Agreement shall be treated by the parties as an adjustment to the Purchase Price for Tax purposes, unless otherwise required by law.

Section 9.07 Calculation of Losses. All Losses payable to an Indemnified Party under this Article 9 shall be calculated without duplication, including as to amounts included in the calculation of Closing Working Capital and part of the final Closing Adjustments under Section 2.03**.**

Section 9.08 Materiality. For all purposes of this Article IX only (including any determination as to whether there has been a breach with respect to a representation or warranty and the determination of the amount of Losses resulting therefrom), all representations and warranties shall be construed as if all limitations and qualifications as to "materiality" had been omitted.

Section 9.09 Cumulative Remedies. The rights and remedies provided in this Article IX are cumulative and are in addition to and not in substitution for any other rights and remedies available at law or in equity or otherwise.

ARTICLE X

TERMINATION

Section 10.01 Termination. This Agreement may be terminated at any time prior to the Closing:

(a) by the mutual written consent of the Sellers and Buyer;

(b) by Buyer by written notice to the Companies and Sellers if:

(i) Buyer is not then in material breach of any provision of this Agreement and there has been a breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by the Companies or a Seller pursuant to this Agreement that would give rise to the failure of any of the conditions specified in Article VIII and such breach, inaccuracy or failure has not been cured by the Companies or such Seller within ten (10) days of the Companies' receipt of written notice of such breach from Buyer; or

(ii) any of the conditions set forth in Section 8.01 or Section 8.02 shall not have been, or, if in Buyer's discretion exercised in good faith, it becomes apparent that any of such conditions will not be, fulfilled by September 30, 2019, unless such failure shall be due to the failure of Buyer to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it prior to the Closing, or unless such failure is due to a delay caused by a Governmental Authority;

(c) by the Companies and Sellers by written notice to Buyer if:

(i) the Companies and Sellers are not then in material breach of any provision of this Agreement and there has been a breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by Buyer pursuant to this Agreement that would give rise to the failure of any of the conditions specified in Article VIII and such breach, inaccuracy or failure has not been cured by Buyer within ten (10) days of Buyer's receipt of written notice of such breach from the Companies and Sellers; or

(ii) any of the conditions set forth in Section 8.01 or Section 8.03 shall not have been, or if, if in the Companies' and the Sellers' discretion exercised in good faith, it becomes apparent that any of such conditions will not be, fulfilled by September 30, 2019, unless such failure shall be due to the failure of the Companies or a Seller to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it prior to the Closing, or unless such failure is due to a delay caused by a Governmental Authority; or

(d) by Buyer or the Companies in the event that (i) there shall be any Law that makes consummation of the transactions contemplated by this Agreement illegal or otherwise prohibited or (ii) any Governmental Authority shall have issued an Order restraining or enjoining the transactions contemplated by this Agreement, and such Order shall have become final and non-appealable.

Section 10.02 Effect of Termination. In the event of the termination of this Agreement in accordance with this Article, this Agreement shall forthwith become void and there shall be no liability on the part of any party hereto except:

(a) as set forth in this Article X and Section 7.08 (Confidentiality) and Article XII hereof; and

(b) if this Agreement is terminated by a party because of a material breach of the Agreement by another party or because one or more of the conditions to the terminating party's obligations under this Agreement is not satisfied as a result of another party's failure to comply with its obligations under this Agreement, the terminating party's right to pursue all legal remedies will survive such termination unimpaired; provided further, each Seller agrees that the remedy of damages at law for the material breach by any of them of any of this Agreement leading to termination may be an inadequate remedy and the parties agree that in addition to any other remedies or relief that may be available to the Buyer, Buyer shall be entitled to seek a decree or order of specific performance or mandamus to enforce the observance and performance of the provisions of this Agreement. The parties agree that both damages and specific performance shall be proper modes of relief and are not to be considered alternative remedies.

Section 10.03 Reverse Termination Fee. In the event that this Agreement is terminated by the Companies or Sellers as a result of Buyer's breach of this Agreement by failing to pay the Purchase Price under the terms of this Agreement, unless the failure to do so is as a result of a breach of any representation, warranty or covenant of Sellers contained in this Agreement, or as a result of a failure of any of Seller's Conditions to Closing set forth in Sections 8.01 and 8.02 hereof, then Buyer shall pay to the Companies a reverse termination fee equal to US$3,032,400 (the "Reverse Termination Fee"). Any payment required to be made pursuant to this Section 10.03 shall be made to Companies promptly following termination of this Agreement (and in any event not later than five (5) Business Days after such termination) and such payment shall be made by wire transfer of immediately available funds to an account to be designated by the Companies. The parties hereto acknowledge that the damages resulting from termination of this Agreement under circumstances in which the Reverse Termination Fee is payable are uncertain and incapable of accurate calculation and that the amounts payable pursuant to this Section 10.03 are reasonable forecasts of the actual damages which may be incurred, and in the event that the Companies shall receive full payment pursuant to this Section 10.03, the receipt of the Reverse Termination Fee shall be deemed to be liquidated damages, and not a penalty, for any and all losses or damages suffered or incurred by the Companies, the Sellers and any of its and their Affiliates or any other Person in connection with Buyer's breach of this Agreement (and the termination hereof) by failing to pay the Purchase Price under the terms of this Agreement, and upon such payment of such amount none of Buyer or any of its Affiliates, including Parent, shall have any further liability or obligation relating to Sellers or any Company arising out of the termination of this Agreement as a result of Buyer's breach of this Agreement by failing to pay the Purchase Price hereunder. Nothing in this Section 10.03 limits Companies' or Sellers' ability to reject the Reverse Termination Fee in the event of fraud by Buyer, or pursue any independent cause of action against Parent with respect to a breach of the Confidentiality Agreement between Parent and the Companies.

ARTICLE XI

POST-CLOSING COVENANTS

Section 11.01 [Reserved].

Section 11.02 Release.

(a) Effective upon the Closing, each Seller, on behalf of itself and its respective Affiliates, each Seller Principal, and each of their respective successors and assigns (each, a "Releasing Party"), knowingly, voluntarily and unconditionally releases, acquits and forever discharges, to the fullest extent permitted by Law, Buyer, Parent, each Company and each of their respective predecessors, successors, parents, subsidiaries and other Affiliates, and all of their current and former officers, directors, partners, employees, agents, and representatives (each, a "Released Party") of, from and against any and all claims, causes of action, demands, suits, debts, obligations, liabilities, damages, losses, costs, and expenses (including reasonable attorneys' fees) of every kind or nature whatsoever, known or unknown, actual or potential, suspected or unsuspected, fixed or contingent, that such Released Party ever had, has or may have, now or in the future, arising out of or relating to ownership of the Units or the operation of the Business (collectively, the "Released Claims"); provided, however, that this release does not extend to any claim arising out of or related to a Party's obligations under this Agreement, or to enforce such Releasing Party's rights under this Agreement. The foregoing release shall be binding on Seller, each Seller Principal, and each of their successors, assigns, creditors, representatives, guardians, trustees and any other Person claiming by, through or in right of a Seller or a Seller Principal. Each Releasing Party represents it has not assigned any such claims to any third party prior to the date hereof and will not assign any such claims after the date hereof. Each Releasing Party agrees not to, and agrees to cause, as applicable, its Affiliates and each of their respective successors and assigns, not to, assert any such claims against the Released Parties.

(b) Each Releasing Party agrees it shall not, and no one on its behalf shall, assert or file any claim, complaint, charge, suit or action against any Released Party arising out of any matter released pursuant to this Section 11.02. In the event that any claim, complaint, charge, suit or action is asserted or filed against a Released Party in breach hereof, such Released Party shall be entitled to recover its costs, fees or expenses, including reasonable attorneys' fees and costs at trial and on appeal, incurred in defending against such action from the Releasing Party.

(c) Each Releasing Party acknowledges that it may hereafter discover facts different from, or in addition to, those which it now believes to be true with respect to any and all of the claims released in this Section 11.02, and no such additional fact shall affect the validity or enforceability of the releases contained in this Section 11.02.

(d) Each Releasing Party acknowledges that it is fully informed and aware of its rights to receive independent legal advice regarding the advisability of the releases contemplated hereby and has received such independent legal advice with regard to the advisability thereof. Releasing Party further acknowledges that it: (i) has made an investigation of the facts pertaining to the releases contemplated hereby as it has deemed necessary, and (ii) has not relied upon any statement or representation of others.

(e) Each Releasing Party shall be deemed to relinquish, to the extent it is applicable, and to the full extent permitted by law, the provisions, rights, and benefits of Section 1542 of the California Civil Code, which provides:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

Each Releasing Party shall be deemed to relinquish, to the extent applicable, and to the full extent permitted by law, the provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to California Civil Code Section 1542.

Section 11.03 Regulatory Notices. Following the Closing, the parties shall take all necessary action and provide all necessary information in order to provide notification of the Ownership Changes for each Company to (i) the San Francisco Office of Cannabis with respect to such Company's pending Police Code Article 16 application; and (2) the Bureau of Cannabis Control with regard to the Company's current temporary state license and pending annual state license application(s).

Section 11.04 Further Assurances. Following the Closing, each of the parties hereto shall, and shall cause their respective Affiliates to, execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement.

ARTICLE XII

MISCELLANEOUS

Section 12.01 Sellers' Agent.

(a) The Sellers, pursuant to this Agreement, hereby appoint Michael Thomsen as the Sellers' Agent, who shall be the Sellers' representative and attorney-in-fact for each Seller. The Sellers' Agent shall have the authority to act for and on behalf of each of the Sellers, including without limitation, to amend this Agreement, to give and receive notices and communications, waivers and consents under this Agreement, to act on behalf of the Sellers with respect to any matters arising under this Agreement, to authorize delivery to the Buyer of cash and other property, to object to such deliveries, to agree to, negotiate, enter into settlements and compromises of, and commence, prosecute, participate in, settle, dismiss or otherwise terminate, as applicable, lawsuits and claims, mediation and arbitration proceedings, and to comply with orders of courts and awards on behalf of courts, mediators and arbitrators with respect to such suits, claims or proceedings, and to take all actions necessary or appropriate in the judgment of the Sellers' Agent for the accomplishment of the foregoing. In addition to and in furtherance of the foregoing, the Sellers' Agent shall have the right to (i) employ accountants, attorneys and other professionals on behalf of the Sellers, and (ii) incur and pay all costs and expenses related to (A) the performance of its duties and obligations as the Sellers' Agent hereunder, and (B) the interests of the Sellers under this Agreement. The Sellers' Agent shall for all purposes be deemed the sole authorized agent of the Sellers until such time as the agency is terminated with notice to the Buyer. Such agency may be changed by the Sellers from time to time upon not less than thirty (30) days prior written notice to the Buyer; provided, however, that the Sellers' Agent may not be removed unless Sellers holding the right to receive a majority of the Purchase Price (" Sellers Majority") agree to such removal and to the identity of the substituted Sellers' Agent. Any vacancy in the position of the Sellers' Agent may be filled by approval of a Sellers Majority. No bond shall be required of the Sellers' Agent, and the Sellers' Agent shall not receive compensation for its services. Notices or communications to or from the Sellers' Agent shall constitute notice to or from each of the Sellers during the term of the Agreement.

(b) The Sellers' Agent shall not incur any liability with respect to any action taken or suffered by him or omitted hereunder as Sellers' Agent while acting in good faith and in the exercise of reasonable judgment. The Sellers' Agent may, in all questions arising hereunder, rely on the advice of counsel and other professionals and for anything done, omitted or suffered in good faith by the Sellers' Agent based on such advice and the Sellers' Agent shall not be liable to anyone. The Sellers' Agent undertakes to perform such duties and only such duties as are specifically set forth in this Agreement, and no covenants or obligations shall be implied under this Agreement against the Sellers' Agent; provided, however, that the foregoing shall not act as a limitation on the powers of the Sellers' Agent determined by him to be reasonably necessary to carry out the purposes of his obligations. The Sellers shall severally and pro-rata, in accordance with their respective pro-rata share of the Purchase Price, indemnify the Sellers' Agent and hold him harmless against any loss, liability or expense incurred without gross negligence or bad faith on the part of the Sellers' Agent and arising out of or in connection with the acceptance or administration of his duties under this Agreement. Specifically, each Seller hereby agrees to reimburse the Sellers' Agent for his pro rata share of any reasonable and documented costs or expenses (including attorneys' fees) incurred by the Sellers' Agent in pursuing a dispute pursuant this Agreement.

(c) A decision, act, consent or instruction of the Sellers' Agent shall constitute a decision, act, consent or instruction from all of the Sellers and shall be final, binding and conclusive upon each of the Sellers. The Buyer may rely upon any such decision, act, consent or instruction of the Sellers' Agent as being the decision, act, consent or instruction of every such Seller. The Buyer is hereby relieved from any liability to any person for any acts done by it in accordance with such decision, act, consent or instruction of the Sellers' Agent. In furtherance of the foregoing, any reference to a power of the Sellers under this Agreement, to be exercised or otherwise taken, shall be a power vested in the Sellers' Agent.

Section 12.02 Expenses. All costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses, whether or not the Closing shall have occurred; provided however that, upon the Closing, any of Companies' costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby that are not paid at or prior to Closing shall be included within the determination of the Closing Working Capital.

Section 12.03 Further Assurances. Following the Closing, each of the parties hereto shall, and shall cause their respective Affiliates to, execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement.

Section 12.04 Notices. All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next business day if sent after normal business hours of the recipient or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 12.03):

If to Sellers:

[Name of Seller]
Attn: Michael Thomsen, Sellers' Agent
[***]
[***]

If to Companies prior to the Closing:

Michael Thomsen
[***]
[***]

with a copy to:

Lara L. DeCaro
Leland, Parachini, Steinberg, Matzger & Melnick LLP
199 Fremont Street 21st Floor
San Francisco, CA 94105
Telephone: 415.957.1800
Email: ldecaro@lpslaw.com

and;

Beau Epperly
Epperly | Elam, LLP
c/o: Beau Epperly
88 Kearny Street, Suite 1850
San Francisco, CA 94108

If to Buyer or Parent:

TerrAscend Corp.
P.O. Box 43125
Mississauga, ON
L5C 1W2
Canada
Attention: Matthew Johnson, President
Email:[***]

with a copy to:

Fox Rothschild LLP
2000 Market Street, 20th Floor
Philadelphia, PA 19103-3222
USA
Attention: Stephen M. Cohen, Esq.
Facsimile: (215) 299-2150
E-mail: smcohen@foxrothschild.com

And

Fox Rothschild LLP
1001 Fourth Avenue, Suite 4500
Seattle, WA 98154
Attention: Erin Joyce Letey
Facsimile: (206) 389-1585
E-mail: eletey@foxrothschild.com

Section 12.05 Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

Section 12.06 Severability. If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties hereto shall negotiate in good faith to modify the Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

Section 12.07 Entire Agreement. This Agreement and the documents to be delivered hereunder constitute the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein, and supersede all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter. In the event of any inconsistency between the statements in the body of this Agreement and those in documents to be delivered hereunder, the Exhibits and Company Disclosure Schedules (other than an exception expressly set forth as such in the Company Disclosure Schedules), the statements in the body of this Agreement will control.

Section 12.08 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither party may assign its rights or obligations hereunder without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed. No assignment shall relieve the assigning party of any of its obligations hereunder.

Section 12.09 No Third-Party Beneficiaries. Except as provided in Article XI, this Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 12.10 Amendment and Modification. This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each party hereto.

Section 12.11 Waiver. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

Section 12.12 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of California without giving effect to any choice or conflict of law provision or rule (whether of the State of California or any other jurisdiction).

Section 12.13 Mandatory Arbitration. Except for any claim for injunctive relief under Section 12.14 below, any controversy or claim between or among the parties arising out of or relating to this Agreement shall be determined exclusively by binding arbitration in accordance with the Commercial Arbitration Rules of the JAMS (the

"Rules"). The arbitration shall be heard by one arbitrator to be selected in accordance with the Rules at the offices of the JAMS in San Francisco, California, unless the parties mutually agree otherwise. The parties shall share the costs of the arbitration equally; however, each party shall be responsible for its own attorneys' fees and other costs and expenses. The parties waive the right, if any, to obtain any award for exemplary or punitive damages or any other amount for the purpose of imposing a penalty from the other in any arbitration or judicial proceeding or other adjudication arising out of or relating to this Agreement, or any breach hereof, including any claim that this Agreement, or any part of it, is invalid, illegal or otherwise voidable or void. The decision of the arbitrator shall be final and conclusive upon all parties. If for some reason a court determines not to enforce the mandatory arbitration provision in Section 12.13 of this Agreement, or either Party brings an action for injunctive relief under Section 12.14, then the exclusive jurisdiction and venue for any dispute between the parties shall be the courts for the State of California located in the City or County of San Francisco.

Section 12.14 Equitable Relief. Each party agrees that where this Agreement entitles a party to seek injunctive relief, specific performance or other equitable relief, each party expressly waives any right to claim that any breach of this Agreement is adequately compensable in monetary damages and waives any requirement to post a bond and shall reimburse the non-breaching party for its reasonable attorney's fees and costs incurred in obtaining any such relief.

Section 12.15 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

[Signatures to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Securities Purchase Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

COMPANIES:

RHMT, LLC

By: /s/ *Ryan Hudson*
Name: Ryan Hudson
Title: CEO

DEEP THOUGHT, LLC

By: /s/ *Ryan Hudson*
Name: Ryan Hudson
Title: CEO

HOWARD STREET PARTNERS, LLC

By: /s/ *Ryan Hudson*
Name: Ryan Hudson
Title: CEO

SELLERS AND SELLER PRINCIPALS:

/s/ *Michael Thomsen*
Michael Thomsen

/s/ *Ryan Hudson*
Ryan Hudson

BUYER:

WDB HOLDING CA, INC.

By: /s/ *Matthew Johnson*
Name: Matthew Johnson
Title: President, WDB Holding CA, Inc.

PARENT:

TERRASCEND CORP.

By: /s/ *Michael Nashat*
Name: Michael Nashat
Title: CEO, TerrAscend Corp.

/s/ *Arion Luce*
Arion Luce

/s/ *Anthony Shira*
Anthony Shira

/s/ *Jamie Shira*
Jamie Shira

SELLERS' AGENT

/s/ *Michael Thomsen*
Michael Thomsen

Exhibit A

Schedule of Sellers

[***]

[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]

[***]

[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]

[***]

[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]

[***]

[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]

Working Capital Target by Company:

Company	**Working Capital Target ($US)**
[***]	[***]
[***]	[***]
[***]	[***]

Exhibit B

Known Tax Obligations

[Schedule]

[***]

[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]

[***]

Permitted Encumbrances

[***]

Exhibit C

Escrow Agreement

Exhibit D-1

RHMT Operating Agreement

Exhibit D-2

Deep Thought Operating Agreement

Exhibit D-3

Howard Street Operating Agreement

Exhibit E

Management Services Agreement

Exhibit F

Bridge Loan

Exhibit G-1

Form of Employment Agreement

Exhibit G-2

Form of Independent Contractor Agreement

Exhibit H

Form of Non-Compete

Exhibit 2.4

CERTAIN CONFIDENTIAL INFORMATION (MARKED BY BRACKETS AS "[***]") HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED.

EXECUTION COPY

SECURITIES PURCHASE AND EXCHANGE AGREEMENT

By and Among

Ilera Holdings LLC, a Pennsylvania limited liability company,

Mera I LLC, a Maryland limited liability company,

Mera II LLC, a Maryland limited liability company,

TerrAscend Corp.,

a corporation incorporated under the Ontario Business Corporations Act,

WDB Holding PA, Inc.,

a Delaware corporation, and

Osagie Imasogie, as Sellers' Agent

August 1, 2019

SECURITIES PURCHASE AND EXCHANGE AGREEMENT

This Securities Purchase and Exchange Agreement (this "*Agreement*") is entered into on August 1, 2019, by and among TerrAscend Corp., a corporation incorporated under the Ontario Business Corporations Act ("*Parent*"), WDB Holding PA, Inc. a Delaware corporation ("*Buyer*"), Ilera Holdings LLC, a Pennsylvania limited liability company ("*Holdings*"), Mera I LLC, a Maryland limited liability company ("*Mera I*"), Mera II LLC, a Maryland limited liability company ("*Mera II*" and, collectively with Holdings and Mera I, "*Sellers"*), and Osagie Imasogie, as Sellers' Agent. Parent, Buyer and Sellers are referred to collectively herein as the "*Parties*."

R E C I T A L S

A. Sellers, in the aggregate, own all of the outstanding equity of Ilera Healthcare LLC, a Pennsylvania limited liability company ("*Healthcare*"). Healthcare is a medical marijuana grower/processor located in Waterfall, PA, and holds a grower/processor permit issued by the Pennsylvania Department of Health (the "*DOH*").

B. Sellers, in the aggregate, own all of the outstanding equity of Ilera Dispensing LLC, a Pennsylvania limited liability company ("*Dispensing*"). Dispensing is a medical marijuana dispensary located in Plymouth Meeting, PA and holds a dispensary permit issued by the DOH.

C. Sellers, in the aggregate, own all of the outstanding equity of Ilera Security LLC, a Pennsylvania limited liability company ("*Security*"). Security provides business security services to Healthcare and Dispensing.

D. Sellers, in the aggregate, own all of the outstanding equity of Ilera InvestCo I LLC, a Pennsylvania limited liability company ("*Investco*"). Investco owns a ten percent (10%) interest in KCR Holdings LLC and a ten percent (10%) interest in GuadCo LLC, each a Pennsylvania limited liability company.

E. Sellers, in the aggregate, own all of the outstanding equity of 235 Main Street Mercersburg LLC, a Pennsylvania limited liability company ("*Main*"). Main owns real estate in Mercersburg, Pennsylvania.

F. Healthcare owns fifty percent (50%) of the outstanding limited partnership interests in IHC Real Estate LP, a Delaware limited partnership ("*IHC Real Estate*"). The other fifty percent (50%) of the outstanding limited partnership interests in IHC Real Estate, in the aggregate, is owned by 11 individual limited partners. IHC Real Estate owns certain real property that is leased to Healthcare.

G. Sellers, in the aggregate, own all of the outstanding equity of IHC Real Estate GP, LLC, a Delaware limited liability company ("*IHC Real Estate GP*"). IHC Real Estate GP is the general partner of IHC Real Estate, which leases the Cultivation Building to Healthcare.

H. Healthcare, Dispensing, Security, Investco, Main, IHC Real Estate and IHC Real Estate GP are referred to individually herein each as a "*Target*" and collectively as "*Targets*".

I. Parent, through one or more subsidiaries, owns all of the issued and outstanding equity of Buyer.

J. This Agreement contemplates a transaction in which Buyer will purchase from Sellers, and Sellers will sell to Buyer, all of the outstanding equity of Healthcare, Dispensing, Security, Investco, Main and IHC Real Estate GP held by Sellers, and 50% of the outstanding limited partnership interests of IHC Real Estate held by Healthcare.

K. The Sellers have elected to appoint the Sellers' Agent as their sole and exclusive agent, representative and attorney-in-fact under this Agreement before and after the Closing of the transactions contemplated hereby.

Now, therefore, in consideration of the premises and the mutual promises herein made, and in consideration of the representations, warranties, and covenants herein contained, the Parties agree as follows.

Section 1. *Definitions*.

"*Act*" has the meaning set forth in Section 4(j)(i) below.

"*Action*" means any claim, action, cause of action, demand, lawsuit, arbitration, notice of deficiency, audit, notice of violation, proceeding, litigation, citation, summons, subpoena or disclosed investigation of any nature, civil, criminal, administrative, regulatory or otherwise, whether at law or in equity.

"Adjustment Amount" has the meaning set forth in Section 2(c)(iii) below

"*Adverse Consequences*" means all Actions, hearings, charges, complaints, demands, injunctions, judgments, orders, decrees or rulings that have resulting in damages, dues, penalties, fines, costs, amounts paid in settlement, liabilities, obligations, Taxes, liens, losses, expenses, and fees, including court costs and reasonable attorneys' fees and expenses.

"*Affiliate*" has the meaning set forth in Rule 12b-2 of the regulations promulgated under the Securities Exchange Act.

"*Affiliated Group*" means any affiliated group within the meaning of Code Section 1504(a) or any similar group defined under a similar provision of state, local, or non-U.S. law.

"*Agreed Upon Margin*" has the meaning set forth in Section 2(d)(ii) below.

"*Antitrust Action*" has the meaning set forth in Section 5(b)(ii) below.

"*Antitrust Laws*" means the Sherman Antitrust Act, the Clayton Antitrust Act, the HSR Act, the Federal Trade Commission Act, as amended, and all other federal, state or foreign laws, that are designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade or significant impediments or lessening of competition or the creation or strengthening of a dominant position through merger or acquisition that are applicable to the transactions contemplated by this Agreement.

"*Applicable Law*" or "*Applicable Laws*" means any and all laws, ordinances, constitutions, regulations, statutes, treaties, rules, and codes adopted, enacted, implemented, promulgated, issued or entered by or under the authority of any Governmental Authority having jurisdiction over a specified Person or any of such Person's properties or assets. Notwithstanding the foregoing, neither "Applicable Law" nor "Applicable Laws" shall include any United States federal law, ordinance, constitution, regulation, statute, treaty, rules, or code to the extent such federal law, ordinance, constitution, regulation, statute, treaty, rules, or code would be violated, or protections under such law, ordinance, constitution, regulation, statute, treaty, rules, or code would be unavailable to a party, as a result of operating or owning a medical marijuana grower/processor or dispensary business in compliance with Pennsylvania Applicable Law.

"*Basket*" has the meaning set forth in Section 8(b) below.

"*Budget*" means the budget for the operations of Healthcare through the Final Payment attached as Exhibit D.

"*Business Day*" means any day except Saturday, Sunday or any statutory holiday in the United States or Canada.

"*Buyer*" has the meaning set forth in the preface above.

"*Canadian Securities Laws*" means collectively, the Applicable Laws and published policy statements relating to the sale and issuance of securities of each of the applicable Provinces and Territories of Canada.

"*Claim*" has the meaning set forth in Section 8(e) below.

"*Closing*" has the meaning set forth in Section 2(f) below.

"*Closing Cash Consideration*" has the meaning set forth in Section 2(b)(i)(1) below.

"*Closing Consideration*" has the meaning set forth in Section 2(b)(i)(2) below.

"*Closing Shares Consideration*" has the meaning set forth in Section 2(b)(i)(2) below.

"*Closing Adjustment Amount*" has the meaning set forth in Section 2(c)(ii)(3) below.

"*Closing Adjustment Final Determination Date*" has the meaning set forth in Section 2(c)(iii)(2) below.

"*Closing Date*" has the meaning set forth in Section 2(f) below.

"*Closing Indebtedness Amount*" has the meaning set forth in Section 2(e)(i) below.

"*Closing Indebtedness Schedule*" has the meaning set forth in Section 2(e)(i) below.

"*Closing Working Capital*" has the meaning set forth in Section 2(c)(ii)(2) below.

"*Closing Working Capital Statement*" has the meaning set forth in Section 2(c)(ii) below.

"*COBRA*" means the requirements of Part 6 of Subtitle B of Title I of ERISA and Code Section 4980B and of any similar state law.

"*Code*" means the Internal Revenue Code of 1986, as amended.

"*Common Shares*" has the meaning set forth in Section 3(c)(viii) below.

"*Computation Statement*" has the meaning set forth in Section 2(j)(i) below.

"*Confidential Information*" means any information concerning the business and affairs of Targets; provided, that, Confidential Information shall not include any information that (i) is or becomes generally known to and available for use by the public other than as a result of any acts or omissions of the Sellers or any of their Affiliates in violation of this Agreement, (ii) is or becomes available to the Sellers or any of their Affiliates on a non-confidential basis from a third party without a breach of such third party's obligations of confidentiality or (iii) Sellers' Agent and Buyer agree in writing can be disclosed by the Sellers or any of their Affiliates.

"*Contest*" has the meaning set forth in Section 9(d) below.

"*Continuing Clients*" has the meaning set forth in Section 11(w)(i) below.

"*CSE*" means the Canadian Securities Exchange.

"*Cultivation Building*" means the facility owned by IHC Real Estate that is leased to Healthcare and is located on the real property leased by IHC Real Estate.

"*Data Laws*" means laws, regulations, guidelines, and rules in any jurisdiction (federal, state, local, and non-U.S.) applicable to data privacy, data security, and/or personal information, including the Federal Trade Commission's Fair Information Principles, as well as industry standards, in each case applicable to Targets.

"*Debt Payoff Letters*" has the meaning set forth in Section 2(e)(i) below.

"*Disclosure Schedule*" has the meaning set forth in Section 4 below.

"*Dispensing Equity*" means all of the issued and outstanding equity of Dispensing.

"*Disputed Amounts*" has the meaning set forth in Section 2(j)(iii) below.

"*DOJ*" has the meaning set forth in Section 5(b)(ii) below.

"*Employee Benefit Plan*" has the meaning set forth in Section 5(x)(i) below.

"*Environmental, Health, and Safety Requirements*" means all federal, state, local, and non-U.S. statutes, regulations, ordinances, and similar provisions having the force or effect of law, all judicial and administrative orders and determinations, and all common law concerning public health and safety, worker health and safety, pollution, or protection of the environment, including all those relating to the presence, use, production, generation, handling, transportation, treatment, storage, disposal, distribution, labeling, testing, processing, discharge, release, threatened release, control, exposure to, or cleanup of any hazardous materials, substances, wastes, chemical substances, mixtures, pesticides, pollutants, contaminants, toxic chemicals, petroleum products or byproducts, asbestos, polychlorinated biphenyls, noise, odor, mold, or radiation.

"*ERISA*" means the Employee Retirement Income Security Act of 1974, as amended.

"*ERISA Affiliate*" means each entity that is treated as a single employer with Target for purposes of Code Section 414.

"*Escrow Agent*" means Western Alliance Bank.

"*Escrow Agreement*" has the meaning set forth in Section 2(i) below.

"*Escrow Amount*" means $ [***].

"*Estimated Closing Adjustment Amount*" has the meaning set forth in Section 2(c)(i)(2) below.

"*Estimated Closing Working Capital*" has the meaning set forth in Section 2(c)(i)(1) below.

"*Exchangeable Shares*" has the meaning set forth in Section 3(c)(viii) below.

"*Final Payment*" has the meaning set forth in Section 2(b)(iii) below.

"*Financial Statements*" has the meaning set forth in Section 4(g) below.

"*FIRPTA Affidavit*" has the meaning set forth in Section 7(a)(xxi) below.

"*Fraud*" means common law fraud, the elements of which are set forth in*ABRY Partners V, L.P. v. F&W Acquisition LLC*(Del. Ch. 2006).

"*FTC*" has the meaning set forth in Section 5(b)(ii) below.

"*Fundamental Representations*" has the meaning set forth in Section 8(a) below.

"*GAAP*" means United States generally accepted accounting principles as in effect from time to time, consistently applied.

"*Governmental Authority*" means any (a) nation, region, state, county, city, town, village, district or other jurisdiction, (b) federal, state, provincial, local, municipal, foreign or other government, (c) governmental or quasi-governmental authority of any nature (including any governmental agency, branch, department or other entity and any court or other tribunal), (d) multinational organization or (e) body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power of any nature.

"*Healthcare Equity*" means all of the issued and outstanding equity of Healthcare.

"*HSR Act*" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"*IHC Equity*" means all of the issued and outstanding Class B Limited Interests of IHC Real Estate.

"*IHC GP Equity*" means all of the issued and outstanding equity of IHC Real Estate GP.

"*Improvements*" has the meaning set forth in Section 4(l)(iv) below.

"*Income Tax*" means any federal, state, local, or non-U.S. income tax, including any interest, penalty, or addition thereto, whether disputed or not.

"*Indebtedness*" means, with respect to Targets, without duplication: (i) all liabilities for borrowed money, whether current or funded; (ii) all obligations evidenced by a note, bond, debenture, letter of credit, draft or similar instrument; (iii) that portion of obligations with respect to capital leases, if any, that is properly classified as a liability on a balance sheet; (iv) all other obligations of Targets, other than Permitted Accounts Payable; (v) notes payable and drafts accepted representing extensions of credit; (vi) any obligation owed for all or any part of the deferred purchase price of property or services; (vii) all obligations of Targets to their members; (viii) any amounts, fines or monetary penalties asserted against any Target by any Governmental Authority (other than related to Taxes); (ix) all interest on the items set forth in (i) through (viii) above; (x) any guarantees of indebtedness of any other person; (xi) all indebtedness and obligations of the types described in the foregoing clauses (i) through (ix) above to the extent secured by any lien on any property or asset owned or held by any Target, regardless of whether the indebtedness secured thereby shall have been assumed by that person or is nonrecourse to the credit of that person. Notwithstanding the foregoing, the lease with respect to the Cultivation Building shall not be considered a capital lease for purposes of the definition of "Indebtedness".

"*Indemnified Party*" has the meaning set forth in Section 8(d) below.

"*Indemnifying Party*" has the meaning set forth in Section 8(d) below.

"*Independent Accountant*" has the meaning set forth in Section 2(j)(iii) below.

"*Intellectual Property*" means all of the following in any jurisdiction throughout the world: (a) all inventions (whether patentable or unpatentable and whether or not reduced to practice), all improvements thereto, and all patents, patent applications, and patent disclosures, together with all reissuances, continuations, divisions, continuations-in-part, revisions, extensions, and reexaminations thereof, (b) all trademarks, service marks, trade dress, logos, slogans, trade names, corporate names, Internet domain names, other source identifiers, and rights in telephone and facsimile numbers, together with all translations, adaptations, derivations, and combinations thereof and including all goodwill associated therewith, and all applications, registrations, and renewals in connection therewith, (c) all rights of publicity, privacy, and endorsement (including rights to the use of names, voices, likenesses, images, appearances, signatures, and biographical information of real persons), (d) all copyrightable works, all copyrights, and all applications, registrations, and renewals in connection therewith, (e) all mask works and all applications, registrations, and renewals in connection therewith, (f) all trade secrets and Confidential Information (including ideas, research and development, know-how, formulas, compositions, manufacturing and production processes and techniques, technical data, designs, drawings, specifications, customer and supplier lists, pricing and cost information, and business and marketing plans and proposals), (g) all computer software (including Source Code, Object Code, data, databases, and related documentation), (h) all advertising and promotional materials, (i) Social Media Accounts and pages, (j) all other proprietary rights, and (k) all copies and tangible embodiments of any of the foregoing (in whatever form or medium).

"*Interim Payment*" has the meaning set forth in Section 2(b)(ii) below.

"*Inventory*" means all inventory of or relating to the business of Targets (including, without limitation, raw materials, plants, biologics, work in process, packaging, ingredients, finished goods and supplies).

"*Investco Equity*" means all of the issued and outstanding equity of Investco.

"*IP License*" has the meaning set forth in Section 4(m)(iii) below.

"*Knowledge*" means the actual knowledge that would have been obtained after reasonable investigation, with respect to (a) Sellers and Targets, each of Greg Rochlin, Andy Sack, Ryan McWilliams, Oludare Odumose and Lisa Gray and (b) with respect to Parent and Buyer, each of Michael Nashat, Matt Johnson and Adam Kozak.

"*Leased Real Property*" means all leasehold or subleasehold estates and other rights to use or occupy any land, buildings, structures, improvements, fixtures, or other interest in real property held by Targets.

"*Leases*" means all leases, subleases, licenses, concessions and other agreements (written or oral), including all amendments, extensions, renewals, guaranties, and other agreements with respect thereto, pursuant to which any Target holds any Leased Real Property.

"*Liability*" means any liability or obligation of whatever kind or nature (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, and whether due or to become due).

"*Lien*" means any mortgage, pledge, lien, encumbrance, charge, or other security interest, other than (a) liens for Taxes not yet due and payable, (b) purchase money liens and liens securing rental payments under capital lease arrangements, and (c) other liens arising in the Ordinary Course of Business and not incurred in connection with the borrowing of money.

"*Main Equity*" means all of the issued and outstanding equity of Main.

"*Material Adverse Effect*" or "*Material Adverse Change*" means any effect or change that would be materially adverse to the business, assets, condition (financial or otherwise), operating results or operations, of Targets, taken as a whole, or the ability of the Sellers to timely consummate the transactions; provided, however, that none of the following shall be deemed in and of itself to constitute a Material Adverse Effect or Material Adverse Change: any materially adverse effect or change arising from or relating to (a) general business or economic conditions, (b) national or international political or social conditions, including the engagement by the United States in hostilities, whether or not pursuant to the declaration of a national emergency or war, or the occurrence of any military or terrorist attack upon the United States, or any of its territories, possessions, or diplomatic or consular offices or upon any military installation, equipment or personnel of the United States, (c) financial, banking or securities markets (including any disruption thereof and any decline in the price of any security or any market index), (d) changes in GAAP after the date hereof, (e) the announcement of the

transactions contemplated hereby, or (f) the taking of any action contemplated by this Agreement; provided, however, that any effect or change referred to in clauses (a), (b), (c), or (d) above shall be taken into account in determining whether a Material Adverse Effect or Material Adverse Change has occurred to the extent that such effect or change has a disproportionate effect on the Targets compared to other participants in the industries in which the Targets conduct their businesses.

"*Minimum Margin*" has the meaning set forth in Section 2(d) below.

"*Most Recent Balance Sheet*" means the balance sheet contained within the Most Recent Financial Statements.

"*Most Recent Financial Statements*" has the meaning set forth in Section 4(g) below.

"*Most Recent Fiscal Month End*" has the meaning set forth in Section 4(g) below.

"*Most Recent Fiscal Year End*" has the meaning set forth in Section 4(g) below.

"*Multiemployer Plan*" has the meaning set forth in ERISA Section 3(37).

"*Net Pre-Tax Margin*" has the meaning set forth in Section 2(d) below.

"*Ordinary Course of Business*" means the ordinary course of business consistent with past custom and practice (including with respect to quantity and frequency). The expansion of Healthcare's Waterfall, PA, facility and related expenditures, as agreed by the Parties, shall be considered in the Ordinary Course of Business.

"*Owned Real Property*" means all land, together with all buildings, structures, improvements, and fixtures located thereon, and all easements and other rights and interests appurtenant thereto, owned by Targets.

"*Parent Disclosure Record*" has the meaning set forth in Section 3(c)(ix)(3) below.

"*Parent Shares*" means the Proportionate Voting Shares issuable by Parent.

"*Party*" has the meaning set forth in the preface above.

"*Pass-Through Returns*" has the meaning set forth in Section 9(b)(i) below.

"*Permit*" means any permit, license, franchise certificate, consent, approval, accreditation or other authorization of any Governmental Authority necessary under Applicable Law to operate as a grower/processor and/or dispensary within the Commonwealth of Pennsylvania, its cities and its local jurisdictions.

"*Permitted Accounts Payable*" means normal and customary accounts payable of the Targets.

"*Permitted Encumbrances*" means with respect to each parcel of Real Property: (a) real estate Taxes, assessments and other governmental levies, fees, or charges imposed with respect to such Real Property that are (i) not due and payable as of the Closing Date or (ii) being contested in good faith and for which appropriate reserves have been established in accordance with GAAP; (b) mechanics' liens and similar liens for labor, materials, or supplies provided with respect to such Real Property incurred in the Ordinary Course of Business for amounts that are (i) not due and payable as of the Closing Date or (ii) being contested in good faith that would not, individually or in the aggregate, materially impair the use or occupancy of the Real Property or the operation of the business of Targets as currently conducted on such Real Property; (c) zoning, building codes, and other land use laws regulating the use or occupancy of such Real Property or the activities conducted thereon that are imposed by any Governmental Authority having jurisdiction over such Real Property and are not violated by the current use or occupancy of such Real Property or the operation of the business of Targets as currently conducted thereon; and (d) easements, covenants, conditions, restrictions, and other similar matters of record affecting title to such Real Property that do not or would not materially impair the use or occupancy of such Real Property in the operation of the business of Targets as currently conducted thereon.

"*Person*" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, any other business entity, or a governmental entity (or any department, agency, or political subdivision thereof).

"*Physical Inventory*" has the meaning set forth in Section 2(c)(i)(1) below.

"*Post-Closing Management Team*" has the meaning set forth in Section 6(g) below.

"*Preferred Shares*" has the meaning set forth in Section 3(c)(viii) below.

"*Pre-Closing Counsel*" has the meaning set forth in Section 11(w)(i) below.

"*Pre-Closing Tax Period*" has the meaning set forth in Section 9(a)

"*Pre-Tax Shortfall*" has the meaning set forth in Section 2(d) below.

"*Prohibited Tax Action*" has the meaning set forth in Section 9(j) below.

"*Protected Material*" has the meaning set forth in Section 11(w)(ii) below.

"*Purchase Price*" has the meaning set forth in Section 2(b) below.

"*Real Property*" has the meaning set forth in Section 4(l)(iii) below.

"*Real Property Laws*" has the meaning set forth in Section 4(l)(vi) below.

"*Records*" has the meaning set forth in Section 6(a) below.

"*Resolution Period*" has the meaning set forth in Section 2(j)(ii) below.

"*Restricted Party*" and "*Restricted Parties*" has the meaning set forth in Section 6(d)(i) below.

"*Review Period*" has the meaning set forth in Section 2(j)(i) below.

"*Securities Act*" means the Securities Act of 1933, as amended.

"*Securities Exchange Act*" means the Securities Exchange Act of 1934, as amended.

"*Security*" has the meaning set forth in the preface above.

"*Security Equity*" means all of the issued and outstanding equity of Security.

"*Sellers*" has the meaning set forth in the preface above.

"*Sellers' Agent Expense Amount*" has the meaning set forth in Section 11(r)(iv) below.

"*Social Media Accounts*" means any websites, applications and similar electronic means by which users are able to create and share information, ideas, personal messages, and other content (including, without limitation, text, photos and videos) or to participate in social networking.

"*Source Code*" means human-readable computer software and code, in a form other than Object Code form or machine-readable form, including related programmer comments and annotations, help text, data and data structures, object-oriented and other code, which may be printed out or displayed in human-readable form, and, for purposes of this Source Code definition, "*Object Code*" means computer software code, substantially or entirely in binary form, which is intended to be directly executable by a computer after suitable processing and linking but without the intervening steps of compilation or assembly.

"*Statement of Objections*" has the meaning set forth in Section 2(j)(ii) below.

"*Straddle Period*" has the meaning set forth in Section 9(b)(i) below.

"*Straddle Period Tax Return*" has the meaning set forth in Section 9(b)(ii) below.

"*Subsidiary*" means, with respect to any Person, any corporation, limited liability company, partnership, association, or other business entity of which (i) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers, or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof or (ii) if a limited liability company, partnership, association, or other business entity (other than a corporation), a majority of the partnership or other similar ownership interests thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more Subsidiaries of that Person or a combination thereof and for this purpose, a Person or Persons own a majority ownership interest in such a business entity (other than a corporation) if such Person or Persons shall be allocated a majority of such business entity's gains or losses or shall be or control any managing director or general partner of such business entity (other than a corporation). The term "Subsidiary" shall include all Subsidiaries of such Subsidiary.

"*Systems*" has the meaning set forth in Section 4(aa) below.

"*Target*" and "*Targets*" have the meanings set forth in the preface above.

"*Target Equity*" means the Healthcare Equity, the Dispensing Equity, the Security Equity, the Investco Equity, the Main Equity, the IHC Equity and the IHC GP Equity.

"*Target Intellectual Property*" means all Intellectual Property owned, licensed or used by or for the benefit of any Target.

"*Target Transaction Expenses*" means, without duplication, (a) the fees and expenses owed by Sellers or any Target to their investment bankers, attorneys, accountants, and other professionals payable in connection with this Agreement or the consummation of the transactions contemplated hereby, (b) any success fee triggered by the consummation of the transactions contemplated hereby owed by any Target or Seller, (c) the aggregate amount of any transaction bonuses or similar payments owed by any Target to any director, officer or employee of such Target triggered by the consummation of the transactions contemplated hereby, including the employer portion of all employment and payroll Tax obligations relating to or arising from such bonuses or payments) and (d) the aggregate amount of management fees, loans, transaction fees, sale bonuses or similar payments owed by any Target to a Seller that are unpaid as of, or are triggered by, the consummation of such transactions, in the case of each of the foregoing clauses (a), (b), (c) and (d), regardless of whether such fees, expenses or other amounts are due and payable as of the Closing.

"*Target Transaction Expense Amount*" has the meaning set forth in Section 2(e)(ii) below.

"*Target Transaction Expense Schedule*" has the meaning set forth in Section 2(e)(ii) below.

"*Targeted Working Capital*" means $ [***].

"*Tax*" or "*Taxes*" means any federal, state, local, or non-U.S. income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, customs duties, equity, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not.

"*Tax Return*" means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

"*Third-Party Claim*" has the meaning set forth in Section 8(d)(i) below.

"*Title Commitments*" has the meaning set forth in Section 5(h) below.

"*Title Company*" has the meaning set forth in Section 5(h) below.

"*Title Policies*" has the meaning set forth in Section 5(h) below.

"*Undisputed Amounts*" has the meaning set forth in Section 2(j)(iii) below.

"Wholly Owned Targets" means any Target wholly owned by a Seller.

"*Working Capital*" means the difference between (A) the sum of the amounts shown in the line items from the consolidated balance sheets of the Targets listed on the Working Capital Statement under "Current Assets" (which, for the avoidance of doubt, will include Inventory) and (B) the sum of the amounts shown in the line items from the consolidated balance sheets of the Targets listed on the Working Capital Statement under "Current Liabilities", in each case calculated in accordance with GAAP applied on a basis consistent with past practice of Targets, without giving effect to the consummation of the transactions contemplated by this Agreement, and adjusted to exclude the Targets' accounts receivable aged beyond 120 days of payment due date.

"*Working Capital Statement*" means the Statement of Net Working Capital attached hereto as **Exhibit C**.

"*2019 Revenue*" means gross sales from the results of operations of Healthcare and Dispensing, from January 1, 2019 through December 31, 2019, calculated in accordance with GAAP applied on a basis consistent with past practice of Targets, less the following: (i) credits, rebates, returns, administrative fees, third-party credit card collection fees and other sales discounts, allowances and adjustments, (ii) third party pass-through charges (e.g. sales tax, freight, excise tax, etc.), and (iii) excise tax payable by Healthcare and Dispensing. For avoidance of doubt, sales transactions between Healthcare and Dispensing and subsequent sales by either will be counted only once.

"*2020 Revenue*" means gross sales from the results of operations of Healthcare and Dispensing, from January 1, 2020 through December 31, 2020, calculated in accordance with GAAP applied on a basis consistent with past practice of Targets, less the following: (i) credits, rebates, returns, administrative fees, third-party credit card collection fees and other sales discounts, allowances and adjustments, (ii) third party pass-through charges (e.g. sales tax, freight, excise tax, etc.), and (iii) excise tax payable by Healthcare and Dispensing. For avoidance of doubt, sales transactions between Healthcare and Dispensing and subsequent sales by either will be counted only once.

Section 2. *Purchase and Sale of Target Equity*.

(a) *Basic Transaction*. On and subject to the terms and conditions of this Agreement, at the Closing, Buyer shall purchase from each Seller, and each Seller shall sell to Buyer, all of the Target Equity held by such Seller for the consideration specified below in this Section 2.

(b) *Consideration*. Buyer shall pay to Sellers the aggregate purchase price of at least $125,000,000 and not more than $225,000,000 (the "*Purchase Price*") as follows:

(i) At Closing, Buyer shall:

(1) pay an amount equal to (A) $25,000,000, minus (B) the Closing Indebtedness Amount, minus (C) the Target Transaction Expense Amount, minus (D) the Sellers' Agent Expense Amount (which Sellers' Agent Expense Amount shall be deposited by wire transfer of immediately available funds to the account designated by the Sellers' Agent in accordance with Section 11(r)(iv)), in cash or by wire transfer of immediately available funds to the account(s) designated to Buyer by Sellers at Closing in accordance with the allocation schedule set forth on **Schedule A**, subject to adjustment in accordance with Section 2(c)(i)(2) ("*Closing Cash Consideration*"); and

(2) subject to compliance with the Canadian Securities Laws and the policies of the CSE and the allocation schedule set forth on **Schedule A**, 5,059.101628 Parent Shares (the "*Closing Shares Consideration*" and together with the Closing Cash Consideration, the "*Closing Consideration*").

(ii) Within ten (10) days after Buyer's delivery to Sellers' Agent of the statement of the 2019 Revenue, which shall be no later than January 15, 2020 (the "*Interim Payment Date*"), Buyer shall pay to Sellers an amount equal to the following: (A) the 2019 Revenue (as initially determined by Buyer), multiplied by the applicable Revenue Multiplier (as defined below) (the "*Interim Payment*"); (B) minus the Escrow Amount (which Escrow Amount shall be deposited by wire transfer of immediately available funds to the account designated by the Escrow Agent in accordance with Section 2(i)); (C) plus or minus the Adjustment Amount to the extent the Adjustment Amount has been determined by the Interim Payment Date, in cash or by wire transfer of immediately available funds to the account(s) designated to Buyer by Sellers' Agent in accordance with the allocation schedule set forth on **Schedule A**.

(iii) Within thirty (30) days after Buyer's delivery to Sellers' Agent of the statement of the 2020 Revenue, which shall be no later than March 15, 2021, Buyer shall pay to Sellers an amount equal to the following (the "*Final Payment*"): (A) the 2020 Revenue (as initially determined by Buyer), multiplied by the applicable Revenue Multiplier, multiplied by three (3); (B) minus $50,000,000 (i.e. the aggregate value of the Closing Consideration before adjustment as provided in Section 2(c)); (C) minus the Interim Payment; (D) plus or minus the Adjustment Amount in accordance with Section 2(c)(iii)(3) to the extent applicable, in cash or by wire transfer of immediately available funds to the account(s) designated to Buyer by Sellers' Agent in accordance with the allocation schedule set forth on **Schedule A**.

(iv) Notwithstanding the foregoing, the total Purchase Price payable under this Agreement, before adjustment under Section 2(c), shall be not less than $125,000,000 and not more than $225,000,000 and the Final Payment shall be adjusted accordingly. Any contribution of capital or loan to Targets by Buyer or its Affiliates to fund the currently planned expansion of the Waterfall facility or to fund working capital requirements of the Targets, which is not repaid by the Targets prior to December 31, 2020, will reduce, on a dollar for dollar basis, the total Purchase Price payable under this Agreement and the Final Payment. Any such unpaid contribution of capital or loan to Targets by Buyer or its Affiliates will bear a simple interest equal to [***] % per annum.

(v) The receipt by Sellers of any Interim Payment or Final Payment, or any portion of either, shall not limit Sellers' ability to dispute any item or amount with respect to the statement of 2019 Revenue and the Interim Payment or the statement of 2020 Revenue and the Final Payment, and any such dispute with regard to the 2019 Revenue, the Interim Payment, the 2020 Revenue and the Final Payment shall remain subject to the dispute resolution provisions set forth in Section 2(j).

(c) *Working Capital Adjustment to Purchase Price*

(i) *Closing Adjustments*.

(1) At least five (5) Business Days before the Closing Date, the Sellers shall prepare and deliver to Buyer a statement setting forth the Sellers' estimate of the Closing Working Capital of the Wholly Owned Targets, which shall take into account the results of the Physical Inventory, include each component item set forth on the Working Capital Statement and be prepared in accordance with GAAP applied on a basis consistent with past practice of Targets (the "*Estimated Closing Working Capital*"). At least five (5) Business Days before the Closing Date, in connection with determining the Inventory component of the Estimated Closing Working Capital, Buyer

and Sellers shall jointly conduct a physical count of the Inventory of the Wholly Owned Targets, which amount shall be adjusted to reflect sales, the production of finished goods, the purchase of raw materials and other transactions between the time of such physical count and the Closing Date using standard accounting cutoff procedures, mutually agreed upon by Buyer and Sellers, to arrive at a value which shall be deemed the physical inventory as of the Closing Date ("*Physical Inventory*").

(2) The "*Estimated Closing Adjustment Amount*" shall be an amount equal to the Estimated Closing Working Capital minus the Targeted Working Capital. If the Estimated Closing Adjustment Amount is a positive number, the Closing Cash Consideration shall be increased on a dollar for dollar basis by the Estimated Closing Adjustment Amount. If the Estimated Closing Adjustment Amount is a negative number, the Closing Cash Consideration shall be reduced on a dollar for dollar basis by the Estimated Closing Adjustment Amount.

(ii) *Post-Closing Adjustment.* As soon as reasonably practicable following the Closing Date, but no later than ninety (90) days after the Closing Date, Buyer shall prepare and deliver to Sellers a statement (the "*Closing Working Capital Statement*"), which statement shall be prepared in accordance with GAAP applied on a basis consistent with past practice of Targets and on a basis consistent with the calculation of the Estimated Closing Working Capital and contain:

(1) an unaudited balance sheet of Wholly Owned Targets as of the Closing Date (without giving effect to the transactions contemplated hereby);

(2) a calculation of the Working Capital of the Wholly Owned Targets (which shall take into account the results of the Physical Inventory, include each component item set forth on the Working Capital Statement and be prepared in accordance with GAAP applied on a basis consistent with past practice of Target) as of the Closing Date ("*Closing Working Capital*"); and

(3) the resulting "*Closing Adjustment Amount*", which may be positive or negative, shall be an amount equal to the Closing Working Capital minus the Estimated Closing Working Capital.

(iii) *Payments of Closing Adjustment Amount*

(1) The Closing Working Capital Statement shall be subject to the dispute resolution provisions set forth in Section 2(j). The amount payable in accordance with this Section 2(c)(iii) shall be the "*Adjustment Amount*".

(2) If the Closing Adjustment Amount is greater (or less negative) than the Estimated Closing Adjustment Amount, the Interim Payment shall be increased by the aggregate amount by which the Closing Adjustment Amount is greater (or less negative) than the Estimated Closing Adjustment Amount to the extent the acceptance of the Closing Working Capital Statement or the resolution of the Disputed Amounts (the "*Closing Adjustment Final Determination Date*") has occurred by the Interim Payment Date; provided, that, if the Closing Adjustment Final Determination Date has occurred after the Interim Payment Date, within three (3) Business Days following the Closing Adjustment Final Determination Date, Buyer shall pay the aggregate amount by which the Closing Adjustment Amount is greater (or less negative) than the Estimated Closing Adjustment Amount to the Sellers in accordance with the allocation schedule set forth on **Schedule A**.

(3) If the Closing Adjustment Amount is less (or more negative) than the Estimated Closing Adjustment Amount, within three (3) Business Days following the Closing Adjustment Final Determination Date, Sellers shall pay to Buyer the aggregate amount by which the Closing Adjustment Amount is less (or more negative) than the Estimated Closing Adjustment Amount.

(iv) *Adjustments for Tax Purposes.* Any payments made pursuant to this Section 2(c) shall be treated as an adjustment to the Purchase Price by the Parties for Tax purposes, unless otherwise required by Applicable Law.

(d) *Revenue Multiplier Definitions.* For purposes of Section 2:

"*Agreed Upon Margin*" means[***] %.

"*EBITDA*" means operating earnings before interest, taxes, depreciation and amortization, of Healthcare, computed in accordance with GAAP applied on a basis consistent with past practice of Targets.

"*Minimum Margin*" means [***] %.

"*Net Pre-Tax Margin*" means EBITDA divided by total gross revenue over the relevant time period.

"*Pre-Tax Shortfall*" means the greater of zero or the Minimum Margin minus the Net Pre-Tax Margin.

"*Revenue Multiplier*" means, for Healthcare, if the Pre-Tax Shortfall is zero, one (1), or if the Pre-Tax Shortfall is greater than zero, (a) one, minus (b) the quotient obtained by dividing (i) the Pre-Tax Shortfall, by (ii) the Minimum Margin, and for all Targets other than Healthcare, one (1). By way of example, [***].

(e) *Indebtedness and Targets' Transaction Expenses.*

(i) *Targets' Indebtedness*. The Sellers' Agent shall deliver to Buyer at least three (3) Business Days prior to the Closing Date a schedule (the "*Closing Indebtedness Schedule*") that contains a complete and accurate statement of the aggregate amount of the Indebtedness owed by the Targets, other than the Permitted Accounts Payable (the "*Closing Indebtedness Amount*"), together with wire transfer instructions for the payoff of such Indebtedness and payoff letters from each lender of such Indebtedness (the "*Debt Payoff Letters*") in form, scope and substance acceptable to Buyer stating the full amount of the outstanding Indebtedness as of the Closing Date (including any applicable per diem amounts) and any applicable payment instructions. At the Closing, Buyer shall pay in full (on behalf of the Targets) all Indebtedness reflected on the Closing Indebtedness Schedule by wire transfers of immediately available funds to the holders of such Indebtedness. Immediately following the payment of the Closing Indebtedness Amount in accordance with the Closing Indebtedness Schedule at Closing, the Targets shall have no Indebtedness other than the Permitted Accounts Payable.

(ii) *Targets' Transaction Expenses*. The Sellers' Agent shall deliver to Buyer at least three (3) Business Days prior to the Closing Date a schedule (the "*Target Transaction Expense Schedule*") that contains a complete and accurate statement of the amount of all of the Target Transaction Expenses (collectively, the "*Target Transaction Expense Amount*"), together with wire transfer instructions for the payment of all Target Transaction Expenses that will be unpaid as of the Closing Date. At the Closing, Buyer shall pay (on behalf of Targets and Sellers) all Target Transaction Expenses set forth on Target Transaction Expense Schedule in accordance with the payment

instructions set forth in the Target Transaction Expense Schedule.

(f) *Closing*. The closing of the transactions contemplated by this Agreement (the "*Closing*") shall take place by .pdf delivery of the original execution documents on the fifth Business Day following the satisfaction or waiver of all conditions to the obligations of the Parties to consummate the transactions contemplated hereby (other than conditions that by their terms are to be satisfied at the Closing) or such other date as Buyer and Sellers' Agent may mutually determine (the "*Closing Date*").

(g) *Deliveries at Closing*. At the Closing, (i) Sellers will deliver to Buyer the various certificates, instruments, and documents referred to in Section 7(a) below, (ii) Buyer will deliver to Sellers the various certificates, instruments, and documents referred to in Section 7(b) below; and (iii) Buyer will deliver, or cause to be delivered, to each Seller the consideration specified in Section 2(b) above.

(h) *Withholding*. Buyer shall be entitled to deduct and withhold from any consideration payable to Sellers pursuant to this Agreement all Taxes that Buyer is required to deduct and withhold under the Code. All such withheld amounts shall be timely paid to the appropriate Governmental Authorities. Buyer shall use reasonable efforts to notify the Sellers in advance if it anticipates that withholding will be required, and shall consider in good faith any positions with respect thereto advanced by the Sellers

(i) *Escrow*. On or before the Interim Payment Date, Buyer shall deliver to the Escrow Agent, the Escrow Amount, to an account designated by the Escrow Agent, which, along with any interest on the Escrow Amount (if any) shall be held by the Escrow Agent and will be available to satisfy any amounts owed to Buyer under this Agreement, and will be held and disbursed in accordance with the terms of an Escrow Agreement in the form agreed by the Parties (subject to the approval of the Escrow Agent) (the "*Escrow Agreement*"). All fees and expenses of the Escrow Agent shall be paid 50% by Sellers (as a Target Transaction Expense paid under Section 2(e)(ii), above), and 50% by Buyer.

(j) *Dispute Resolution*.

(i) *Examination*. After receipt of (1) the statement of 2019 Revenue and the Interim Payment, (2) the statement of 2020 Revenue and the Final Payment or (3) the Closing Working Capital Statement (individually a "*Computation Statement*"), the Sellers' Agent shall have thirty (30) days from the receipt of such Computation Statement (the "*Review Period*") to review such Computation Statement. During the Review Period, the Sellers' Agent (and its representatives) will have access to the books and records, employees and auditors of Targets as the Sellers' Agent may reasonably request for the purpose of reviewing and analyzing the Computation Statement and to prepare a Statement of Objections (as hereafter defined), provided that such access shall be in a manner that does not unreasonably interfere with the normal business operations of Targets, and Buyer shall cause the employees and auditors of Targets to reasonably cooperate with the Sellers' Agent (and its representative) in connection with its review of the Computation Statement.

(ii) *Objection*. On or prior to the last day of the Review Period, the Sellers' Agent may object to any of the Computation Statement by delivering to Buyer a written statement setting forth the Sellers' Agent's objections in reasonable detail, indicating each disputed item or amount and the basis for the Sellers' Agent's disagreement therewith (a "*Statement of Objections*"). If the Sellers' Agent fails to deliver a Statement of Objections before the expiration of the Review Period, the Computation Statement shall be deemed to have been accepted by Sellers. If the Sellers' Agent delivers a Statement of Objections before the expiration of the Review Period, the Sellers' Agent and Buyer shall negotiate in good faith to resolve such objections within thirty (30) days after the delivery of a Statement of Objections (the "*Resolution Period*"), and, if such objections are so resolved within the Resolution Period, the Computation Statement, with such changes as may have been agreed in writing by the Sellers' Agent and Buyer, shall be final and binding on all parties (and any other Person) for all purposes hereunder.

(iii) *Resolution of Disputes*. If the Sellers' Agent and Buyer fail to reach an agreement with respect to all of the matters set forth in the Statement of Objections before expiration of the Resolution Period, then any amounts remaining in dispute ("*Disputed Amounts*" and any amounts not so disputed, the "*Undisputed Amounts*") shall be submitted for resolution to an impartial nationally recognized firm of independent certified public accountants as may be mutually selected by Buyer and the Sellers' Agent (the "*Independent Accountant*"); provided that if the Buyer and the Sellers' Agent are unable to agree on an Independent Accountant within five (5) days following the end of the Resolution Period, each shall, within two (2) days thereafter, select its own tax advisory firm, which together shall select the Independent Accountant who, acting as experts and not arbitrators and shall not have any authority to interpret any provision of this Agreement, shall resolve the Disputed Amounts only and make any adjustments to the Computation Statement. The Parties hereto agree that all adjustments shall be made without regard to materiality. The Independent Accountant shall only decide the specific items under dispute by the Parties and its decision for each Disputed Amount must be within the range of values assigned to each such item in the Computation Statement and the Statement of Objections, respectively.

(iv) *Fees of the Independent Accountant*. The fees and expenses of the Independent Accountant shall be paid by the Parties in the inverse proportion as to which the Independent Accountant determines each of the unresolved disputed items submitted for review in favor of one Party or the other. By way of example, but not by way of limitation, if there are Two Hundred Thousand Dollars ($200,000) of disputed items to be determined by the Independent Accountant and the Independent Accountant determines that Buyer's claims prevail with respect to One Hundred Twenty Thousand Dollars ($120,000) and Sellers's claims prevail with respect to Eighty Thousand Dollars ($80,000), then Buyer would pay forty percent (40%) of the Independent Accountant's fees and expenses and Sellers would pay sixty percent (60%) of the Independent Accountant's fees and expenses.

(v) *Determination by Independent Accountant*. The Independent Accountant shall make a determination as soon as practicable within thirty (30) days (or such other time as the Parties hereto shall agree in writing) after its engagement with the Independent Accountant, and its resolution of the Disputed Amounts and its adjustments to the Computation Statement shall be conclusive and binding on all parties (and any other Person) for all purposes hereunder and any related payment due by Buyer or Sellers to the other shall be paid within ten (10) days thereafter. Judgment on the award of the Independent Accountant may be entered by any court of competent jurisdiction.

Section 3. Representations and Warranties Concerning Transaction.

(a) *Sellers' Representations and Warranties*. Each Seller represents and warrants to Buyer that the statements contained in this Section 3(a) are true and correct as of the date of this Agreement and will be true and correct as of the Closing Date (as though made then and as though the Closing Date were substituted for the date of this Agreement throughout this Section 3(a)), subject to the exceptions set forth in the Disclosure Schedules attached hereto:

(i) *Organization of Certain Sellers*. Seller is duly organized, validly existing, and in good standing under the laws of the jurisdiction of its formation.

(ii) *Authorization of Transaction*. Seller has full power and authority (including limited liability company power and authority) to execute and deliver this Agreement and to perform its obligations hereunder. This Agreement constitutes the valid and legally binding obligation of Seller, enforceable in accordance with its terms and conditions. Other than any filings or consents required pursuant to the HSR Act and any other applicable Antitrust Laws, Seller need not give any notice to, make any filing with, or obtain any authorization, consent, or approval of any Governmental Authority in order to consummate the transactions contemplated by this Agreement. The execution,

delivery and performance of this Agreement and all other agreements contemplated hereby have been duly authorized by Seller.

(iii) *Non-contravention*. Neither the execution and delivery of this Agreement, nor the consummation of the transactions contemplated hereby, will (A) violate any Applicable Laws, order, decree, judgment or rulings to which Seller is subject (other than any filings or consents required pursuant to the HSR Act and any other applicable Antitrust Laws), (B) violate any provision of its operating agreement, certificate of formation or other governing document, (C) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, contract, lease, license, instrument, or other arrangement to which Seller is a party or by which it is bound or to which any of its assets are subject, or (D) result in the imposition or creation of a Lien upon or with respect to Target Equity, except, with respect to clause (C), for such violation, conflict, breach, default, acceleration, creation of rights, notice requirement would not have a Material Adverse Effect.

(iv) *Brokers' Fees*. Seller has no liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to the transactions contemplated by this Agreement.

(v) *Investment - Parent Shares*.

(1) Each Seller understands that the Parent Shares have not been registered under the Securities Act, or any other applicable state securities laws, and that the Parent Shares are being offered and issued pursuant to an exemption from prospectus requirements of Canadian Securities Laws and from the registration and prospectus requirements of the securities laws of United States. Each Seller acknowledges that Parent and Buyer will rely on the Seller's representations, warranties and certifications set forth below for purposes of confirming the availability of any exemption from such registration and prospectus requirements. No Seller has received a document purporting to describe the business and affairs of the Buyer or Parent that has been prepared primarily for delivery to and review by prospective investors so as to assist those investors to make an investment decision in respect of Parent under the terms of this Agreement. Each Seller has such knowledge and experience in financial and business affairs as to be capable of evaluating the merits and risks of an investment in the Parent Shares. Each Seller acknowledges that each Seller is eligible to acquire the Parent Shares pursuant to the exemption from the prospectus requirements of Canadian Securities Laws found in s. 2.12 [Asset Acquisitions] of National Instrument 45-106 *Prospectus Exemptions*. Each Seller acknowledges that the certificates representing each Seller's Parent Shares (and any replacement certificate issued prior to the expiration of the applicable hold periods), or ownership statements issued under a direct registration system or other electronic book-based or book-entry system, will bear the following legends in accordance with Canadian Securities Laws and the Securities Act:

"THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [INSERT THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE CLOSING DATE]."

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS AND MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S ("REGULATION S") UNDER THE SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL SECURITIES LAWS AND REGULATIONS, (C) IN COMPLIANCE WITH THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE SECURITIES ACT PROVIDED BY (1) RULE 144 THEREUNDER, IF AVAILABLE, OR (2) RULE 144A THEREUNDER, IF AVAILABLE, AND IN EACH CASE IN COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS, OR (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, PROVIDED THAT IN THE CASE OF TRANSFERS PURSUANT TO (C)(1) OR (D) ABOVE, A LEGAL OPINION OF COUNSEL OF RECOGNIZED STANDING OR OTHER EVIDENCE, IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE CORPORATION, TO THAT EFFECT MUST FIRST BE PROVIDED TO THE CORPORATION. THESE SECURITIES MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON CANADIAN STOCK EXCHANGES BEFORE [THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE CLOSING DATE]."

(2) Each Seller acknowledges that (i) it has been provided with the opportunity to consult its own legal advisors with respect to the Parent Shares issuable to it pursuant to this Agreement and with respect to the existence of resale restrictions imposed by Canadian Securities Laws; (ii) no representation has been made respecting the applicable holding periods imposed by Canadian Securities Laws or other resale restrictions applicable to the Parent Shares which restrict the ability of such Seller to resell such Parent Shares; (iii) it is solely responsible to find out what these restrictions are; (iv) it is solely responsible (and Parent is not in any way responsible) for compliance with applicable resale restrictions; and (v) it is aware that it may not be able to resell the Parent Shares, except in accordance with limited exemptions under Canadian Securities Laws; provided, that, subject to Section 6(f), Parent and Buyer will use commercially reasonable efforts to facilitate the waiver or termination of any resale restrictions as soon as possible following the Closing, including, without limitation, the removal of any legends restricting the resale of Parent Shares, to take effect after the date that is 4 months and a day after the Closing Date.

(3) Each Seller will execute and deliver within the applicable time periods all documentation as may be required by Canadian Securities Laws to permit the issuance of the Parent Shares on the terms set forth herein and, if required by Canadian Securities Laws, will execute, deliver and file or assist Parent in obtaining and filing such reports, undertakings and other documents relating to the purchase of the Parent Shares as may be required by any Canadian Securities Laws, securities regulator, stock exchange or other regulatory authority, which includes, without limitation, determining the eligibility of each Seller to acquire the Parent Shares under Canadian Securities Laws, preparing and registering certificates (if any) representing the Parent Shares and completing regulatory filings required by the applicable securities commissions. Accordingly, each Seller consents to the collection, use and disclosure of certain personal information to the CSE for the purposes of meeting legal, regulatory, self-regulatory, security and audit requirements (including any applicable tax, securities, money laundering or anti- terrorism legislation rules or regulations) in accordance with Canadian Securities Law.

(vi) *U.S. Securities Act Representations*.

(1) Each Seller is resident in the United States or otherwise a "U.S. Person", as defined in Regulation S under the Securities Act.

(2) Each Seller understands and acknowledges (1) that the Parent Shares have not been, or will not be, registered under the Securities Act, or under any state securities laws, and no registration statement or prospectus in respect thereof will be prepared or filed under the Securities Act or applicable state securities laws, and that the Parent Shares are being offered and sold in reliance upon federal, provincial and state exemptions for transactions not involving any public offering, thus the Parent Shares are "restricted securities" as such term is defined in Rule 144 under the Securities Act, and will be subject to restrictions on resale under such laws and as set forth in the restrictive legends set forth above; provided, that, subject to Section 6(f), Parent and Buyer will use commercially reasonable efforts to facilitate the waiver or termination of any resale restrictions as soon as possible following the Closing, including, without limitation, the removal of any legends restricting the resale of Parent Shares, to take effect after the date that is 4 months and a day after the Closing Date. As a condition of receiving Parent Shares at Closing, each Seller hereby represents and warrants that such Seller is an "accredited investor," as defined in Rule 501(a) of Regulation D promulgated under the Securities Act, together with any supporting information as reasonably requested by Buyer or Parent in order to confirm their status and the availability of an exemption from the registration requirements of the Securities Act and applicable state securities

laws for the issuance of such Parent Shares to such holder; (2) that upon the original issuance thereof, and until such time as the same is no longer required under the applicable requirements of the Securities Act or applicable state securities laws, the certificates representing the Parent Shares, and all securities issued in exchange therefor or in substitution thereof, will bear legends as described in Section 3(a)(v)(1) above.

(3) Each Seller consents to Parent making a notation on its respective records or giving instructions to any transfer agent of the Parent Shares in order to implement the restrictions on transfer set forth and described herein.

(4) Each Seller understands and acknowledges that Parent does not have an obligation or present intention of filing a registration statement under the Securities Act or applicable state securities laws in respect of the Parent Shares.

(5) Each Seller acknowledges that it is acquiring the Parent Shares solely for its own account and not on behalf of any other person for investment purposes only and not with a view to the resale, distribution or other disposition thereof in violation of applicable state securities laws.

(6) Each Seller represents and warrants that alone, or with the assistance of its professional advisors, it has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment in the Parent Shares and is able, without impairing its financial condition, to hold such securities for an indefinite period of time and to bear the economic risks, and withstand a complete loss, of such investment.

(7) Each Seller represents and warrants that it has had access to such additional information, if any, as it has considered necessary in connection with its investment decision to acquire the Parent Shares.

(vii) *Target Equity*. Seller holds of record and owns beneficially the Target Equity set forth next to its name in Section 4(b) of the Disclosure Schedule, free and clear of any restrictions on transfer, taxes, Liens, options, warrants, purchase rights, contracts, commitments, equities, claims, and demands. Seller is not a party to any option, warrant, purchase right, or other contract or commitment (other than this Agreement or restrictions on transfer created by the Securities Act or blue sky or securities laws) that could require Seller to sell, transfer, or otherwise dispose of any Target Equity. Seller is not a party to any voting trust, proxy, or other agreement or understanding with respect to the voting of any Target Equity.

(b) *Buyer's Representations and Warranties*. Buyer represents and warrants to Sellers that the statements contained in this Section 3(b) are true and correct as of the date of this Agreement, and will be true and correct as of the Closing Date (as though made then and as though the Closing Date were substituted for the date of this Agreement throughout this Section 3(b)) subject to the exceptions set forth in Annex I attached hereto.

(i) *Organization of Buyer*. Buyer is a corporation duly organized, validly existing, and in good standing under the laws of the jurisdiction of its incorporation.

(ii) *Authorization of Transaction*. Buyer has full power and authority (including full corporate power and authority) to execute and deliver this Agreement and to perform its obligations hereunder. This Agreement constitutes the valid and legally binding obligation of Buyer, enforceable in accordance with its terms and conditions. Other than any filings or consents required by the HSR Act and any other applicable Antitrust Laws, Buyer need not give any notice to, make any filing with, or obtain any authorization, consent, or approval of any Governmental Authority in order to consummate the transactions contemplated by this Agreement. The execution, delivery and performance of this Agreement and all other agreements contemplated hereby have been duly authorized by Buyer.

(iii) *Non-contravention*. Neither the execution and delivery of this Agreement, nor the consummation of the transactions contemplated hereby, will (A) violate any Applicable Laws, order, decree, or rulings to which Buyer is subject (other than any filings or consents required pursuant to the HSR Act and any other applicable Antitrust Laws), or any provision of its charter, bylaws, or other governing documents or (B) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, contract, lease, license, instrument, or other arrangement to which Buyer is a party or by which it is bound or to which any of its assets are subject, except, in the case of clause (B), where such violation would not have a material adverse effect on the ability of Buyer to enter into and perform its obligations under this Agreement and all other agreements contemplated hereby.

(iv) *Brokers' Fees*. Buyer has no liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to the transactions contemplated by this Agreement.

(v) *Investment*. Buyer is not acquiring the Target Equity with a view to or for sale in connection with any distribution thereof within the meaning of the Securities Act. Buyer understands and acknowledges that (a) none of the Target Equity has been registered or qualified under the Securities Act, or under any securities laws of any state of the United States or other jurisdiction, in reliance upon specific exemptions thereunder for transactions not involving any public offering, (b) all of the Target Equity constitutes "restricted securities" as defined in Rule 144 under the Securities Act, (c) none of the Target Equity is traded or tradable on any securities exchange or over the counter and (d) none of the Target Equity may be sold, transferred or otherwise disposed of unless a registration statement under the Securities Act with respect to such Target Equity and qualification in accordance with any applicable state securities laws becomes effective or unless such registration and qualification is inapplicable, or an exemption therefrom is available. Buyer is an "accredited investor" as defined in Rule 501(a) of the Securities Act.

(vi) *Litigation and Proceedings*. There are no Actions, or, to the Knowledge of Buyer, investigations, pending before or by any Governmental Authority or, to the Knowledge of Buyer, threatened, against Buyer which, if determined adversely, could reasonably be expected to have a material adverse effect on the ability of Buyer to enter into and perform its obligations under this Agreement and all other agreements contemplated hereby. There is no unsatisfied judgment or any open injunction binding upon Buyer which could reasonably be expected to have a material adverse effect on the ability of Buyer to enter into and perform its obligations under this Agreement and all other agreements contemplated hereby.

(vii) *Governmental Authorities; Consents*. No consent, approval or authorization of any Governmental Authority or other Person is required on the part of Buyer with respect to Buyer execution, delivery and performance of this Agreement and the other agreements contemplated hereby to which Buyer is, or is specified to be, a party, or the consummation of the transactions contemplated hereby.

(viii) *Financial Ability*. Buyer has sufficient funding to pay all amounts required to be paid by Buyer at the Closing pursuant to the terms of this Agreement, and all of its and its representatives' fees and expenses incurred in connection with the transactions contemplated by this Agreement.

(c) *Parent's Representations and Warranties*. Parent represents and warrants to Sellers that the statements contained in this Section 3(c) are true and correct as of the date of this Agreement, and will be true and correct as of the Closing Date (as though made then and as though the Closing Date were substituted for the date of this

Agreement throughout this Section 3(c)) subject to the exceptions set forth in Annex II attached hereto.

(i) *Organization of Parent*. Parent has been duly incorporated and is validly existing under the laws of the Province of Ontario and has all requisite corporate capacity, power and authority to carry on its business, as now conducted and as presently proposed to be conducted by it, and to own its properties and assets.

(ii) *Authorization of Transaction*. Parent has requisite power and authority to enter into this Agreement and the documents to be delivered hereunder to which it is a party, to carry out its obligations hereunder and to consummate the transactions contemplated hereby. The execution, delivery and performance by Parent of this Agreement and the documents to be delivered by Parent hereunder and the consummation of the transactions contemplated hereby have been duly authorized by all requisite corporate action on the part of Parent. Subject only to any limitation under bankruptcy, insolvency or other Applicable Laws affecting the enforcement of creditors' rights generally and the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction, (i) this Agreement has been duly executed and delivered by Parent, and (assuming due authorization, execution and delivery by Sellers, Targets and Buyer) this Agreement constitutes a legal, valid and binding obligations of Parent, enforceable against Parent in accordance with its terms, and (ii) when the documents to be delivered hereunder by Parent have been duly executed and delivered by Parent, and (assuming due authorization, execution and delivery by Sellers, Targets and Buyer) such documents will constitute the legal, valid and binding obligations of Parent, enforceable against Parent in accordance with its terms, in each case, excluding any United States federal law to the extent such federal law or treaty would be violated, or protections under such law would be unavailable to a party, as a result of operating or owning a state licensed cannabis business in compliance with California law.

(iii) *Non-contravention*. Neither the execution and delivery of this Agreement, nor the consummation of the transactions contemplated hereby, will violate any Applicable Laws, order, decree, judgment or rulings to which Parent is subject (other than any filings or consents required by the HSR Act and any other applicable Antitrust Laws) or any provision of its charter, bylaws, or other governing documents except where such violation would not have a material adverse effect on the ability of Parent to enter into and perform its obligations under this Agreement and all other agreements contemplated hereby.

(iv) *Brokers' Fees*. Parent has no liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to the transactions contemplated by this Agreement.

(v) *Litigation and Proceedings*. There are no Actions, or, to the Knowledge of Parent, investigations, pending before or by any Governmental Authority or, to the Knowledge of Parent, threatened, against Parent which, if determined adversely, could reasonably be expected to have a material adverse effect on the ability of Parent to enter into and perform its obligations under this Agreement and all other agreements contemplated hereby. There is no unsatisfied judgment or any open injunction binding upon Parent which could reasonably be expected to have a material adverse effect on the ability of Parent to enter into and perform its obligations under this Agreement and all other agreements contemplated hereby.

(vi) *Governmental Authorities; Consents*. No consent, approval or authorization of any Governmental Authority or other Person is required on the part of Parent with respect to Parent execution, delivery and performance of this Agreement and the other agreements contemplated hereby to which Parent is, or is specified to be, a party, or the consummation of the transactions contemplated hereby.

(vii) *Issuance of Shares*. The Parent Shares issuable pursuant to Section 2(b) of this Agreement have been duly authorized by Parent. Upon issuance in accordance with the terms hereof, the Parent Shares issuable pursuant to Section 2(b) of this Agreement shall be validly issued, fully paid and non-assessable with the holder of such Parent Shares being entitled to all rights accorded to a holder of Proportionate Voting Shares. The Parent Shares issuable pursuant to Section 2(b) of this Agreement are not subject to or issued in violation of any purchase option, call, option, right of first refusal, preemptive right, subscription right or any similar right. Assuming the accuracy and completeness of representations made by all Sellers, the offer, issuance, sale and delivery of the Parent Shares issuable pursuant to Section 2(b) of this Agreement pursuant to the terms of this Agreement are and will be in compliance with all the Canadian Securities Laws and the policies of the CSE.

(viii) *Share Capital*. The authorized capital of Parent consists of (i) an unlimited number of common shares ("*Common Shares*"); (ii) an unlimited number of Parent Shares; (iii) an unlimited number of exchangeable shares ("*Exchangeable Shares*"); and (iv) an unlimited number of preferred shares ("*Preferred Shares*"). As of July 31, 2019, there were: (i) 53,136,275 Common Shares issued and outstanding; (ii) 10,302,625 options issued and outstanding providing for the issuance of up to 10,302,625 Common Shares; (iii) 440,000 warrants to acquire Common Shares issued and outstanding providing for the issuance of up to 440,000 Common Shares; (iv) 41,721.53 Parent Shares issued and outstanding; (v) 28,636,361 warrants to acquire Parent Shares issued and outstanding providing for the issuance of up to 28,636.36 Parent Shares; (vi) 38,890,570 Exchangeable Shares issued and outstanding; and (vii) no Preferred Shares issued and outstanding. Except as set forth above, there are no outstanding rights, options, warrants, conversion rights, stock appreciation rights, redemption rights, repurchase rights, calls, commitments, preemptive or other rights or agreements of any kind that obligate Parent or any of its Affiliates to repurchase, redeem, acquire, issue or sell any shares of equity or other securities of Parent or any securities or obligations convertible or exchangeable into or exercisable for, or that give any Person a right to subscribe for or acquire, any securities of Parent, and no securities or obligations evidencing such rights are authorized, issued or outstanding.

(ix) *Securities Laws Matters*.

(1) Parent is a "reporting issuer" or equivalent thereof in the Canadian Provinces of British Columbia, Alberta and Ontario, is not on the list of reporting issuers in default under applicable Canadian Securities Laws and is not in default of any material requirements of any applicable Canadian Securities Laws or the rules and regulations of the CSE. No delisting, suspension of trading in or cease trade order with respect to any of its securities and, to the Knowledge of Parent, no inquiry or investigation of any Governmental Authority, is pending, in effect or ongoing or threatened. The Common Shares are listed only on the CSE and quoted on the OTCQX ® Best Market and trading of the Common Shares is not currently halted or suspended. None of Parent's Subsidiaries is subject to any continuous or periodic, or other disclosure requirements under any securities laws in any jurisdiction.

(2) Parent has taken no action to cease to be a reporting issuer in British Columbia, Alberta or Ontario, nor has Parent received notification from any Governmental Authority seeking to revoke the reporting issuer status of Parent. No delisting, suspension of trading or cease trade or other order or restriction with respect to any securities of Parent is pending, in effect or, to the Knowledge of Parent, has been threatened, or is expected to be implemented or undertaken and Parent is not subject to any formal or informal review, enquiry, investigation or other proceeding relating to any such order or restriction.

(3) Parent has, since December 31, 2017, complied and is in compliance with applicable Canadian Securities Laws and the rules, policies and requirements of the CSE in all material respects. Parent has timely filed with the Governmental Authorities and the CSE all material forms, reports, schedules, certifications, statements and other documents required to be filed by it under Canadian Securities Laws and where applicable, the rules and policies of the CSE since December 31, 2017 (the "*Parent Disclosure Record*"). The Parent Disclosure Record complied as filed in all material respects with applicable Canadian Securities Laws and where applicable, the rules and policies of the CSE and did not, as of the date filed (or, if amended or superseded by a subsequent filing prior to the date of this Agreement, on the date of such filing), contain any untrue statement of a material fact or omit to state a material fact required or necessary to make the statements contained therein not misleading in light of the

circumstances in which they were made. Parent has not filed any confidential material change report with the Governmental Authorities which at the date hereof remains confidential. There are no outstanding or unresolved comments in any comment letters from any Governmental Authorities with respect to any of the Parent Disclosure Record and, to Parent's Knowledge, none of Parent or any of the Parent Disclosure Record is subject of an ongoing audit, review, comment or investigation by any Governmental Authority or the CSE.

(4) Each of the consolidated financial statements contained or incorporated by reference in the Parent Disclosure Record, including the related notes and schedules, was prepared (except as indicated in the notes thereto) in accordance with International Financial Reporting Standards applied on a basis consistent with past practice of Parent throughout the periods indicated, and each such consolidated financial statement presented fairly, in all material respects, the consolidated financial position, results of operations, shareholders' equity and cash flows of Parent and its consolidated Subsidiaries as of the respective dates thereof and for the respective periods indicated therein (subject, in the case of unaudited quarterly financial statements, to the absence of footnotes and yearend adjustments).

(x) *Size of Person*. As of the date of this Agreement Parent is, and through the Closing Date, Parent will be, a "person" (as defined in 16 C.F.R. § 801.1(a)(1)), who does not have at least $180 million or more of total assets or at least $180 million annual net sales, in each case as determined in accordance with 16 C.F.R. § 801.11, and thus does not satisfy the larger size of person test under the HSR Act.

(xi) *Tax Matters*. The Parent Shares do not, as of the date hereof, and will not for the Parent's 2019 taxable year, constitute interests in "passive foreign investment company" within the meaning of Section 1297 of the Code, or shares of stock in a "controlled foreign corporation" within the meaning of the Subpart F provisions of the Code.

Section 4. *Representations and Warranties Concerning Targets*. Sellers represent and warrant to Buyer that the statements contained in this Section 4 are true and correct as of the date of this Agreement, and will be true and correct as of the Closing Date as though made then and as though the Closing Date were substituted for the date of this Agreement throughout this Section 4) subject to the exceptions set forth in the disclosure schedule delivered by Sellers to Buyer on the date hereof (the "*Disclosure Schedule*"):

(a) *Organization, Qualification, and Company Power*. Each Target is a limited liability company duly organized, validly existing, and in good standing under the laws of the jurisdiction of its organization. Each Target is duly authorized to conduct business and is in good standing under the laws of each jurisdiction where such qualification is required. Each Target has full company power and authority to carry on the business in which they are engaged and to own and use the properties owned and used by them. Section 4(a) of the Disclosure Schedule lists the managers and officers of each Target.

(b) *Capitalization*. All of the issued and outstanding Target Equity is owned by Sellers. All of the issued and outstanding Target Equity has been duly authorized, is validly issued, and is held of record by the respective Sellers as set forth in Section 4(b) of the Disclosure Schedule. There are no outstanding or authorized options, warrants, purchase rights, subscription rights, conversion rights, exchange rights, or other contracts or commitments that could require any Target to issue, sell, or otherwise cause to become outstanding any of its equity. There are no outstanding or authorized equity appreciation, phantom equity, profit participation, or similar rights with respect to any Target. There are no voting trusts, proxies, or other agreements or understandings with respect to the voting of the equity of any Target.

(c) *Non-contravention*. Neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated hereby, will (A) violate any Applicable Laws, order, decree, judgment or rulings to which Targets are subject (other than any filings or consents required by the HSR Act and any other applicable Antitrust Laws), (B) violate any provision of its operating agreement, certificate of formation or other governing document, (C) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, contract, lease, license, instrument, or other arrangement to which any Target is a party or by which it is bound or to which any of its assets is subject (or result in the imposition of any Lien upon any of its assets), except where the violation, conflict, breach, default, acceleration, termination, modification, cancellation, failure to give notice, or Lien would not have a Material Adverse Effect. Other than any filings or consents required by the HSR Act and any other applicable Antitrust Laws, no Target needs to give any notice to, make any filing with, or obtain any authorization, consent, or approval of any government or governmental agency in order for the Parties to consummate the transactions contemplated by this Agreement, except where the failure to give notice, to file, or to obtain any authorization, consent, or approval would not have a Material Adverse Effect.

(d) *Brokers' Fees*. No Target has any liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to the transactions contemplated by this Agreement.

(e) *Title to Assets*. Targets have good and marketable title to, or a valid leasehold interest in, or license of, or right to use, the properties and assets used by them or which are shown on the Most Recent Balance Sheet, free and clear of all Liens (except for Permitted Encumbrances), except for properties and assets disposed of in the Ordinary Course of Business since the date of the Most Recent Balance Sheet.

(f) *Subsidiaries*. Section 4(f) of the Disclosure Schedule sets forth for each Subsidiary of any Target (i) its name and jurisdiction of incorporation or organization, (ii) the authorized shares equity, (iii) the issued and outstanding equity, the names of the holders thereof, and the number of units and percentage ownership held by each such holder, and (iv) the equity held in treasury, if any. All of the issued and outstanding equity of each Subsidiary of any Target have been duly authorized and are validly issued, fully paid, and, if applicable, non-assessable. Targets and/or one or more of their Subsidiaries hold of record and own beneficially all of the outstanding equity of each Subsidiary of Target, free and clear of any restrictions on transfer (other than restrictions under the Securities Act and state securities laws), Taxes, Liens, options, warrants, purchase rights, contracts, commitments, equities, claims, and demands. There are no outstanding or authorized options, warrants, purchase rights, subscription rights, conversion rights, exchange rights, or other contracts or commitments that could require Targets or any of their Subsidiaries to sell, transfer, or otherwise dispose of any capital stock of any of their Subsidiaries or that could require any Subsidiary of Targets to issue, sell, or otherwise cause to become outstanding any of its own equity. There are no outstanding equity appreciation, phantom equity, profit participation, or similar rights with respect to any Subsidiary of Targets. There are no voting trusts, proxies, or other agreements or understandings with respect to the voting of any equity of any Subsidiary of Targets. None of Targets nor any of their Subsidiaries controls directly or indirectly or has any direct or indirect equity participation in any corporation, partnership, trust, or other business association that is not a Subsidiary of Targets. Except for the Subsidiaries set forth in Section 4(f) of the Disclosure Schedule, none of Targets nor any of their Subsidiaries owns or has any right to acquire, directly or indirectly, any outstanding capital stock of, or other equity interests in, any Person.

(g) *Financial Statements.* Attached hereto as **Exhibit A** are the following financial statements (collectively the "*Financial Statements*"): (i) unaudited balance sheets and statements of income, changes in owners' equity, and cash flow as of and for the fiscal years ended December 31, 2017 and December 31, 2018 (the "*Most Recent Fiscal Year End*") for Targets; and (ii) unaudited balance sheets and statements of income, changes in owners' equity, and cash flow (the "*Most Recent Financial Statements*") as of and for the six-months ended June 30, 2019 (the "*Most Recent Fiscal Month End*") for Targets. The Financial Statements (including the notes thereto) have been prepared in accordance with GAAP applied on a basis consistent with past practice of Targets throughout the periods covered thereby and present fairly in all material respects the financial condition of Targets as of such dates and the results of operations of Targets for such periods; provided, however, that the Most Recent Financial Statements are subject to normal year-end adjustments and lack footnotes and other presentation items.

(h) *Events Subsequent to Most Recent Fiscal Year End*. Since the Most Recent Fiscal Month End, there has not been any Material Adverse Change. Without limiting the generality of the foregoing, since the Most Recent Fiscal Month End:

(i) no Target has sold, leased, transferred, or assigned any material assets, tangible or intangible, outside the Ordinary Course of Business;

(ii) no Target has entered into any material agreement, contract, lease, or license that would be required to be disclosed on Section 4(p) of the Disclosure Schedule, outside the Ordinary Course of Business;

(iii) no Party (including Targets) has accelerated, terminated, made material modifications to, or canceled any material agreement, contract, lease, or license to which any Target is a party or by which any of them is bound;

(iv) no Target has imposed any Lien upon any of its assets, tangible or intangible (other than Permitted Encumbrances);

(v) no Target has made any material capital expenditures outside the Ordinary Course of Business;

(vi) no Target has made any material capital investment in, or any material loan to, any other Person outside the Ordinary Course of Business;

(vii) Targets have not created, incurred, assumed, or guaranteed more than $25,000 in aggregate indebtedness for borrowed money and capitalized lease obligations;

(viii) no Target has transferred, assigned, or granted any license, sublicense, agreement, covenant not to sue, or permission with respect to any material Target Intellectual Property;

(ix) there has been no change made or authorized in the certificate of formation or operating agreement of any Target except as otherwise required by Applicable Law;

(x) no Target has issued, sold, or otherwise disposed of any of its equity, or granted any options, warrants, or other rights to purchase or obtain (including upon conversion, exchange, or exercise) any of its equity;

(xi) no Target has declared, set aside, or paid any dividend or made any distribution with respect to its equity (whether in cash or in kind) or redeemed, purchased, or otherwise acquired any of its equity (other than tax distributions pursuant to the governing documents of any Target and disclosed to Buyer in writing);

(xii) no Target has experienced any material damage, destruction, or loss (whether or not covered by insurance) to its property;

(xiii) no Target has made any loan to, or entered into any other transaction with, any of its directors, officers, and employees outside the Ordinary Course of Business;

(xiv) no Target has entered into or terminated any employment contract providing for annual compensation in excess of $50,000 or collective bargaining agreement, written or oral, or modified the terms of any existing such contract or agreement, or become bound by any collective bargaining relationship;

(xv) no Target has granted any material increase in the base compensation of any of its directors, officers, and employees;

(xvi) no Target has adopted, amended, modified, or terminated any bonus, profit sharing, incentive, severance, or other plan, contract, or commitment for the benefit of any of its directors, officers, and employees (or taken any such action with respect to any other Employee Benefit Plan) outside the Ordinary Course of Business;

(xvii) no Target has made any other material change in employment terms for any of its directors, officers, and employees outside the Ordinary Course of Business;

(xviii) no Target has implemented any employee layoffs requiring notice under the Worker Adjustment and Retraining Notification Act of 1988, as amended, or any similar state, local, or non-U.S. law, regulation, or ordinance;

(xix) no Target has made any loans or advances of money (other than the advancement of expenses to employees and other service providers in the Ordinary Course of Business; and

(xx) no Target has committed to any of the foregoing.

(i) *Undisclosed Liabilities*. No Target has any material Liabilities of a type that are required to be reflected on a balance sheet prepared in accordance with GAAP, except for (i) Liabilities disclosed, reflected or reserved against in the Most Recent Balance Sheet and (ii) Liabilities that have arisen after the Most Recent Fiscal Month End in the Ordinary Course of Business.

(j) *Legal Compliance; Permits*.

(i) Each Target has complied and is in compliance with all Applicable Laws (including, without limitation, the Foreign Corrupt Practices Act, 15 U.S.C. 78dd-1 et seq., the Pennsylvania Medical Marijuana Act and the regulations promulgated thereunder (collectively, the "*Act*"), and Internal Revenue Code Section 280E), and no Action has been filed or commenced with any Governmental Authority against any of them alleging any failure to so comply.

(ii) Each Target holds all Permits required to conduct its respective business within the Commonwealth of Pennsylvania and corresponding local jurisdiction(s), as presently conducted, or necessary for the lawful ownership and/or lease of its properties and assets. A correct and complete copy of each such Permit (including any renewal thereof) has been delivered to Buyer. No written notices have been received by any Target or Seller alleging the failure to hold any Permit from any Governmental Authority and is not subject to any Action involving any Governmental Authority with respect to those Permits. All such Permits are in full force and effect. Each Target and Seller is in compliance in all material respects with all terms and conditions of all such Permits, including any plan of correction approved by a Governmental Authority. Any applications for the renewal or extension of any such Permit which are due prior to the Closing Date shall be timely made or filed by the applicable Target or Seller, with Buyer's assistance in accordance with Section 5(b), prior to the Closing Date. No proceeding to modify, suspend, revoke, withdraw, terminate or otherwise limit any such Permit is pending or, to the Knowledge of Sellers, threatened and neither Target nor any of the Sellers have Knowledge of any valid basis for such proceeding, including the transactions contemplated hereby.

(iii) Sellers are in compliance with any and all plans of correction approved by the DOH.

(iv) Each Target has duly and timely filed and complied in all material respects with all Applicable Laws relating to reports, certifications, declarations, principal, employee, operator, owner and/or financial backer (as those terms are defined in and by the Act) disclosures, statements, information or other filings submitted or to be submitted to any Governmental Authority, and all such submissions or filings were true and complete when submitted or filed and, to the extent required by an Applicable Laws, have been updated properly and completely in all material respects.

(v) No Target or, to the Knowledge of Sellers, any director, officer, principal, operator, employee, agent or other Person acting or purporting to act on behalf of any Target has directly or indirectly (i) given or agreed to give any bribe, kickback, political contribution or other illegal payment from corporate funds, (ii) used any of its funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (iii) made any direct or indirect unlawful payment to any foreign or domestic government official or employee from its funds; (iv) violated or is in violation of any provision of the U.S. Foreign Corrupt Practices Act of 1977; (v) established or maintained any unrecorded fund or asset, (vi) concealed or mischaracterized an illegal or unauthorized payment or receipt, (vii) knowingly made a false entry in the business records or (viii) committed or participated in any act which is illegal or, to the Knowledge of Sellers, would reasonably be expected to subject any Target to material fines, penalties or other sanctions.

(vi) Targets have in place the policies, programs and standard operating procedures reasonably necessary and advisable for its operations and as may otherwise be required under the Act regarding (i) security, surveillance and anti-diversion for any Real Property on which Targets have or intend to have a grower/processor and/or dispensary facility, (ii) the storage and disposal of fertilizers, herbicides and pesticides used and stored at each location currently or formerly owned or leased by Targets for a grower/processor and/or dispensary facility, (iii) the transportation and delivery of cannabis, cannabis infused products/by-products and/or cash to or from any Target's facilities and/or to consumers, (iv) the storage and disposal of cannabis and cannabis infused products and byproducts, and such policies, programs and procedures comply with all applicable regulatory requirements, and (v) track and trace compliance software and corresponding employee training as required by the Act.

(k) *Tax Matters*.

(i) Each Target has filed all Tax Returns that it was required to file under all Applicable Laws and regulations. All such Tax Returns were correct and complete in all respects and were prepared in substantial compliance with all Applicable Laws and regulations. All Taxes due and owing by each Target (whether or not shown on any Tax Return) have been paid. No Target currently is the beneficiary of any extension of time within which to file any Tax Return. No written claim has ever been made by an authority in a jurisdiction where any Target does not file Tax Returns that any Target is or may be subject to taxation by that jurisdiction. There are no Liens for Taxes (other than Taxes not yet due and payable or being contested in good faith) upon any of the assets of any Target.

(ii) Each Target has withheld and paid all Taxes required to have been withheld and paid in connection with any amounts paid or owing to any employee, independent contractor, creditor, stockholder, or other third party.

(iii) No Target has received in writing a notice that federal, state, local, or non-U.S. tax audits or administrative or judicial Tax proceedings are pending or being conducted with respect to any Target. No Target has received from any federal, state, local, or non-U.S. taxing authority (including jurisdictions where Targets have not filed Tax Returns) any (i) written notice indicating an intent to open an audit or other review, (ii) request for information related to Tax matters, or (iii) notice of deficiency or proposed adjustment for any amount of Tax proposed, asserted, or assessed by any taxing authority against any Target. Section 4(k)(iii) of the Disclosure Schedule lists all federal, state, local, and non-U.S. Income Tax Returns filed with respect to any Target for taxable periods ended on or after December 31, 2017. Sellers have delivered to Buyer correct and complete copies of all federal Income Tax Returns, examination reports, and statements of deficiencies assessed against or agreed to by any Target filed or received since December 31, 2016.

(iv) No Target has waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency.

(v) No Target is a party to any agreement, contract, arrangement or plan that has resulted or could result, separately or in the aggregate, in the payment of any "excess parachute payment" within the meaning of Code Section 280G (or any corresponding provision of state, local, or non-U.S. Tax law) as a result of the consummation of the transactions contemplated by this Agreement (whether alone or in connection with any other event). Each Target has disclosed on their federal Income Tax Returns all positions taken therein that could give rise to a substantial understatement of federal Income Tax within the meaning of Code Section 6662. No Target is a party to or bound by any Tax allocation or sharing agreement. No Target (A) has been a member of an Affiliated Group filing a consolidated federal Income Tax Return or (B) has any Liability for the Taxes of any Person under Reg. Section 1.1502-6 (or any similar provision of state, local, or non-U.S. law), as a transferee or successor, by contract, or otherwise.

(vi) The unpaid Taxes of each Target (A) did not, as of the Most Recent Fiscal Month End, exceed the reserve for Tax Liability (rather than any reserve for deferred Taxes established to reflect timing differences between book and Tax income) set forth on the face of the Most Recent Balance Sheet (rather than in any notes thereto) and (B) do not exceed that reserve as adjusted for the passage of time through the Closing Date in accordance with the past custom and practice of each Target in filing their Tax Returns. Since the date of the Most Recent Balance Sheet, no Target has incurred any liability for Taxes arising from extraordinary gains or losses, as that term is used in GAAP, outside the Ordinary Course of Business consistent with past custom and practice.

(vii) No Target will be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any:

(1) change in method of accounting for a taxable period ending on or prior to the Closing Date;

(2) use of an improper method of accounting for a taxable period ending on or prior to the Closing Date;

(3) "closing agreement" as described in Code Section 7121 (or any corresponding or similar provision of state, local, or non-U.S. Income Tax law) executed on or prior to the Closing Date;

(4) intercompany transaction or excess loss account described in Treasury Regulations under Code Section 1502 (or any corresponding or similar provision of state, local, or non-U.S. Income Tax law);

(5) installment sale or open transaction disposition made on or prior to the Closing Date;

(6) prepaid amount received on or prior to the Closing Date; or

(7) election under Code Section 108(i).

(viii) No Target has distributed stock of another Person, or has had its stock distributed by another Person, in a transaction that was purported or intended to be governed in whole or in part by Code Section 355 or Code Section 361.

(ix) No Target is or has been a party to any "reportable transaction," as defined in Code Section 6707A(c)(1) and Reg. Section 1.6011-4(b).

(x) No Target (A) is a "controlled foreign corporation" as defined in Code Section 957, (B) is a "passive foreign investment company" within the meaning of Code Section 1297, or (C) has a permanent establishment (within the meaning of an applicable Tax treaty) or otherwise has an office or fixed place of business in a country other than the country in which it is organized.

(xi) No Target has received any letter ruling from the Internal Revenue Service (or any comparable ruling from any other taxing authority).

(xii) Each Target has been classified and taxed as a partnership under subchapter K of the Code and corresponding state law, at all times during their existence and will be up to and including the Closing Date.

(xiii) Notwithstanding anything to the contrary set forth in this Agreement, No Target or Seller makes any representation regarding the use, amount or availability of any Tax attributes, net operating losses, Tax basis or other similar item in any period (or portion thereof) on or after the Closing.

(l) Real Property.

(i) Section 4(l)(i) of the Disclosure Schedule sets forth the address of each parcel of Owned Real Property. With respect to each parcel of Owned Real Property:

(1) a Target has good and marketable fee simple title, free and clear of all Liens, except Permitted Encumbrances;

(2) except as set forth in Section 4(l)(i)(2) of the Disclosure Schedule, no Target has leased or otherwise granted to any Person the right to use or occupy such Owned Real Property or any portion thereof; and

(3) other than the right of Buyer pursuant to this Agreement, there are no outstanding options, rights of first offer or rights of first refusal to purchase such Owned Real Property or any portion thereof or interest therein.

(ii) Section 4(l)(ii) of the Disclosure Schedule sets forth the address of each parcel of Leased Real Property, and a true and complete list of all Leases for each such Leased Real Property (including the date and name of the parties to such Lease). Sellers have delivered to Buyer a true and complete copy of each such Lease, and in the case of any oral Lease, a written summary of the material terms of such Lease. Except as set forth in Section 4(l)(ii) of the Disclosure Schedule, with respect to each of the Leases:

(1) such Lease is legal, valid, binding, enforceable and in full force and effect;

(2) the transactions contemplated by this Agreement do not require the consent of any other party to such Lease (except for those Leases for which Third Party Consents are obtained), will not result in a breach of or default under such Lease, and will not otherwise cause such Lease to cease to be legal, valid, binding, enforceable and in full force and effect on identical terms following the Closing;

(3) Targets' possession and quiet enjoyment of the Leased Real Property under such Lease has not been disturbed and, to the Knowledge of Sellers, there are no disputes with respect to such Lease;

(4) to the Knowledge of Sellers, none of Target nor any other party to the Lease is in material breach of or default under such Lease, and, to the Knowledge of Sellers, no event has occurred or circumstance exists that, with the delivery of notice, the passage of time or both, would constitute such a breach or default, or permit the termination, modification or acceleration of rent under such Lease;

(5) no security deposit or portion thereof deposited with respect to such Lease has been applied in respect of a breach of or default under such Lease that has not been redeposited in full;

(6) no Target owes, or will owe in the future, any brokerage commissions or finder's fees with respect to such Lease;

(7) the other party to such Lease is not an affiliate of, and otherwise does not have any economic interest in, any Target;

(8) no Target has subleased, licensed or otherwise granted any Person the right to use or occupy the Leased Real Property or any portion thereof; and

(9) no Target has collaterally assigned or granted any other Lien (other than any Permitted Encumbrance) in such Lease or any interest therein.

(iii) The Owned Real Property identified in Section 4(l)(i) of the Disclosure Schedule, and the Leased Real Property identified in Section 4(l)(ii) of the Disclosure Schedule (collectively, the "*Real Property*") comprise all of the real property used or intended to be used in the business of Targets; and no Target is a party to any agreement or option to purchase any real property or interest therein.

(iv) All buildings, structures, fixtures, building systems and equipment, and all components thereof, included in the Real Property (the "*Improvements*") are in reasonable condition and repair (ordinary wear and tear excepted) and sufficient for the operation of the business of Targets. To the Knowledge of Sellers, there are no facts or conditions affecting any of the Improvements that would, individually or in the aggregate, interfere in any material respect with the use or occupancy of the Improvements or any portion thereof in the operation of the business of Targets as currently conducted thereon.

(v) No Target has received written notice of any condemnation, expropriation or other proceeding in eminent domain affecting any parcel of Owned Real Property or any portion thereof or interest therein.

(vi) To the Knowledge of Sellers, the Real Property is in material compliance with all Applicable Laws, including The Americans with Disabilities Act of 1990, as amended, and all insurance requirements affecting the Real Property (collectively, the "*Real Property Laws*").

(vii) Target's use or occupancy of the Real Property or any portion thereof and the operation of the business of Targets as currently conducted thereon is not dependent on a "permitted non-conforming use" or "permitted non-conforming structure" or similar variance, exemption or approval from any Governmental Authority.

(viii) To the Knowledge of Sellers, the current use and occupancy of the Owned Real Property and the operation of the business of Targets as currently conducted thereon does not violate in any material respect any easement, covenant, condition, restriction or similar provision in any instrument of record or other unrecorded agreement affecting such Owned Real Property.

(ix) To the Knowledge of Sellers, none of the Real Property or any portion thereof is located in a flood hazard area (as defined by the Federal Emergency Management Agency).

(m) *Intellectual Property*.

(i) Section 4(m)(i) of the Disclosure Schedule lists all registered Target Intellectual Property. To the Knowledge of Sellers, no Intellectual Property, other than the Target Intellectual Property, is necessary to conduct Targets' business operations in the Ordinary Course of Business. Each equity holder, officer, director, manager, employee and consultant of any Target has assigned to a Target all Intellectual Property rights that he or she owns that are used in the business of Targets. Targets have taken all commercially reasonable and appropriate measures to preserve the confidentiality of the trade secrets that comprise any part of the Target Intellectual Property, and, To the Knowledge of Sellers, there are no unauthorized uses, disclosures or infringements of any such trade secrets by any Person. All domain names owned by Sellers or Targets related to the business of Targets are listed on Section 4(m)(i) of the Disclosure Schedule.

(ii) Except as disclosed in Section 4(m)(ii) of the Disclosure Schedule, Targets owns the entire right, title and interest in, to and under, or has a valid license to use, all Target Intellectual Property, free and clear of any Liens (except for Permitted Encumbrances). Section 4(m)(ii) of the Disclosure Schedule contains a complete list (and where appropriate, a description) of all of the products manufactured, distributed or sold by the Targets. Targets own all right, title and interest in and to, or have the right to use pursuant to a valid and enforceable written agreement, all Intellectual Property used, necessary or useful to fully conduct their businesses as presently conducted and as presently proposed to be conducted, including without limitation, all proprietary formulas, manufacturing processes, packaging, labeling and copyrights, and that, none of such products or formulas, manufacturing processes, packaging, labeling or copyrights have been licensed or provided for the use of any third party. Except as set forth in this Agreement, immediately after the Closing, the Target Intellectual Property will be owned or licensed and available for use by Buyer on terms and conditions substantially the same terms and conditions to those under which, immediately prior to the Closing, Sellers owned or licensed and used the Target Intellectual Property, without the imposition of any additional obligations, restrictions or limitations.

(iii) Section 4(m)(iii) of the Disclosure Schedule identifies each item of intellectual property that any third party owns and that any Target uses pursuant to license, sublicense, agreement, covenant not to sue, or permission (an "*IP License*"). Targets have delivered to Buyer correct and complete copies of all such IP Licenses. Each of the IP Licenses is legal, valid, binding, enforceable, and in full force and effect in all material respects. No Target that is party to any IP License is in material breach or default, and, and, to the Knowledge of Sellers, no event has occurred that with notice or lapse of time would constitute a material breach or default or permit termination, modification, or acceleration thereunder. No Target has granted any license or other rights (contractual or otherwise) that would entitle a third party to copy, distribute, use or otherwise exploit any Target Intellectual Property in any manner.

(iv) To the Knowledge of Sellers, the conduct of the Targets' business and the Targets' use of Target Intellectual Property has not infringed upon, misappropriated or violated, and does not infringe upon, misappropriate or violate, the rights of any third party, nor are the Sellers aware of any infringement, misappropriation or violation that will occur as a result of the continued operation of the Targets' business as currently conducted. To the Knowledge of Sellers, no rights of Targets with respect to Target Intellectual Property have been infringed upon, misappropriated or violated by any third party. To the Knowledge of Sellers, no information of Targets regarded as confidential or proprietary has been disclosed to a third party, other than pursuant to a valid and binding confidentiality agreement.

(v) To the extent that any Target Intellectual Property has been developed or created independently or jointly by a person other than the Targets, such other Person has delivered to the Targets a duly executed and valid written assignment transferring to the Targets ownership of all of such Person's rights in and to all Intellectual property in the developed work.

(vi) None of the software used in the Targets' business is subject to any "copyleft" or other obligation or condition (including any obligation or condition under any "open source" license, such as the GNU's General Public License or Lesser/Library GPL, the Artistic License (e.g., PERL), the Mozilla Public License, the Netscape Public License, the Sun Community Source License (SCSL) or the Sun Industry Standards License (SISL)), that requires or could require or conditions or could condition the use or distribution of such software on the disclosure, licensing, or distribution of any Source Code for any portion of such software or that otherwise imposes or could impose any limitation, restriction, or condition on the right or ability of the Targets to use or distribute such software.

(vii) Targets are not currently using, nor will it be necessary for Buyer or Targets from and after the Closing Date to use: (A) any inventions or other Intellectual Property rights of any Targets' past or present officers, managers, employees or contractors; or (B) any inventions or other Intellectual Property rights of any of Targets' past or present directors, managers, officers, employees, shareholders or agents, or (C) to the Knowledge of Sellers, any confidential information or trade secrets of any former employer of any such Person, in each case to the extent such inventions or other Intellectual Property rights have not been assigned to a Target.

(viii) Except for the Social Media Accounts listed in Section 4(m)(viii) of the Disclosure Schedule, none of the Sellers nor the Targets has any interest in or any rights to, or has administrative or operational control over any Social Media Accounts that are used (or were formerly used) in connection with the Targets' cannabis business, or that use or include the term "Ilera" or any word or term confusingly similar thereto.

(ix) Targets have a valid and enforceable license to all use software included in the Target Intellectual Property. To the Knowledge of Sellers, all software included in the Target Intellectual Property is free of all viruses, worms, Trojan horses and other material known infections or intentionally harmful routines and does not contain any bugs, errors, or problems of a material nature that could reasonably be expected to disrupt its operation.

(n) *Tangible Assets*. The buildings, machinery, equipment, and other tangible assets that Targets own and lease have been maintained in the Ordinary Course of Business, are in good operating condition and repair (subject to normal wear and tear) and are, to the Knowledge of Sellers, free from material defects (patent and latent),.

(o) *Inventory*. The inventory of Targets consists of raw materials and supplies, cultivated trim, processed products (oils), work in process, and finished goods, all

of which is merchantable and fit for the purpose for which it was procured or manufactured, and none of which is slow-moving, obsolete, damaged, subject to a recall, or defective, subject only to the reserve for inventory writedown set forth on the face of the Most Recent Balance Sheet (rather than in any notes thereto) as adjusted for operations and transactions through the Closing Date in accordance with the past custom and practice of Targets.

(p) *Contracts*. Section 4(p) of the Disclosure Schedule lists the following contracts and other agreements to which any Target is a party:

(i) any agreement (or group of related agreements) for the lease of personal property to or from any Person providing for lease payments in excess of $50,000 per annum;

(ii) any agreement (or group of related agreements) for the purchase or sale of raw materials, commodities, supplies, products, or other personal property, or for the furnishing or receipt of services, the performance of which will extend over a period of more than 1 year or involve consideration in excess of $50,000;

(iii) any agreement concerning a partnership or joint venture that is currently in force;

(iv) any agreement (or group of related agreements) under which it has created, incurred, assumed, or guaranteed any indebtedness for borrowed money, or any capitalized lease obligation, in excess of $50,000 or under which it has imposed a Lien on any of its assets, tangible or intangible;

(v) any material agreement that restricts the ability of the Targets to freely engage or compete in any line of business anywhere in the world;

(vi) any material agreement between any Target, on the one hand, and any Seller or an Affiliate of Seller (other than Targets), on the other hand, other than any Employee Benefit Plan;

(vii) any profit sharing, stock option, stock purchase, stock appreciation, deferred compensation, severance, or other material plan or arrangement for the benefit of its current or former directors, officers, and employees with outstanding obligations in place;

(viii) any collective bargaining agreement with a labor organization relating to employees of the Targets;

(ix) any agreement for the employment of any individual on a full-time or part-time basis or, consulting of an individual, or other basis providing annual compensation in excess of $150,000 or providing material severance benefits;

(x) any agreement under which it has advanced or loaned any amount to any of its directors, officers, and employees (other than the advancement of expenses to employees and other service providers in the Ordinary Course of Business);

(xi) any agreement under which the consequences of a default or termination could have a Material Adverse Effect;

(xii) any agreement under which it has granted any Person any registration rights (including, without limitation, demand and piggyback registration rights);

(xiii) any settlement, conciliation or similar agreement with any Governmental Authority or which will involve payment after the execution date of this Agreement of consideration in excess of $50,000 ;

(xiv) any agreement under which any Target has advanced or loaned any other Person amounts in the aggregate exceeding $50,000 (other than the advancement of expenses to employees and other service providers in the Ordinary Course of Business); or

(xv) any other agreement (or group of related agreements) the performance of which involves consideration in excess of $50,000.

Sellers has delivered to Buyer a correct and complete copy of each written agreement (as amended to date) listed in Section 4(p) of the Disclosure Schedule and a written summary setting forth the material terms and conditions of each oral agreement referred to in Section 4(p) of the Disclosure Schedule. With respect to each such agreement: (A) the agreement is legal, valid, binding, enforceable, and in full force and effect in all material respects; (B) no Target is in material breach or default, to the Knowledge of Sellers, no other party is in material breach or default, and, to the Knowledge of Sellers, no event has occurred that with notice or lapse of time would constitute a material breach or default, or permit termination, modification, or acceleration, under the agreement; and (C) to the Knowledge of Sellers, no party has repudiated any material provision of the agreement, except in each of clauses (B) and (C) as would not have a Material Adverse Effect.

(q) *Notes and Accounts Receivable*. All notes and accounts receivable of Targets are reflected properly on their books and records, are valid receivables subject to no setoffs or counterclaims, are current, and will be collected in accordance with their terms at their recorded amounts, subject only to the reserve for bad debts set forth on the face of the Most Recent Balance Sheet (rather than in any notes thereto) as adjusted for operations and transactions through the Closing Date in accordance with the Ordinary Course of Business.

(r) *Powers of Attorney*. There are no material outstanding powers of attorney executed on behalf of any Target.

(s) *Insurance*. Section 4(s) of the Disclosure Schedule sets forth the following information with respect to each material insurance policy (including policies providing property, casualty, liability, and workers' compensation coverage and bond and surety arrangements but excluding any policies related to any Employee Benefit Plan) with respect to which any Target is a party, a named insured, or otherwise the beneficiary of coverage, (i) the name, address and telephone number of the insurer, (ii) the name of the policyholder, and the name of each covered insured (iii) the policy number and the period of coverage, and (iv) the scope (including an indication of whether the coverage is on a claims made, occurrence, or other basis) and amount (including a description of how deductibles and ceilings are calculated and operate) of coverage. With respect to each such insurance policy: (A) the policy is legal, valid, binding, enforceable, and in full force and effect in all material respects; (B) no Target, nor any other party to the policy is in material breach or default (including with respect to the payment of premiums or the giving of notices), and, to the Knowledge of Sellers, no event has occurred that, with notice or the lapse of time, would constitute such a material breach or default, or permit termination, modification, or acceleration, under the policy; and (C) to the Knowledge of Sellers, no party to the policy has repudiated any material provision thereof. Section 4(s) of the Disclosure Schedule describes any material self-insurance arrangements affecting any Target.

(t) *Litigation*. Section 4(t) of the Disclosure Schedule sets forth each instance in which any Target is or, at any time since formation of such Target, was (i) subject to any outstanding injunction, judgment, order, decree, ruling, or charge or (ii) a party or, to the Knowledge of Seller, threatened to be made a party to any Action, suit,

hearing or investigation of, in, or before (or that could come before) any court or quasi-judicial or administrative agency of any federal, state, local, or non-U.S. jurisdiction or before (or that could come before) any arbitrator.

(u) *Product Warranty*. Each product manufactured, sold, leased, or delivered by Targets has been in conformity with all applicable contractual commitments and all express and implied warranties, and no Target has any Liability (and, to the Knowledge of Sellers, there is no basis for any present or future Action, suit, hearing, investigation, charge, complaint or claim against any of them giving rise to any Liability) for damages in connection therewith, and there has not been, nor is there under consideration or investigation by Targets, any product recall or post-sale warning conducted by or on behalf of Targets concerning any product manufactured, produced, distributed or sold by or on behalf of Targets. No product manufactured, sold, or delivered by any Target is subject to any guaranty, warranty, or other indemnity.

(v) *Product Liability*. No Target has any Liability (and, to the Knowledge of Sellers, there is no basis for any present or future Action against any of them giving rise to any Liability) arising out of any injury to individuals or property as a result of the ownership, possession, or use of any product manufactured, sold, or delivered by Targets. All products sold by Targets have been produced, packaged and labelled in accordance with all Applicable Laws in all respects and are fit for the intended use and human consumption, merchantable, not adulterated or misbranded and free of any defects. No products sold by Targets were grown/processed and/or dispensed with or contain any pesticides in violation of Applicable Law.

(w) *Employees*.

(i) Section 4(w)(i) of the Disclosure Schedule contains a correct and complete list of the employees and independent contractors of Targets as of the date hereof, including each such person's name, job title or function, and job location; whether such person is subject to an employment agreement or consulting agreement; a true, correct and complete listing of his or her current salary, wage or fee payable by a Target, including any bonus, contingent or deferred compensation due and payable to such person as of the date hereof; the total compensation paid by a Target to each such person for the fiscal year ending December 31, 2018, including any bonus, contingent or deferred compensation; the amount of accrued but unused vacation time; and his or her current status (as to leave or disability status, employee or independent contractor, full time or part time, and exempt or nonexempt). No Target is delinquent in payments to any of its employees, consultants, or independent contractors for any wages, salaries, commissions, bonuses, or other direct compensation for any service performed for it or amounts required to be reimbursed to such employees, consultants or independent contractors. Buyer has been supplied with a correct and complete copy of each employment or consulting agreement set forth in Section 4(w)(i) of the Disclosure Schedule. Since January 1, 2016, each Target has complied in all material respects with all applicable state and federal equal employment opportunity laws and with other laws related to employment, including those related to wages, hours, worker classification and collective bargaining.

(ii) All individuals presently characterized and treated by any Target as independent contractors or consultants are properly characterized as independent contractors under all Applicable Laws, and all Target employees presently classified as exempt under the Fair Labor Standards Act and state and local wage and hour laws are reasonably classified as such.

(iii) Except as set forth in Section 4(w)(iii) of the Disclosure Schedule, to the Knowledge of Sellers, no executive-level employee of any Target has disclosed to the Sellers or any Target any plans to terminate employment or relationship with that Target within one (1) year of the date hereof, and all employees are over the age of twenty-one (21).

(iv) No Target is subject to any labor union or collective bargaining agreement and no such agreement is currently being negotiated by or involving any Target. No Target has (i) any unfair labor practice charge or complaint against it in respect of its business that is pending or, to Knowledge of Sellers, threatened before the National Labor Relations Board, any state labor relations board or any court or tribunal, (ii) any material labor relations problems, including any material grievances, strikes, lockouts, disputes, request for representations, union organization activities (including but not limited to union organization campaigns or requests for representation), slowdowns or stoppages pending, threatened or anticipated in respect of its business and there have been no strikes, lockouts, disputes, union organization activities (including but not limited to union organization campaigns or requests for representation), slowdowns or stoppages, and (iii) any pending, or to Knowledge of Sellers, threatened or anticipated Actions, charges, complaints or investigations that involve the labor relations of Targets, including but not limited to, issues relating to employment discrimination, wage and hour and occupational health and safety.

(v) Except as set forth in Section 4(t) of the Disclosure Schedule, no Target is a party or, to Knowledge of Sellers, threatened to be made a party to any Action, suit, hearing, or investigation brought by or on behalf of any employee, former employee, independent contractor, or former independent contractor of any Target, including but not limited to any of the following: (i) wrongful termination, (ii) breach of employment agreement, (iii) unpaid wages or hours, (iv) workplace harassment or discrimination, (v) workers' compensation, (vi) unemployment insurance, or (vii) any investigation or enforcement Action brought or threatened to be brought by the United States Department of Labor or any similar state or local agency.

(x) *Employee Benefits*.

(i) Section 4(x)(i) of the Disclosure Schedule sets forth a list of: (A) all ERISA Affiliates of any Target and (B) all "employee benefit plans" as defined by Section 3(3) of ERISA, and all other employment, bonus, pension, profit sharing, deferred compensation, incentive compensation, stock ownership, stock purchase, stock appreciation, restricted stock, stock option, "phantom" stock, performance, retirement, thrift, savings, stock bonus, paid time off, perquisite, fringe benefit, vacation, severance, change-in-control, disability, accident, death benefit, hospitalization, health, medical, vision, insurance, welfare benefit or other plan, program, policy, practice, arrangement or contract agreement maintained or sponsored by any Target for the benefit of any employee, director or independent contractor of any Target or under which any Target has (or could reasonably be expected to have) any Liability (whether or not subject to ERISA) (each an "*Employee Benefit Plan*").

(ii) For each Employee Benefit Plan, the Sellers have provided to Buyer correct and complete copies of the following documents, to the extent applicable:

(1) the most recent IRS determination letter (or opinion letter);

(2) all pending applications for rulings, determinations, opinions, no action letters and similar or related matters filed with any governmental agency;

(3) the annual report/return (Form Series 5500) with financial statements and attachments for the most recent plan year;

(4) current plan documents and amendments, summary plan descriptions, summary of material modifications, trust agreements, insurance contracts, service agreements; and

(5) all closing letters, audit finding letters, Internal Revenue Service agent findings and other similar or related documents.

(iii) No Employee Benefit Plan is intended to be qualified under Section 401(a) of the Code or is subject to Title IV of ERISA or Section 412 of the Code and the Targets and their ERISA Affiliates have no Liability under Title IV of ERISA or with respect to any Multiemployer Plan.

(iv) No leased employees (as defined in Section 414(n) of the Code), independent contractors or other individuals who are not common law employees of the relevant Target is eligible for, or participates in, any Employee Benefit Plan.

(v) With respect to each Employee Benefit Plan:

(1) all contributions, premiums, fees or charges due and owing to or in respect of the Employee Benefit Plan, have been paid in accordance with the terms of the Employee Benefit Plan, and applicable Law;

(2) all such payments accrued to date as Liabilities which have not been paid have been properly recorded on the Financial Statements;

(3) no Taxes, penalties or fees are owing in connection with the Employee Benefit Plan and no compensation shall be includable in the gross income of any employee of any Target as the result of the operation of Section 409A of the Code;

(4) each Employee Benefit Plan has at all times been operated in material compliance with ERISA, the Code, all other Applicable Laws (including all reporting and disclosure requirements thereunder) and the terms of the Employee Benefit Plan;

(5) no Employee Benefit Plan promises or provides medical, health, life or other welfare benefits to retirees or former employees of any Target, or provides severance benefits to employees, except as otherwise required by COBRA or any comparable state statute requiring continuing health care coverage or pursuant to any individual contract with any employee, director or independent contractor in effect as of the date hereof;

(6) neither the execution of this Agreement nor the consummation of the transaction will (either alone or upon the occurrence of any additional or subsequent events) constitute an event under any Employee Benefit Plan that will or may result in any payment (whether of severance pay or otherwise), acceleration, forgiveness of indebtedness, vesting, distribution, increase in benefits or obligation to fund benefits with respect to any employee of any Target;

(7) there are no pending, nor has any Target received written notice of any threatened (or, to the Knowledge of Sellers, any other threatened), proceedings other than ordinary and usual claims for benefits under any Employee Benefit Plan;

(8) no Target established or contributed to, is required to contribute to or has or could have any Liability with respect to any "voluntary employee beneficiary association" within the meaning of Section 501(c)(9) of the Code, "welfare benefit fund" within the meaning of Section 419 of the Code, "qualified asset account" within the meaning of Section 419A of the Code or "multiple employer welfare arrangement" within the meaning of Section 3(40) of ERISA;

(9) the relevant Target can terminate each Employee Benefit Plan without further material Liability to the Target and no action or omission of any Target, or any of their respective directors, officers, employees, or agents in any way restricts, impairs or prohibits the Targets from amending, merging or terminating any Employee Benefit Plan in accordance with the express terms of the Employee Benefit Plan and Applicable Law; and

(10) no Target has any liability with respect to any Employee Benefit Plan outside of the United States.

(vi) Except as set forth on Section 4(x)(vi) of the Disclosure Schedule, no Target is subject to any penalties pursuant to Section 4908H(a) and/or Section 4908H(b) of the Code with respect to any month in the current calendar year and immediately preceding four calendar years for either not providing all of the relevant Target's full-time employees (and their dependents) with the opportunity to enroll in "minimum essential coverage" (as defined under Section 4980H of the Code) under a Target group health plan and/or such minimum essential coverage does not satisfy the minimum value or affordability requirements of Section 4980H of the Code.

(y) *Guaranties*. No Target is a guarantor or otherwise is responsible for any liability or obligation (including indebtedness) of any other Person.

(z) *Environmental, Health, and Safety Matters*.

(i) Each Target, since formation, has complied and is in compliance, with all Environmental, Health, and Safety Requirements.

(ii) Without limiting the generality of the foregoing, each Target has obtained, since formation, has complied, and are in compliance with, in each case in all material respects, all material permits, licenses and other authorizations that are required pursuant to Environmental, Health, and Safety Requirements for the occupation of their facilities and the operation of their business.

(iii) No Target has received any written notice, report, or other information regarding any actual or alleged material violation of Environmental, Health, and Safety Requirements, or any material liabilities or potential material liabilities, including any material investigatory, remedial, or corrective obligations, relating to any of them, their business, or their past or current facilities arising under Environmental, Health, and Safety Requirements.

(iv) No Target, nor, to the Knowledge of Sellers, any of their respective predecessors or Affiliates have treated, stored, disposed of, arranged for or permitted the disposal of, transported, handled, manufactured, distributed, exposed any person to, or released any substance, including without limitation any hazardous substance, or owned or operated any property or facility which is or has been contaminated by any such substance so as to give rise to any current or future material liabilities, including any material liability for fines, penalties, response costs, corrective action costs, personal injury, property damage, natural resources damages, or attorneys' fees, pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, or the Solid Waste Disposal Act, as amended, or any other Environmental, Health, and Safety Requirements.

(v) No Target, nor, to the Knowledge of Sellers, their respective predecessors or Affiliates has designed, manufactured, sold, marketed, installed, repaired, or distributed products or other items containing asbestos and none of such entities is or will become subject to any liabilities with respect to the presence of asbestos in any product or item or in or upon any property, premises, or facility.

(vi) Sellers and Targets have delivered to Buyer all material environmental audits, reports, and other material environmental documents relating to Targets', or their predecessors' or Affiliates' past or current properties, facilities, or operations that are in their possession, custody, or under their reasonable control.

(aa) *Business Continuity*. None of the computer software, computer hardware (whether general or special purpose), telecommunications capabilities (including all voice, data and video networks) and other similar or related items of automated, computerized, and/or software systems and any other networks or systems and related services that are used by or relied on by Targets in the conduct of their business (collectively, the "*Systems*") have experienced bugs, failures, breakdowns, or continued substandard performance in the past twelve (12) months that has caused any substantial disruption or interruption in or to the use of any such Systems by Target. The Systems are sufficient for the needs of the businesses of Target, including as to capacity, scalability, and ability to process current and anticipated peak volumes in a timely manner. Each Target is covered by business interruption insurance in scope and amount customary and reasonable to ensure the ongoing business operations of Targets' business.

(bb) *Certain Business Relationships with Target*. None of Sellers, their Affiliates, Sellers' directors, officers, employees, and members and Targets' directors, officers, employees, and shareholders has been involved in any material business arrangement or relationship with Targets within the past 12 months, and none of the Sellers, their Affiliates, Sellers' directors, officers, employees, and shareholders and Targets' directors, officers, employees, and shareholders owns any material asset, tangible or intangible, that is used in the business of Targets.

(cc) *Suppliers*. Since the date of the Most Recent Balance Sheet, no material supplier of the Targets has indicated to any Seller or Target that it shall stop, or decrease the rate of, supplying materials, products or services to any Target.

(dd) *Data Privacy*. Targets' businesses have complied with and, as presently conducted, are in compliance with, all Data Laws except, in each case, to the extent that a failure to comply would not have a Material Adverse Effect. Targets and have complied with, and are presently in compliance with, its and their respective policies applicable to data privacy, data security, and/or personal information except, in each case, to the extent that a failure to comply would not have a Material Adverse Effect. No Target has experienced any incident in which personal information or other sensitive data was or may have been stolen or improperly accessed, and no Target is aware of any facts suggesting the likelihood of the foregoing, including without limitation, any breach of security or receipt of any notices or complaints from any Person regarding personal information or other data.

(ee) *Size of Person*. As of the date of this Agreement and until the Closing Date, the Targets' ultimate parent entity (as defined in 16 C.F.R. § 801.1(a)(1)), does not have at least $180 million or more of total assets or at least $180 million annual net sales, in each case as determined in accordance with 16 C.F.R. § 801.11, and thus does not satisfy the larger size of person test under the HSR Act.

Section 5. *Pre-Closing Covenants*. The Parties agree as follows with respect to the period between the execution of this Agreement and the earlier of the Closing or the termination of this Agreement in accordance with the terms hereof:

(a) *General*. Each of the Parties will use reasonable commercially reasonable efforts to take all actions and to do all things necessary, proper, or advisable in order to consummate and make effective the transactions contemplated by this Agreement as promptly as possible (including satisfaction, but not waiver, of the conditions to Closing set forth in Section 7 below).

(b) *Permits, Notices and Consents*.

(i) Sellers will cause each Target to give any required notices and file with the DOH all necessary notices, forms and information necessary to change the ownership of Healthcare and Dispensing, and will cause each Target to use reasonable best efforts to obtain any third party consents and consents from any Governmental Authority referred to in Section 4(c) (the "*Third Party Consents*"). Each of the Parties will (and Sellers will cause each Target to) give any notices to, make any filings with, and use commercially reasonable efforts to obtain any authorizations, consents, and approvals of Governmental Authorities in connection with the matters referred to in Section 3(a)(ii), Section 3(b)(ii), and Section 4(c) above.

(ii) Without limiting the generality of the foregoing, in the event that such filing is required, each of the Parties will as promptly as practicable and in any event within ten (10) Business Days of the date hereof file (and Sellers will cause each Target to file) any Notification and Report Forms and related material that it may be required to file with the Federal Trade Commission ("*FTC*") and the Antitrust Division of the U.S. Department of Justice ("*DOJ*") under the HSR Act. In such event, or in the event of any Action under any applicable Antitrust Laws (an "*Antitrust Action*"), each of the Parties will use commercially reasonable efforts to (A) cooperate and coordinate with the other in the making of such filings or responding to such Antitrust Action; (B) supply the other (or cause the other to be supplied) with any information that may be required in order to make such filings or respond to such Antitrust Action; (C) supply (or cause the other to be supplied) any information that may be required or requested by the FTC, the DOJ or the Governmental Authorities of any other applicable jurisdiction in which any such filing is made or in connection with such Antitrust Action; and (D) take all reasonable action necessary to (1) cause the expiration or termination of the applicable waiting periods pursuant to the HSR Act and any other applicable Antitrust Laws; and (2) obtain any required consents pursuant to any Antitrust Laws applicable to the transactions contemplated hereby or other actions necessary to consummate and make effective the transactions contemplated by this Agreement as promptly as possible, in each case as soon as practicable. If any Party receives a request for additional information or documentary material from any Governmental Authority with respect to the transactions contemplated hereby pursuant to the HSR Act or any other applicable Antitrust Laws or other Antitrust Action, then such Party will make (or cause to be made), as soon as reasonably practicable and after consultation with the other Parties, an appropriate response in compliance with such request. No party shall stay, toll, or extend any applicable waiting period under the HSR Act or other applicable Antitrust Laws, or pull or refile any filing made under the HSR Act without the advance written agreement of the other party. Parent and Sellers each shall be responsible for payment of fifty percent (50%) of any filing fees required under Antitrust Laws, including the HSR Act.

(iii) Notwithstanding the foregoing, nothing in this Agreement will require Parent, Buyer or any of their Affiliates to take or refrain from taking any action that would (A) restrict, prohibit or limit the ownership or operation by Parent, Buyer or their Affiliates of all or any portion of the business or assets of Targets or compel Parent, Buyer or Affiliates (by consent decree, hold separate order or otherwise) to dispose of or hold separately all or any portion of the business or assets of Parent, Buyer and their Affiliates or Targets after the consummation of the transactions contemplated hereby, or impose any limitation, restriction or prohibition on the ability of Parent, Buyer and their Affiliates to conduct their business or own such assets, (B) restrict, prohibit or limit the ownership or operation by any of Targets of all or any portion of the business or assets of any of Parent, Buyer or their Affiliates or compel any of Parent, Buyer or their Affiliates to dispose of or hold separately all or any portion of the business or asset of Parent, Buyer or Targets, or impose any limitation, restriction or prohibition on the ability of Parent, Buyer or their Affiliates to conduct their business or own such assets or (C) impose limitations on the ability of Buyer to consummate the transactions contemplated hereby.

(iv) In furtherance and not in limitation of the foregoing, each Party shall, subject to any restrictions under Applicable Laws, (i) promptly notify the other parties hereto of, and, if in writing, furnish the others with copies of (or, in the case of oral communications, advise the others of the contents of) any material communication received by such Party from a Governmental Authority in connection with the transactions contemplated hereby and permit the other parties to review and discuss in advance (and to consider in good faith any comments made by the other parties in relation to) any proposed draft notifications, formal notifications, filing, submission or other oral or written communication (and any analyses, memoranda, white papers, presentations, correspondence or other documents submitted therewith) made in connection with the transactions contemplated hereby to a Governmental Authority; (ii) keep the other parties reasonably informed with respect to the status of any such submissions and filings to

any Governmental Authority in connection with the transactions contemplated hereby and any developments, meetings or discussions with any Governmental Authority in respect thereof, including with respect to (A) the receipt of any non-action, action, clearance, consent, approval or waiver, (B) the expiration of any waiting period, (C) the commencement or proposed or threatened commencement of any Action under Applicable Laws and (D) the nature and status of any objections raised or proposed or threatened to be raised by any Governmental Authority with respect to the transactions contemplated hereby; and (iii) not independently participate in any meeting, hearing, proceeding or discussions (whether in person, by telephone or otherwise) with or before any Governmental Authority in respect of the transactions contemplated hereby without giving the other parties reasonable prior notice of such meeting or discussions and, unless prohibited by such Governmental Authority, the opportunity to attend or participate. However, each of the Buyer, Parent, Sellers and Targets may designate any non-public information provided to any Governmental Authority as restricted to "outside counsel only" and any such information shall not be shared with employees, officers or directors or their equivalents of the other party without approval of the party providing the non-public information; *provided, however*, that each of Buyer, Parent, Seller and Targets may redact any valuation and related information before sharing any information provided to any Governmental Authority with another Party on an "outside counsel only" basis.

(c) *Operation of Business.* Except as set forth on Schedule 5(c), Sellers will not cause or permit Targets to engage in any practice, take any action, or enter into any transaction outside the Ordinary Course of Business, subject to Applicable Law including Antitrust Laws, without the consent of Buyer (which shall not be unreasonably conditioned, withheld, delayed or denied). Without limiting the generality of the foregoing, and subject to Applicable Law, except as set forth on Schedule 5(c), Sellers will not cause or permit Targets to (i) declare, set aside, or pay any dividend or make any distribution with respect to its equity or redeem, purchase, or otherwise acquire any of its equity or (ii) otherwise engage in any practice, take any action, or enter into any transaction of the sort described in Section 4(h) above other than in the Ordinary Course of Business, without the consent of Buyer (which shall not be unreasonably conditioned, withheld, delayed or denied). Nothing contained in this Agreement shall give Parent or Buyer, directly or indirectly, the right to control or direct the operations of Sellers or Targets prior to Closing. Prior to Closing, Sellers and Targets shall exercise, consistent with the terms and conditions of this Agreement, complete control and supervision over its operations. Notwithstanding the foregoing, nothing in this Section 5(c) shall prohibit the Sellers or Targets from taking any action or omitting to take any action as expressly required by this Agreement or as required by Applicable Law.

(d) *Preservation of Business.* Sellers will use commercially reasonable efforts to cause each Target to use commercially reasonable efforts to keep their business and properties substantially intact in the Ordinary Course of Business, including their present operations, physical facilities, working conditions, insurance policies, and relationships with lessors, licensors, suppliers, customers, and employees.

(e) *Access.* Subject to Applicable Law including Antitrust Laws, each Seller will permit, and the Sellers will cause each Target to permit, representatives of Buyer (including legal counsel and accountants) to have access at all reasonable times during normal business hours, and in a manner so as not to interfere with the normal business operations of Targets, to all premises, properties, personnel, books, records (including Tax records), contracts, and documents of or pertaining to each Target; provided, however, that (a) in no event shall the Sellers or Targets be required to furnish Buyer with any documents or information that (i) any Seller or Target is required by Applicable Law to keep confidential or (ii) that would reasonably be expected to jeopardize the status of such document or information as privileged work product or as a trade secret. Buyer will treat and hold as such any Confidential Information it receives from any of Sellers and Targets in the course of the reviews contemplated by this Section 5(e), will not use any of the Confidential Information except in connection with this Agreement, and, if this Agreement is terminated for any reason whatsoever, will return to Sellers and Targets all tangible embodiments (and all copies) of the Confidential Information which are in its possession. Notwithstanding the foregoing, prior to the Closing Date, without the prior written consent of the Sellers' Agent, none of Buyer, Parent or their representatives shall contact any suppliers or licensors to or customers of, the Sellers or Targets in connection with or pertaining to any subject matter of this Agreement.

(f) *Notice of Developments.* Sellers will give prompt written notice to Buyer of any material adverse development causing a breach of any of the representations and warranties in Section 4. Each Party will give prompt written notice to the others of any material adverse development causing a breach of any of its own representations and warranties in Section 3 above. No disclosure by any Party pursuant to this Section 5(f), however, shall be deemed to amend or supplement Annex I, Annex II or the Disclosure Schedule or to prevent or cure any misrepresentation, breach of warranty, or breach of covenant.

(g) *Exclusivity.* No Seller will (and Sellers will cause Targets not to) (i) solicit, initiate, or encourage the submission of any proposal or offer from any Person relating to the acquisition of any equity or other voting securities, or any substantial portion of the assets, of Targets (including any acquisition structured as a merger, consolidation, or share exchange) or (ii) participate in any discussions or negotiations regarding, furnish any information with respect to, assist or participate in, or facilitate in any other manner any effort or attempt by any Person to do or seek any of the foregoing. No Seller will vote its Target Equity in favor of any such acquisition.

(h) *Maintenance of Real Property*. Sellers will cause each Target to maintain the Real Property, including all of the Improvements in substantially the same condition as existed on the date of this Agreement, ordinary wear and tear excepted.

(i) *Leases*. Sellers will not cause or permit any Lease to be amended, modified, extended, renewed or terminated, nor shall Targets enter into any new lease, sublease, license, or other agreement for the use or occupancy of any Real Property, without the prior written consent of Buyer.

(j) *Title Insurance* . Buyer may obtain, at its sole option and expense, (a) a commitment for an ALTA Owner's Title Insurance Policy 2006 Form or other form of policy acceptable to Buyer (the "*Title Commitments*") for each Owned Real Property (other than Owned Real Property located outside the United States) from a title insurance company satisfactory to Buyer (the "*Title Company*"), and (b) title insurance policies from the Title Company, insuring each of Targets' fee simple title to each Owned Real Property as of the Closing Date (the "*Title Policies*"); provided, however, that (i) Sellers shall provide the Title Company with any affidavits, undertakings, memoranda or other assurances reasonably requested by the Title Company to issue the Title Policies, (ii) Seller shall provide Buyer with any existing Title Commitments, Title Policies and Surveys in its possession or control and (iii) and such access shall be granted to Buyer in accordance with Section 5(e) to the extent reasonably required to conduct the Surveys. The Title Policies will insure each of Targets' fee simple title to each Owned Real Property as of the Closing Date. If the Title Commitments or Surveys reveal any Lien on the title, other than Permitted Encumbrances, Buyer may notify Seller in writing of such objectionable matter as soon as Buyer determines that such matter is not a Permitted Encumbrance, and Sellers shall use commercially reasonable efforts to remove such objectionable matter as required pursuant to the terms of this Agreement. In the event the Title Company amends or updates the Title Commitments based on such objectionable matters, Buyer may furnish to Sellers a written statement of any objections to any matter first raised in the updated Title Commitments, other than Permitted Encumbrances, and Seller shall use commercially reasonable efforts to remove such objectionable matter.

(k) *Tax Matters.* Except as otherwise provided herein or in connection with the transactions referred to in this Agreement, without the prior written consent of Buyer, no Target shall make or change any material election, change an annual accounting period, adopt or change any accounting method, file any amended Tax Return, enter into any closing agreement, settle any Tax claim or assessment relating to any Target, surrender any right to claim a refund of Taxes, consent to any extension or waiver of the limitation period applicable to any Tax claim or assessment relating to Targets, if such election, adoption, change, amendment, agreement, settlement, surrender, or consent would have the effect of increasing the Tax liability of any Target for any period ending after the Closing Date.

(l) *Prohibition on Trading in Parent Shares*. From the date of this Agreement until the Closing, Sellers shall not, and shall not permit any of their respective Affiliates to, directly or indirectly, purchase or sell any Parent Shares.

(m) *Pre-Closing Financial Statements*. Seller shall deliver to Buyer by the fifteenth (15^{th}) day of the month following the end of each calendar month a true and complete statement of unaudited monthly financial statements for the immediately preceding month prepared in accordance with GAAP in effect at the time of such preparation applied on a consistent basis with past practice of Targets and throughout the periods involved.

Section 6. *Post-Closing Covenants*. The Parties agree as follows with respect to the period following the Closing:

(a) General. In case at any time after the Closing any further actions are necessary to carry out the purposes of this Agreement, each of the Parties will take such further actions (including the execution and delivery of such further instruments and documents) as any other Party may reasonably request, all at the sole cost and expense of the requesting Party (unless the requesting Party is entitled to indemnification therefor under Section 8 below) to ensure the orderly transition of the ownership of the Targets to Buyer and to minimize any disruption to the business of the Targets that might result from the transactions contemplated hereby. Sellers acknowledge and agree that from and after the Closing Buyer will be entitled to possession of all documents, books, records (including tax records), agreements, and financial data of any sort relating to Targets (collectively, the "*Records*"); provided, that, Buyer shall cause the Targets to retain the Records for a period of seven (7) years following the Closing. Following the expiration of such period, the Targets may dispose of such delivered Records, provided that if requested in writing by the Sellers' Agent, Buyer shall deliver any of such Records as the Sellers' Agent may reasonably request at the Sellers' Agent's sole cost and expense. During the period in which the Targets maintains such Records, upon reasonable notice and request by the Seller, the Target, during normal business hours, shall permit the Sellers or any of their representatives to examine, copy and make extracts from all Records, at the Sellers' Agent's sole cost and expense, as the Sellers or any of their representatives are reasonably likely to need in connection with any accounting, auditing and Tax requirements, any Applicable Law relating in whole or in part to the Sellers' Agent or the Sellers' prior ownership of the Targets, including with respect to any financial reporting obligation of the Seller.

(b) *Litigation Support*. In the event and for so long as any Party actively is contesting or defending against any Action, suit, hearing, investigation, charge, complaint or claim in connection with (i) any transaction contemplated under this Agreement or (ii) any fact, situation, circumstance, status, condition, activity, practice, plan, occurrence, event, incident, Action, failure to act, or transaction on or prior to the Closing Date involving Targets, each of the other Parties will cooperate with it and its counsel in the contest or defense, make available its personnel, and provide such testimony and access its books and records, in accordance with Section 5(e), as shall be necessary in connection with the contest or defense, all at the sole cost and expense of the contesting or defending Party (unless the contesting or defending Party is entitled to indemnification therefor under Section 8 below).

(c) *Confidentiality*. Each Seller will treat and hold as such all of the Confidential Information, refrain from using any of the Confidential Information except in connection with this Agreement, and deliver promptly to Buyer or destroy, at the request and option of Buyer, all tangible embodiments (and all copies) of the Confidential Information that are in its possession. In the event that any Seller is requested or required pursuant to oral or written question or request for information or documents in any legal proceeding, interrogatory, subpoena, civil investigative demand, or similar process to disclose any Confidential Information, that Seller will notify Buyer promptly of the request or requirement so that Buyer may seek an appropriate protective order or waive compliance with the provisions of this Section 6(d) at the Buyer's sole cost. If, in the absence of a protective order or the receipt of a waiver hereunder, any Seller is, on the advice of counsel, compelled to disclose any Confidential Information to any Governmental Authority or else stand liable for contempt or become subject to any other penalty under Applicable Law, that Seller may disclose the Confidential Information to such Governmental Authority; provided, however, that the disclosing Seller shall use commercially reasonable efforts to obtain, at the reasonable request of Buyer, an order or other assurance that confidential treatment will be accorded to such portion of the Confidential Information required to be disclosed as Buyer shall designate. Notwithstanding the foregoing, in connection with the enforcement of or any dispute over the terms of this Agreement or any agreement entered into in connection with this Agreement, each of the Sellers and their Affiliates may disclose the terms of such agreements and documents to the extent necessary for their enforcement or in connection with any such dispute; provided, such Seller or Affiliate shall seek the court's permission to disclose such materials under seal or an order of confidentiality, without waiving any of the rights of such Seller or Affiliate. Notwithstanding anything to the contrary herein, each of the Seller and its Affiliates shall be permitted to disclose the terms of agreements to which such Seller or Affiliate is a party and relevant financial aspects and consequences of the transactions contemplated by this Agreement that are directly relevant to such Seller or Affiliate to their service providers, so long as such Seller or Affiliate instructs that such information shall be kept confidential and such party agrees to keep such information confidential.

(d) *Non-Competition and Non-Solicitation*.

(i) *Non-Competition*. In consideration for a portion of the Purchase Price payable hereunder, as shown on Schedule B, and with the intention of protecting the legitimate business interest of Buyer, including without limitation, good will and trade secrets of Targets, each of Torsten Geers, Zoltan Kerekes, Osagie Imasogie, Lisa Gray, Gregory Rochlin and Miles Norin (each a "*Restricted Party*", and collectively, "*Restricted Parties*") covenants and agrees with Buyer that, during the period commencing on the date of this Agreement and terminating on the three (3) year anniversary of the Closing, such Restricted Party will not, without the prior written consent of Buyer, which consent may be withheld or given in its sole discretion, directly or indirectly, or individually or collectively, engage in any activity or act in any manner, including but not limited to, as an individual, owner, sole proprietor, joint venturer, equityholder (other than as the record or beneficial owners of less than five percent (5%) of the outstanding shares of a publicly traded corporation), officer, director, trustee, manager, employer, employee, representative, consultant, advisor, investor or otherwise for the purpose of establishing, operating, assisting or managing any cannabis growing/processing or dispensing business or entity in Pennsylvania. Each Restricted Party recognizes the importance to Buyer of protecting the business and assets of the Targets post-Closing and hereby agrees that the restrictive covenants set forth in this Section 6 are reasonable in all respects as written, and are acceptable to them in all respects. Each of the Sellers acknowledges that Buyer would not consummate the transactions contemplated by this Agreement but for the covenants contained in this Section 6.

(ii) *Non Solicitation*. In consideration for the Purchase Price payable hereunder, each Restricted Party covenants and agrees with Buyer that during the period commencing on the date of this Agreement and terminating on the three (3) year anniversary of the Closing, such Restricted Party will not, without the prior written consent of Buyer, which consent may be withheld or given in its sole discretion, act in any manner, including but not limited to, as an individual, owner, sole proprietor, joint venturer, equityholder (other than as the record or beneficial owners of less than five percent (5%) of the outstanding shares of a publicly traded corporation), officer, director, trustee, manager, employer, employee, representative, consultant, advisor, investor or otherwise, directly or indirectly, to: (i) hire or solicit any current employee of any Target, or induce or encourage any such employee to leave such employment, or hire any such employee who has left such employment less than six months prior to Closing; (ii) solicit, induce or entice, or attempt to solicit, induce or entice, any suppliers or customers of any Target or potential suppliers or customers of a Target for purposes of diverting their business or services from Targets; or (iii) discourage any suppliers or customers of any Target from maintaining the same business relationships with Targets after the Closing as it maintained with Targets prior to Closing. Notwithstanding the foregoing, hiring or engaging any individual or contractor who (A) applies for a position in response to an advertisement in a publication or medium of general circulation that is not specifically targeted to individuals or independent contractors who are or have been engaged by or associated with any Target, (B) is identified through an employee recruiting or search firm engaged to conduct a search that does not specifically target any employees or independent contractors who are or have been engaged by or associated with any Target, or (C) is terminated by Buyer or its Affiliates shall not constitute a violation of this Section 6.7(e)(ii).

(iii) *No Disparagement*. In consideration for the Purchase Price payable hereunder, each Seller covenants and agrees with Buyer that it will not make (or permit its principals, members, managers, officers, directors, employees, agents, attorneys, affiliates, successors or assigns, if any, to make) any false, misleading, derogatory or disparaging statements concerning Buyer or any Target and/or the principals, officers, directors, employees, agents, attorneys, affiliates, successors or assigns of Buyer or any Target. Nothing in this Section 6.7(e)(iii) shall limit any Seller's or any of its Affiliates' ability to make true and accurate statements or communications in connection with any disclosure such Seller or Affiliate reasonably believes is required pursuant to Applicable Law.

(iv) *Injunctive Relief*. Each Seller agrees that the remedy of damages at law for the breach by any of them of any of the covenants, obligations or other provisions contained in this Section is an inadequate remedy. In recognition of the irreparable harm that a violation of such covenants would cause Targets and/or Buyer, the Parties agree that in addition to any other remedies or relief that may be available to them, Buyer shall be entitled to (i) a decree or order of specific performance or mandamus to enforce the observance and performance of such covenant, obligation or other provision, and (ii) an injunction against and restraining an actual or threatened breach, violation or violations. The Parties agree that both damages and specific performance shall be proper modes of relief and are not to be considered alternative remedies.

(e) *Transfer of Control*. Subject to Section 6(g), below, immediately following the Closing, Sellers will provide Buyer or Buyer's designee with control over the administrative rights to the domain names and Social Media Accounts listed in Section 4(m) of the Disclosure Schedule and will cooperate with Buyer to effectuate the transfer of such domain names and Social Media Accounts to Buyer, at no cost or expense to Buyer.

(f) *Restrictions on Parent Shares*. Sellers acknowledge and agree that they shall not sell or transfer the Parent Shares until the date that is four months and one day after the date of issuance.

(g) *Operations*. For so long as Healthcare is being operated within [***]% of Budget (as measured by all material metrics) (and provided that the Post-Closing Management Team is notified of any failure to achieve such metrics and given a reasonable opportunity to cure any such failure), (i) Buyer and Parent acknowledge that Greg Rochlin, Andy Sack, Ryan McWilliams and Amanda Fries (collectively, the " *Post-Closing Management Team*") will have primarily responsibility for the management and control of the business of Healthcare until the date of the Final Payment, (ii) except as required by Applicable Law, none of Buyer, Parent or their Affiliates shall take any actions that would prevent the Post-Closing Management Team from operating the business of Healthcare in the Ordinary Course of Business in all material respects (including terminating the employment (other than for cause), or changing any of the compensation, of any members of the Post-Closing Management Team), and (iii) notwithstanding the foregoing, Healthcare shall be able to take the following actions without the consent of Buyer so long as such actions are taken in good faith by the Post-Closing Management Team and are reasonably necessary or useful to the growth of the business of Healthcare (including, without limitation, the 2019 Revenue and 2020 Revenue):

(i) sell, lease, transfer, or assign any Healthcare's assets, tangible or intangible;

(ii) enter, terminate, modify or cancel any agreement, contract, lease, or license; or

(iii) make capital expenditures consistent with the Budget.

In the event that, prior to the time at which the Final Payment is made, Greg Rochlin is unable or unwilling to serve as a member of the Post-Closing Management Team, the Sellers shall be able to appoint another individual acceptable to Parent and Buyer, in their discretion, to serve as a member of the Post-Closing Management Team in the capacity previously held by Mr. Rochlin.

Section 7. Conditions to Obligation to Close.

(a) *Conditions to Buyer's Obligation*. The obligation of Buyer to consummate the transactions to be performed by it in connection with the Closing is subject to satisfaction of the following conditions:

(i) the representations and warranties set forth in Section 3(a) and Section 4 shall be true and correct in all material respects at and as of the Closing Date (except to the extent that they expressly speak as of a specific date or time other than the Closing Date, in which case they need only have been true and correct as of such specified date or time), except to the extent that such representations and warranties are qualified by the term "material," or contain terms such as "Material Adverse Effect" or "Material Adverse Change," in which case such representations and warranties (as so written, including the term "material" or "Material") shall be true and correct in all respects at and as of the Closing Date;

(ii) Sellers shall have performed and complied with all of their covenants hereunder in all material respects through the Closing, except to the extent that such covenants are qualified by the term "material," or contain terms such as "Material Adverse Effect" or "Material Adverse Change," in which case Sellers shall have performed and complied with all of such covenants (as so written, including the term "material" or "Material") in all respects through the Closing;

(iii) Targets shall have obtained and delivered to Buyer all of the Third Party Consents set forth on Schedule 7(a)(iii) (other than with respect to Antitrust Laws including the HSR Act) including from the DOH;

(iv) No Governmental Authority shall have enacted, issued, promulgated, enforced or entered an order which is in effect and has the effect of making the transactions contemplated by this Agreement illegal, otherwise restraining or prohibiting consummation of such transaction or causing and of the transactions contemplated hereunder to be rescinded following completion thereof.

(v) Buyer shall have received satisfactory background checks on the individual owners of Sellers;

(vi) With respect to the HSR Act, any applicable waiting periods (and any extensions thereof) under the HSR Act shall have expired or otherwise been terminated;

(vii) no Action shall be pending wherein an unfavorable injunction, judgment, order, decree, ruling, or charge would (A) prevent consummation of any of the transactions contemplated by this Agreement, (B) cause any of the transactions contemplated by this Agreement to be rescinded following consummation, (C) adversely affect the right of Buyer to own Target Equity and to control Targets, or (D) materially and adversely affect the right of Targets to own their assets, maintain their Permits, and to operate their businesses (and no such injunction, judgment, order, decree, ruling, or charge shall be in effect), subject to Section 5(d);

(viii) Sellers shall have delivered to Buyer a certificate to the effect that each of the conditions specified above in Section 7(a)(i)-(iv) is satisfied in all respects;

(ix) Buyer shall have received from Sellers the Transition and License Agreement in form and substance as set forth in **Exhibit B** attached hereto dated as of the Closing Date;

(x) Buyer shall have received from Sellers' Agent the Escrow Agreement dated as of the Closing Date;

(xi) Buyer shall have received from Sellers an equity power and assignment separate from security, in favor of Buyer, for the Target Equity;

(xii) Buyer shall have received the resignations, effective as of the Closing, of each director and officer of Targets set forth on Schedule 7(a)(xii);

(xiii) Targets shall deliver to Buyer an affidavit, under penalties of perjury, stating that each Target is not and has not been a United States real property holding corporation, dated as of the Closing Date and in form and substance required under Treasury Regulation Section 1.897-2(h) so that Buyer is exempt from withholding any portion of the Purchase Price thereunder (the "*FIRPTA Affidavit*");

(xiv) each of Greg Rochlin, Andy Sack, Ryan McWilliams and Amanda Fries shall have entered into employment agreements (with customary noncompetition and non-solicitation provisions) and equity agreements with Buyer on terms reasonably satisfactory to Sellers and Buyer, and such agreements shall be in full force and effect as of the Closing;

(xv) Sellers shall have delivered to Buyer copies of the certificate of organization of each Target, certified no more than five (5) Business Days before the Closing Date by the Secretary of State (or comparable officer) of the jurisdiction of each such Target's organization;

(xvi) Sellers shall have delivered to Buyer copies of the certificate of good standing of each Target, issued no more than five (5) Business Days before the Closing Date by the Secretary of State (or comparable officer) of the jurisdiction of each such Target's organization and of each jurisdiction in which each such Person is qualified to do business; and

(xvii) Sellers shall have delivered to Buyer a certificate of the secretary or an assistant secretary of each Target, dated the Closing Date, in form and substance reasonably satisfactory to Buyer, as to: (i) no amendments to the certificate of formation of such Target since the date specified in clause (xiii) above; (ii) the operating agreement of such Target ; and (iii) any resolutions of the managers of such Target relating to this Agreement and the transactions contemplated hereby.

Buyer may waive any condition specified in this Section 7(a) if it executes a writing so stating at or prior to the Closing.

(b) *Conditions to Sellers' Obligation*. The Sellers' obligation to consummate the transactions to be performed by them in connection with the Closing is subject to satisfaction of the following conditions:

(i) the representations and warranties set forth in Section 3(b) above shall be true and correct in all material respects at and as of the Closing Date, except to the extent that such representations and warranties are qualified by the terms "material," or contain terms such as "Material Adverse Effect" or "Material Adverse Change," in which case such representations and warranties (as so written, including the term "material" or "Material") shall be true and correct in all respects at and as of the Closing Date;

(ii) Buyer shall have performed and complied with all of its covenants hereunder in all material respects through the Closing, except to the extent that such covenants are qualified by the term "material," or contain terms such as "Material Adverse Effect" or "Material Adverse Change," in which case Buyer shall have performed and complied with all of such covenants (as so written, including the term "material" or "Material") in all respects through the Closing;

(iii) no Action wherein an unfavorable injunction, judgment, order, decree, ruling, or charge would (A) prevent consummation of any of the transactions contemplated by this Agreement or (B) cause any of the transactions contemplated by this Agreement to be rescinded following consummation (and no such injunction, judgment, order, decree, ruling, or charge shall be in effect);

(iv) Buyer shall have delivered to Sellers a certificate to the effect that each of the conditions specified above in Section 7(b)(i)-(iii) is satisfied in all respects; and

(v) the Parties, and Targets shall have received all other material authorizations, consents, and approvals of governments and governmental agencies referred to in Section 3(a)(ii), Section 3(b)(ii), and Section 4(c) above.

Sellers' Agent may waive any condition specified in this Section 7(b) on behalf of Sellers if they execute a writing so stating at or prior to the Closing.

Section 8. Remedies for Breaches of This Agreement.

(a) *Survival*. The Parties, intending to shorten the applicable statute of limitations period, agree that all of the representations and warranties of Sellers contained in Section 4 (other than Sections 4(a), (b), (c), (d), (j) and (k) above, the "*Fundamental Representations*") shall survive the Closing hereunder (even if Buyer knew or had reason to know of any misrepresentation or breach of warranty at the time of Closing) and shall expire on the later of (i) the date that is fifteen months after the Closing or (ii) December 31, 2020. All of the other representations and warranties contained in this Agreement, including the Fundamental Representations, and the covenants of Sellers in Section 2(a) shall survive the Closing (even if the damaged Party knew or had reason to know of any misrepresentation or breach of warranty at the time of Closing) and continue in full force and effect until the expiration of the maximum period for bringing a claim permitted under the relevant statute of limitations.

(b) *Indemnification Provisions for Buyer's Benefit*.

(i) In the event any Seller breaches (or in the event any third party alleges facts that, if true, would mean any Seller has breached) any of its representations or warranties contained herein (other than the representations and warranties in Section 3(a)), and provided that Buyer makes a written claim for indemnification against any Seller pursuant to Section 11(h) below before expiration of the applicable survival period set forth in Section 8(a) above, then such survival period shall not expire with respect to such claim and, each Seller shall be obligated, severally and not jointly, to indemnify Buyer from and against the entirety of any Adverse Consequences Buyer may suffer (including any Adverse Consequences Buyer may suffer after the end of any applicable survival period) resulting from, arising out of, relating to, in the nature of, or caused by the breach (or alleged breach); provided, however, that except in the case of Fraud or intentional misrepresentation, Sellers shall not have any obligation to indemnify Buyer from and against any Adverse Consequences resulting from the breach of any representation or warranty of Sellers contained in Section 4 (other than the representations

and warranties of Sellers contained in Sections 4(a), 4(b), 4(c) and 4(d)) unless and until the Buyer has paid, incurred, suffered or sustained at least $[***] in Adverse Consequences in the aggregate (the "*Basket Amount*"), in which case the Buyer shall be entitled to recover all Adverse Consequences, including the Basket Amount, paid, incurred, suffered or sustained by Buyer.

(ii) In the event any Seller breaches any of its covenants in Section 2(a) above or any of its representations and warranties in Section 3(a) above and provided that Buyer makes a written claim for indemnification against such Seller pursuant to Section 11(h) below before expiration of the applicable survival period set forth in Section 8(a) above, then such survival period shall not expire with respect to such claim and such Seller shall indemnify Buyer from and against the entirety of any Adverse Consequences Buyer shall suffer (including any Adverse Consequences Buyer shall suffer after the end of any applicable survival period) resulting from, arising out of, relating to, in the nature of, or caused by the breach.

(iii) Each Seller shall be obligated severally and not jointly to indemnify Buyer from and against the entirety of any Adverse Consequences Buyer may suffer resulting from, arising out of, relating to, in the nature of, or caused by any Indebtedness or Target Transaction Expenses not paid in accordance with Section 2 hereunder.

(iv) Notwithstanding anything to the contrary herein, (i) the Escrow Amount shall be the sole and exclusive source of funds available to satisfy any indemnification obligations of the Sellers with respect to any breach of any representation or warranty of Sellers contained in Section 4 (other than the Fundamental Representations), and once the Escrow Amount is reduced to zero, Buyer shall have no further rights to indemnification in respect thereof. In addition, in no event shall the aggregate amount otherwise required to be paid by any Seller under this Section 8 exceed the amount of Purchase Price actually received by that Seller pursuant to this Agreement.

(c) *Indemnification Provisions for Sellers' Benefit*. In the event Buyer breaches (or in the event any third party alleges facts that, if true, would mean Buyer has breached) any of its representations, warranties, and covenants contained herein and provided that any Seller makes a written claim for indemnification against Buyer pursuant to Section 11(h) below within the survival period (if there is an applicable survival period pursuant to Section 8(a) above), then Buyer agrees to indemnify each Seller from and against the entirety of any Adverse Consequences suffered (including any Adverse Consequences suffered after the end of any applicable survival period) resulting from, arising out of, relating to, in the nature of, or caused by the breach.

(d) *Matters Involving Third Parties*.

(i) If any third party notifies any Party (the "*Indemnified Party*") with respect to any matter (a "*Third-Party Claim*") that may give rise to a claim for indemnification against any other Party (the "*Indemnifying Party*") under this Section 8, then the Indemnified Party shall promptly notify each Indemnifying Party thereof in writing; provided, however, that no delay on the part of the Indemnified Party in notifying any Indemnifying Party shall relieve the Indemnifying Party from any obligation hereunder unless (and then solely to the extent) the Indemnifying Party is thereby prejudiced.

(ii) Any Indemnifying Party will have the right to assume the defense of the Third-Party Claim with counsel of its choice reasonably satisfactory to the Indemnified Party at any time within 30 days after the Indemnified Party has given notice of the Third-Party Claim; provided, however, that the Indemnifying Party must conduct the defense of the Third-Party Claim reasonably actively and diligently thereafter in order to preserve its rights in this regard; and provided further that the Indemnified Party may retain separate co-counsel at its sole cost and expense and participate in the defense of the Third-Party Claim.

(iii) So long as the Indemnifying Party has assumed and is conducting the defense of the Third-Party Claim in accordance with Section 8(d)(ii) above, (A) the Indemnifying Party will not consent to the entry of any judgment on or enter into any settlement with respect to the Third-Party Claim without the prior written consent of the Indemnified Party (not to be unreasonably withheld, conditioned or delayed) unless the judgment or proposed settlement involves only the payment of money damages by one or more of the Indemnifying Parties and does not impose an injunction or other equitable relief upon the Indemnified Party and (B) the Indemnified Party will not consent to the entry of any judgment on or enter into any settlement with respect to the Third-Party Claim without the prior written consent of the Indemnifying Party (not to be unreasonably withheld, conditioned or delayed).

(iv) In the event none of the Indemnifying Parties assumes and conducts the defense of the Third-Party Claim in accordance with Section 8(d)(ii) above, however, (A) the Indemnified Party may defend against, but shall not consent to the entry of any judgment on or enter into any settlement with respect to, the Third-Party Claim without the consent of the Indemnifying Party (not to be unreasonably withheld conditioned or delayed) and (B) the Indemnifying Parties will remain responsible for any Adverse Consequences the Indemnified Party may suffer resulting from, arising out of, relating to, in the nature of, or caused by the Third-Party Claim to the fullest extent provided in this Section 8.

(e) *Determination of Adverse Consequences*. All indemnification payments under this Section 8 and Section 9 shall be deemed adjustments to the Purchase Price. With respect to any matter that may give rise to a claim for indemnification against any other Party (a "*Claim*"), the Indemnifying Party shall use commercially reasonable efforts to assert all claims under all applicable insurance policies, and any Adverse Consequences that may be recovered by the Indemnifying Party hereunder with respect to such Claim shall be reduced by the amount of any insurance proceeds actually received with respect thereto, net of: (a) any deductibles for the applicable insurance policies; (b) any increase in the premium for the applicable insurance policies arising from such Adverse Consequences; and (c) any other reasonable costs and expenses (including fees and expenses of attorneys, accountants and other experts) incurred in connection with collecting such proceeds.

(f) *Exclusive Remedy*.

(i) Subject to Section 8(f)(ii), Section 9 and Section 11(q), the foregoing indemnification provisions are the sole and exclusive remedy any Party (and each of their Affiliates) may have with respect to the representations, warranties and covenants set forth in this Agreement and the transactions contemplated by this Agreement.

(ii) Notwithstanding anything in Section 8 to the contrary, nothing in this Section 8 shall (a) prohibit Buyer or any of its Affiliates from bringing a claim against any Person, including any Seller, alleging such Person committed Fraud or intentional misrepresentation in connection with the transactions contemplated by this Agreement, or (b) limit any remedy Buyer or such Affiliate may have against such Person in the event a court of competent jurisdiction determines that such Person is liable for Fraud or intentional misrepresentation.

(g) *No Duplication of Recovery*. Notwithstanding anything contained in this Agreement to the contrary, (i) to the extent that any Adverse Consequences resulting from any breach of any representation or warranty are specifically taken into account as a current liability, specifically reserved or accrued, or otherwise specifically accounted for in the calculation of Closing Working Capital, Buyer may not recover such Adverse Consequences through a Claim pursuant to this Section 8 or otherwise and (ii) no Indemnifying Party may recover duplicative Adverse Consequences in respect of a single set of facts or circumstances under more than one representation or warranty in this Agreement regardless of whether such facts or circumstances would give rise to a breach of more than one representation or warranty in this Agreement.

(h) *Duty to Mitigate*. The Indemnifying Party shall take and shall cause its Affiliates to take all commercially reasonable steps to mitigate any Adverse Consequences upon becoming aware of any event which would give rise thereto; provided, however, that, in all cases (a) the Indemnifying Party need only use commercially reasonable efforts, (b) in no event shall an Indemnified Party be required to bring or continue any Action unless required by Applicable Law and (c) all reasonable costs and expenses (including fees and expenses of attorneys, accountants and other experts) incurred in connection with any efforts to mitigate shall be indemnifiable Adverse Consequences hereunder.

(i) *Disclaimer of Punitive and Exemplary Damages*. Notwithstanding anything contained in this Agreement to the contrary, no Indemnifying Party shall be liable to any Indemnified Party under this Agreement for exemplary or punitive damages unless paid or payable to a third party or as a remedy in the case of Fraud or intentional misrepresentation.

Section 9. *Tax Matters*. The following provisions shall govern the allocation of responsibility as between Buyer and Sellers for certain tax matters following the Closing Date:

(a) *Tax Indemnification*. Each Seller shall jointly and severally indemnify Targets, Buyer, and each Affiliate of Buyer and hold them harmless from and against without duplication, any loss, claim, liability, expense, or other damage attributable to (i) all Taxes (or the non-payment thereof) of Targets for all taxable periods ending on or before the Closing Date and the portion through the end of the Closing Date for any taxable period that includes (but does not end on) the Closing Date ("*Pre-Closing Tax Period*"), (ii) all Taxes of any member of an affiliated, consolidated, combined or unitary group of which any Target (or any predecessor of any of the foregoing) is or was a member on or prior to the Closing Date, including pursuant to Treasury Regulation Section 1.1502-6 or any analogous or similar state, local, or non-U.S. law or regulation, and (iii) any and all Taxes of any person (other than Targets) imposed on any Target as a transferee or successor, by contract or pursuant to any law, rule, or regulation, which Taxes relate to an event or transaction occurring before the Closing (collectively, "*Pre-Closing Taxes*"). Notwithstanding the foregoing or anything to the contrary set forth herein, the Sellers shall not be obligated to indemnify any Person to the extent such Tax (i) is for a taxable period beginning after the Closing Date and, with respect to any taxable period that includes (but does not end on) the Closing Date, is for the portion of such taxable period beginning after the Closing Date; or (ii) relates to the use, amount or availability of any Tax attributes, net operating losses, tax basis or other similar item in any period (or portion thereof) on or after the Closing.

(b) *Tax Returns; Straddle Period*

(i) The Sellers' Agent shall prepare and file all Tax Returns that relate to the status of the Targets as partnerships for applicable federal and state Tax purposes for periods on or prior to the Closing Date ("*Pass-Through Returns*"). In the case of Taxes that are payable by a Target with respect to a taxable period that begins before and ends after the Closing Date (each such period, a "*Straddle Period*"), the portion of any such Taxes that are treated as Pre-Closing Taxes for purposes of this Agreement shall be:

(1) in the case of Taxes (i) based upon, or related to, income, receipts, profits, wages, capital or net worth, (ii) imposed in connection with the sale, transfer or assignment of property, or (iii) required to be withheld, deemed equal to the amount which would be payable if the taxable year ended with the Closing Date; and

(2) in the case of other Taxes, deemed to be the amount of such Taxes for the entire period multiplied by a fraction the numerator of which is the number of days in the period ending on the Closing Date and the denominator of which is the number of days in the entire period.

(ii) Buyer shall prepare or cause to be prepared and file or cause to be filed all Tax Returns for each Target that are filed after the Closing Date for any Straddle Period (each, a "*Straddle Period Tax Return*"). Buyer shall permit Sellers' Agent to review and comment on each such Tax Return, together with any and all workpapers supporting the creation of the Tax Return, at least twenty (20) days prior to filing and Buyer shall consider in good faith any request to incorporate in such Tax Returns the reasonable comments so provided by Sellers' Agent. Sellers shall be responsible for all Pre-Closing Taxes of the Targets shown on such Straddle Period Tax Returns, and Sellers shall pay to (or, as directed by) Buyer their share of all Pre-Closing Taxes as shown on such Straddle Period Tax Returns no less than five (5) Business Days before the due date of such Straddle Period Tax Returns.

(iii) Buyer and Sellers' Agent shall cooperate fully, as and to the extent reasonably requested by the other, in connection with any Contest with respect to Tax Returns. Buyer will have control over any such Contest, through counsel of its own choosing, however, any expenses associated with such Contest shall be allocated between Sellers and Buyer based upon the percentage of Pre-Closing Tax liability to total Tax liability shown on such Tax Returns, and, provided, further, that the Buyer shall keep the Sellers' Agent informed of all material developments regarding such Contests, and the Buyer shall not be permitted to settle, compromise, or otherwise resolve any matter relating to such Contests without the Sellers' Agent's prior written consent, which consent shall not be unreasonably withheld or delayed.

(iv) Upon the final resolution of liability for any Tax due on any Straddle Period Tax Return, including after resolution of any Contest, Sellers shall pay to Buyer any deficiency between the amount already paid by Sellers to Buyer pursuant to Section 9(b)(ii) above, and the Pre-Closing Taxes of the Targets shown on such final Straddle Period Tax Returns.

(v) Any disputes between the Sellers' Agent and Buyer with respect to the amount of Taxes owing by the Sellers for such Straddle Period Tax Returns shall be resolved by the Independent Accountant, the cost of which shall be borne 50% by Sellers and 50% by Buyer.

(c) *Responsibility for Filing Tax Returns*. Buyer shall prepare or cause to be prepared and file or cause to be filed all Tax Returns for Targets that are filed after the Closing Date other than Pass-Through Returns, as provided above.

(d) *Cooperation on Tax Matters*.

(i) Buyer, Targets and Sellers shall cooperate fully, as and to the extent reasonably requested by another Party, in connection with the filing of Tax Returns pursuant to this Section and any audit, litigation or other proceeding (a "*Contest*") with respect to Taxes. Such cooperation shall include the retention and (upon another Party's request) the provision of records and information that are reasonably relevant to any such audit, litigation or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. If, subsequent to the Closing, Buyer, Targets or any of their Affiliates (including the Target's Subsidiaries) receive notice of a Contest with respect to any Pre-Closing Tax Period with respect to which Sellers may be required to provide indemnification under this Agreement, then within ten (10) Business Days after receipt of such notice, the Buyer shall notify the Sellers' Agent of such notice. Buyer and Sellers agree that any settlement or other negotiated payment, or any portion thereof, to be made to the Internal Revenue Service arising out of the Pre-Closing Tax Period shall not be agreed upon unless previously approved by Sellers in writing, which approval shall not be unreasonably withheld or delayed. Targets and Sellers agree (A) to retain all books and records with respect to Tax matters pertinent to Targets relating to any taxable period beginning before the Closing Date until the expiration of the statute of limitations (and, to the extent notified by Buyer or Sellers, any extensions thereof) of the respective taxable periods, and to abide by all record retention agreements entered into with any taxing authority, and (B) to give the other Parties reasonable written notice prior to transferring, destroying or discarding any such books and records and, if another Party so requests, Targets or Sellers, as the case may be, shall allow another Party to take possession of such books and records.

(ii) Buyer and Sellers further agree, upon request, to use their commercially reasonable efforts to obtain any certificate or other document from any Governmental Authority or any other Person as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed (including, but not limited to, with respect to the transactions contemplated hereby).

(iii) Buyer and Sellers further agree, upon request, to provide the other Party with all information that either Party may be required to report pursuant to Code Section 6043, or Code Section 6043A, or Treasury Regulations promulgated thereunder.

(e) *Tax-Sharing Agreements*. All tax-sharing agreements or similar agreements with respect to or involving Targets shall be terminated as of the Closing Date and, after the Closing Date, Targets shall not be bound thereby or have any liability thereunder.

(f) *Certain Taxes and Fees*. The Buyer and the Sellers shall each pay 50% of all transfer, documentary, sales, use, stamp, registration and other such Taxes, and all conveyance fees, recording charges and other fees and charges (including any penalties and interest) incurred in connection with consummation of the transactions contemplated by this Agreement when due, and Buyer and Sellers will, at their own expense, file all necessary Tax Returns and other documentation with respect to all such Taxes, fees and charges, and, if required by Applicable Law, Buyer will, and will cause its Affiliates to, join in the execution of any such Tax Returns and other documentation.

(g) *Tax Refunds*. Any Income Tax refunds that are received by Targets, where such refund relates to a Pre-Closing Tax Period, shall be for the account of Sellers and Buyer shall pay over to the Sellers' Agent for distribution to Sellers any such refund received within 15 days after receipt thereof; provided, however that any Tax attributes of Targets that are available as of the Closing Date are for Buyer's sole benefit and Sellers shall not be entitled to any compensation for use thereof.

(h) *Parent Shares*. Each Seller acknowledges that owning the Parent Shares may subject them to tax consequences both in the United States and Canada. Except as otherwise provided in this Agreement relating to the Parent's representations contained in this Agreement, each Seller is responsible for all tax consequences arising as a result of such Seller's receipt and ownership of the Parent Shares.

(i) *Tax Treatment, Other Matters*. Each of the Parties hereto agrees that the transactions referred to herein that involve the acquisition of 100% of the equity interests in a Target shall, where appropriate under Applicable Law, be treated as transactions described in Situation 2 of Revenue Ruling 99-6. Buyer and Sellers shall agree to allocate the Purchase Price (and other applicable items) (i) among the interests in the Targets sold and (ii) among the assets of the Targets, in each case as set forth on Schedule B. The Parties shall report the transactions set forth in this Agreement for all Tax purposes consistently with such allocations, unless otherwise required pursuant to a "final determination" within the meaning of Section 1313 of the Code. All items of loss and deduction attributable to the payment of Indebtedness and Transaction Expenses shall be allocated by the Parties to the taxable years or other periods of the Targets ending on or before the Closing. To the extent allowed by Applicable Law, Parent and Buyer agree to treat the Interim Payment and the Final Payment as deferred contingent purchase price potentially eligible for installment sale treatment under Section 453 of the Code and any corresponding provision of state, local or non-U.S. Law as appropriate, together with interest imputed under Section 483 or 1274 of the Code.

(j) *Post-Closing Tax Actions*. Following the Closing, without the prior written consent of the Sellers' Agent, Buyer and the Targets will not (and will not permit their respective Affiliates, including the Targets' Subsidiaries, to) (i) except for Tax Returns filed pursuant to this Section, file or amend any Tax Returns of the Targets or their Subsidiaries with respect to any Pre-Closing Tax Period, (ii) with respect to Tax Returns prepared and filed pursuant to this Section, after the date such Tax Returns are filed, amend any such Tax Returns, (iii) make or change any Tax election or change any method of accounting that has a retroactive effect to any Tax Return of the Targets or any of their Subsidiaries for a Pre-Closing Tax Period, or (iv) voluntarily approach any Tax authority regarding any Tax or Tax Return of the Targets or any of their Subsidiaries for a Pre-Closing Tax Period (each, a "*Prohibited Tax Action*"), if in each case such Prohibited Tax Action increases the Sellers' Tax liability in a Pre-Closing Tax Period or could reasonably be expected to form the basis for a claim of indemnification against the Sellers pursuant to this Agreement. Notwithstanding the foregoing, if Buyer, on advice of its Tax advisors, reasonably believes that a Prohibited Tax Action is required by Applicable Law, then, with twenty (20) days' advance notice to the Sellers' Agent, Buyer shall be permitted to take such Prohibited Tax Action; provided that if Sellers' Agent, on advice of its Tax advisors, objects in writing to the taking of such Prohibited Tax Action within such twenty (20) day period, the Parties shall refer the matter for resolution to an independent tax advisory firm mutually selected by the Buyer and the Sellers' Agent; provided that if the Buyer and the Sellers' Agent are unable to agree on an independent tax advisory firm within five (5) days following Sellers' Agent's objection notice, each shall, within two (2) days thereafter, select its own tax advisory firm, which together shall select an independent tax advisory firm to resolve the matter. The cost of the independent tax advisory firm shall be borne equally by Buyer and Sellers.

Section 10. *Termination*.

(a) *Termination of Agreement*. Certain of the Parties may terminate this Agreement as provided below:

(i) Buyer and Sellers' Agent may terminate this Agreement by mutual written consent at any time prior to the Closing;

(ii) Buyer may terminate this Agreement by giving written notice to Sellers' Agent at any time prior to the Closing (A) in the event any Seller has breached any material representation, warranty, or covenant contained in this Agreement in any material respect, Buyer has notified Sellers' Agent of the breach, and the breach has continued without cure for a period of 30 days after receipt by Sellers' Agent of the notice of breach or (B) if the Closing shall not have occurred on or before October 31, 2019, by reason of the failure of any condition precedent under Section 7(a) hereof (unless the failure results primarily from Buyer itself breaching any representation, warranty, or covenant contained in this Agreement); and

(iii) Sellers' Agent may terminate this Agreement by giving written notice to Buyer at any time prior to the Closing (A) in the event Buyer has breached any material representation, warranty, or covenant contained in this Agreement in any material respect, any Seller has notified Buyer of the breach, and the breach has continued without cure for a period of 30 days after receipt by Buyer of the notice of breach or (B) if the Closing shall not have occurred on or before October 31, 2019, by reason of the failure of any condition precedent under Section 7(b) hereof (unless the failure results primarily from any Seller breaching any representation, warranty, or covenant contained in this Agreement).

(b) *Effect of Termination*. If any Party terminates this Agreement pursuant to Section 10(a) above, all rights and obligations of the Parties hereunder shall terminate without any liability of any Party to any other Party (except for any liability of any Party then in breach); provided, however, that the confidentiality provisions contained in Section 6(d) above shall survive termination.

(c) *Failure to Pay Purchase Price*. In the event that the Buyer is unable to fully fund the Purchase Price as set forth in this Agreement (and does not cure such failure within 14 Business Days (or such longer period agreed by Buyer and Sellers' Agent if the failure is systemic, i.e. 2008 global financial system collapse and not specific to Buyer or Parent)) then the Purchase Price already paid under Section 2 shall, at the election of Sellers' Agent, (i) be repaid, or (ii) be converted into a minority interest in Targets at a $225,000,000 valuation for Targets (in which case Buyer shall transfer ownership of the Targets back to Sellers (subject to its minority interest) and become party to any equityholder agreements of Targets). By way of example, if Buyer pays the Closing Consideration of $50,000,000 and does not pay any additional Purchase Price, Sellers can either repay $50,000,000 to Buyer or receive a 22.22% equity in each Wholly Owned Target.

Section 11. Miscellaneous.

(a) *Nature of Sellers' Obligations*. The covenants of each Seller in Section 2(a) above concerning the sale of its Target Equity to Buyer and the representations and warranties of each Seller in Section 3(a) above concerning the transaction are individual obligations. This means that the particular Seller making the representation, warranty, or covenant shall be solely responsible to the extent provided in Section 8(b)(ii) above for any Adverse Consequences Buyer may suffer as a result of any breach thereof.

(b) *Press Releases and Public Announcements*. No Party shall issue any press release or make any public announcement relating to the subject matter of this Agreement prior to the Closing without the prior written approval of Buyer and Sellers' Agent; provided, however, that any Party may make any public disclosure it believes in good faith is required by Applicable Law or any listing or trading agreement concerning its publicly traded securities (in which case the disclosing Party will use commercially reasonable efforts to advise the other Parties prior to making the disclosure).

(c) *No Third-Party Beneficiaries*. This Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns.

(d) *Entire Agreement*. This Agreement (including the documents referred to herein) constitutes the entire agreement among the Parties and supersedes any prior understandings, agreements, or representations by or among the Parties, written or oral, to the extent they relate in any way to the subject matter hereof.

(e) *Succession and Assignment*. This Agreement shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted assigns. No Party may assign either this Agreement or any of its rights, interests, or obligations hereunder without the prior written approval of Buyer and Sellers' Agent; provided, however, that Buyer may (i) assign any or all of its rights and interests hereunder to one or more of its Affiliates and (ii) designate one or more of its Affiliates to perform its obligations hereunder (in any or all of which cases Buyer nonetheless shall remain responsible for the performance of all of its obligations hereunder).

(f) *Counterparts*. This Agreement may be executed in one or more counterparts (including by means of facsimile), each of which shall be deemed an original but all of which together will constitute one and the same instrument.

(g) *Headings*. The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

(h) *Notices*. All notices, requests, demands, claims, and other communications hereunder shall be in writing. Any notice, request, demand, claim, or other communication hereunder shall be deemed duly given (i) when delivered personally to the recipient, (ii) when delivered to the recipient by reputable overnight courier service (charges prepaid), (iii) when delivered to the recipient by facsimile transmission or electronic mail (upon confirmation of delivery by a manner other than automatic message), or (iv) when delivered the recipient by certified or registered mail, return receipt requested and postage prepaid, and addressed to the intended recipient as set forth below:

If to Sellers: To the address set forth on Schedule A	*With a copy (which shall not constitute notice) to:* Cooley LLP 902 Carnegie Center, Suite 500 Princeton, NJ 08540 Attention: Geoffrey Starr E-mail: gstarr@cooley.com
If to Buyer or Parent: TerrAscend Corp. P.O. Box 43125 Mississauga, ON L5C 1W2 Canada Attn: Brian Feldman, General Counsel [***]	*With a copy (which shall not constitute notice) to:* Fox Rothschild LLP 2000 Market Street, 20th Floor Philadelphia, PA 19103 USA Attn: Stephen M. Cohen, Esq. Facsimile: (215) 299-2150 Email: smcohen@foxrothschild.com AND Fox Rothschild LLP 1001 Fourth Avenue, Suite 4500 Seattle, WA 98154 USA Attn: Pamela A. Grinter, Esq. Facsimile: (206)389-1708 Email: pgrinter@foxrothschild.com
If to Sellers' Agent:: Osagie Imasogie [***] [***] [***]	*With a copy (which shall not constitute notice) to:* Cooley LLP 902 Carnegie Center, Suite 500 Princeton, NJ 08540 Attention: Geoffrey Starr E-mail: gstarr@cooley.com

Any Party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other Parties notice in the manner herein set forth.

(i) *Governing Law*. This Agreement shall be governed by and construed in accordance with the domestic laws of the Commonwealth of Pennsylvania without

giving effect to any choice or conflict of law provision or rule (whether of the Commonwealth of Pennsylvania or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the Commonwealth of Pennsylvania.

(j) *Mandatory Arbitration.* Except for any claim for injunctive relief under Section 11(q) below, any controversy or claim between or among the Parties arising out of or relating to this Agreement shall be determined exclusively by binding arbitration in accordance with the Commercial Arbitration Rules of JAMS (the "*Rules*"). The arbitration shall be heard by one arbitrator to be selected in accordance with the Rules at the offices of the JAMS in Philadelphia, Pennsylvania, unless the Parties mutually agree otherwise. The Parties shall share the costs of the arbitration equally; however, each Party shall be responsible for its own attorneys' fees and other costs and expenses. All parties waive the right, if any, to obtain any award for exemplary or punitive damages or any other amount for the purpose of imposing a penalty from the other in any arbitration or judicial proceeding or other adjudication arising out of or relating to this Agreement, or any breach hereof, including any claim that this Agreement, or any part of it, is invalid, illegal or otherwise voidable or void. The decision of the arbitrator shall be final and conclusive upon all Parties.

(k) *Amendments and Waivers*. No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by Buyer and Sellers' Agent. No waiver by any Party of any provision of this Agreement or any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be valid unless the same shall be in writing and signed by the Party making such waiver nor shall such waiver be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

(l) *Severability.* Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

(m) *Expenses.* Each Buyer, Seller, and Target will bear its own costs and expenses (including legal fees and expenses) incurred in connection with this Agreement and the transactions contemplated hereby; provided, however, that Sellers will also bear the cost and expenses of Targets as of Closing (including all of their legal fees and expenses) in connection with this Agreement and the transactions contemplated hereby in the event that the transactions contemplated by this Agreement are consummated.

(n) *Construction.* The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local, or non-U.S. statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word "including" shall mean including without limitation. Any reference in this Agreement to $ shall mean U.S. dollars. Any reference in this Agreement to "made available" or "delivered" means a document or other information that was provided or made available to Parent and Buyer and their representatives in the electronic or virtual data room managed by the Sellers in connection with the transactions contemplated by this Agreement.

(o) *Incorporation of Exhibits, Annexes, and Schedules.* The Exhibits, Annexes, and Schedules identified in this Agreement are incorporated herein by reference and made a part hereof.

(p) *Governing Language.* This Agreement has been negotiated and executed by the Parties in English. In the event any translation of this Agreement is prepared for convenience or any other purpose, the provisions of the English version shall prevail.

(q) *Specific Performance*. Each Party acknowledges and agrees that the other Parties would be damaged irreparably in the event any provision of this Agreement is not performed in accordance with its specific terms or otherwise is breached, so that a Party shall be entitled to seek injunctive relief to prevent breaches of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof in addition to any other remedy to which such Party may be entitled, at law or in equity. In particular, the Parties acknowledge that the business of the Targets is unique and recognize and affirm that in the event Sellers breach this Agreement, money damages would be inadequate and Buyer would have no adequate remedy at law, so that Buyer shall have the right, in addition to any other rights and remedies existing in its favor, to enforce its rights and the other Parties' obligations hereunder not only by action for damages but also by action for specific performance, injunctive, and/or other equitable relief.

(r) *Sellers' Agent*.

(i) The Sellers, pursuant to this Agreement, hereby appoint Osagie Imasogie as the Sellers' Agent, who shall be the Sellers' representative and attorney-in-fact for each Seller. The Sellers' Agent shall have the authority to act for and on behalf of each of the Sellers, including without limitation, to amend this Agreement, to give and receive notices and communications, waivers and consents under this Agreement, to act on behalf of the Sellers with respect to any matters arising under this Agreement, to authorize delivery to the Buyer of cash and other property, to object to such deliveries, to agree to, negotiate, enter into settlements and compromises of, and commence, prosecute, participate in, settle, dismiss or otherwise terminate, as applicable, lawsuits and claims, mediation and arbitration proceedings, and to comply with orders of courts and awards on behalf of courts, mediators and arbitrators with respect to such suits, claims or proceedings, and to take all actions necessary or appropriate in the judgment of the Sellers' Agent for the accomplishment of the foregoing. In addition to and in furtherance of the foregoing, the Sellers' Agent shall have the right to (i) employ accountants, attorneys and other professionals on behalf of the Sellers, and (ii) incur and pay all costs and expenses related to (A) the performance of its duties and obligations as the Sellers' Agent hereunder, and (B) the interests of the Sellers under this Agreement. The Sellers' Agent shall for all purposes be deemed the sole authorized agent of the Sellers until such time as the agency is terminated with notice to Buyer. Such agency may be changed by the Sellers from time to time upon not less than thirty (30) days prior written notice to the Buyer; provided, however, that the Sellers' Agent may not be removed unless all of the Sellers agree to such removal and to the identity of the substituted Sellers' Agent. Any vacancy in the position of the Sellers' Agent may be filled by approval by those Sellers who hold or held a majority of the Target Equity prior to the Closing. No bond shall be required of the Sellers' Agent, and the Sellers' Agent shall not receive compensation for its services. Notices or communications to or from the Sellers' Agent shall constitute notice to or from each of the Sellers during the term of the Agreement.

(ii) The Sellers' Agent shall not incur any liability with respect to any action taken or suffered by him or omitted hereunder as Sellers' Agent while acting in good faith and in the exercise of reasonable judgment. The Sellers' Agent may, in all questions arising hereunder, rely on the advice of counsel and other professionals and for anything done, omitted or suffered in good faith by the Sellers' Agent based on such advice and the Sellers' Agent shall not be liable to anyone. The Sellers' Agent undertakes to perform such duties and only such duties as are specifically set forth in this Agreement, and no covenants or obligations shall be implied under this Agreement against the Sellers' Agent; provided, however, that the foregoing shall not act as a limitation on the powers of the Sellers' Agent determined by him to be reasonably necessary to carry out the purposes of his obligations. The Sellers shall severally and pro-rata, in accordance with their respective pro-rata share of the Purchase Price, indemnify the Sellers' Agent and hold him harmless against any loss, liability or expense incurred without gross negligence or bad faith on the part of the Sellers' Agent and arising out of or in connection with the acceptance or administration of his duties under this Agreement. Specifically, each Seller hereby agrees to reimburse the Sellers' Agent for his pro rata share of any reasonable and documented costs or expenses (including attorneys' fees) incurred by the Sellers' Agent in pursuing a dispute pursuant this Agreement.

(iii) A decision, act, consent or instruction of the Sellers' Agent shall constitute a decision, act, consent or instruction from all of the Sellers and shall be final, binding and conclusive upon each of the Sellers. Buyer may rely upon any such decision, act, consent or instruction of the Sellers' Agent as being the decision, act,

consent or instruction of every such Seller. Buyer is hereby relieved from any liability to any person for any acts done by it in accordance with such decision, act, consent or instruction of the Sellers' Agent. In furtherance of the foregoing, any reference to a power of the Sellers under this Agreement, to be exercised or otherwise taken, shall be a power vested in the Sellers' Agent.

(iv) At Closing, Buyer shall deposit by wire transfer of immediately available funds to the account designated by the Sellers' Agent an amount equal to $200,000 (the "*Sellers' Agent Expense Amount")* to be held in trust to cover and reimburse the fees and expenses incurred by the Sellers' Agent for his obligations in connection with this Agreement and the transactions contemplated hereby. The Sellers' Agent shall disperse to the Sellers the remaining balance of the Sellers' Agent Expense Amount in accordance with the allocation schedule set forth on Schedule A, as and when determined by the Sellers' Agent in his sole discretion.

(s) *Tax Disclosure Authorization*. Notwithstanding anything herein to the contrary, the Parties (and each Affiliate and Person acting on behalf of any Party) agree that each Party (and each employee, representative, and other agent of such Party) may disclose to any and all Persons, without limitation of any kind, the tax treatment and tax structure (as such terms are used in regulations promulgated under Code Section 6011) of the transactions contemplated by this agreement; provided, however, that such disclosure may not be made until the earlier of date of (A) public announcement of discussions relating to the transaction, (B) public announcement of the transaction, or (C) execution of an agreement (with or without conditions) to enter into the transaction. This authorization is not intended to permit disclosure of any other information including (without limitation) (A) any portion of any materials to the extent not related to the transaction's tax treatment or tax structure, (B) the identities of participants or potential participants, (C) the existence or status of any negotiations, (D) any pricing or financial information (except to the extent such pricing or financial information is related to the transaction's tax treatment or tax structure), or (E) any other term or detail not relevant to the transaction's tax treatment or the tax structure.

(t) *General Release and Discharge*. BY VIRTUE OF THEIR EXECUTION AND DELIVERY OF THIS AGREEMENT, AS OF THE CLOSING AND THEREAFTER, THE SELLERS, FOR AND ON BEHALF OF THEIR ASSIGNS, BENEFICIARIES, ADMINISTRATORS, AND AFFILIATES (THE " *RELEASING PARTIES*") DO HEREBY FULLY AND IRREVOCABLY REMISE, RELEASE AND FOREVER DISCHARGE THE TARGETS, AND THEIR CURRENT AND FORMER DIRECTORS, OFFICERS, SHAREHOLDERS, MEMBERS, AFFILIATES, EMPLOYEES, AGENTS, ATTORNEYS, ACCOUNTANTS AND SUCCESSORS AND ASSIGNS FROM ANY AND ALL CLAIMS, ACTIONS, CAUSES OF ACTION, GRIEVANCES, LIABILITIES, OBLIGATIONS, PROMISES, DAMAGES, AGREEMENTS, RIGHTS, DEBTS AND EXPENSES, INCLUDING CLAIMS FOR ATTORNEYS' FEES AND COSTS) OF EVERY KIND, EITHER IN LAW OR IN EQUITY, WHETHER CONTINGENT, MATURE, KNOWN OR UNKNOWN, OR SUSPECTED OR UNSUSPECTED, INCLUDING, WITHOUT LIMITATION, ANY CLAIMS ARISING UNDER ANY FEDERAL, STATE, LOCAL OR MUNICIPAL LAW, COMMON LAW OR STATUTE, WHETHER ARISING IN CONTRACT OR IN TORT, AND ANY CLAIMS ARISING UNDER ANY OTHER LAWS OR REGULATIONS OF ANY NATURE WHATSOEVER, THAT SELLERS EVER HAD, NOW HAVE OR MAY HAVE, FOR OR BY REASON OF ANY CAUSE, MATTER OR THING WHATSOEVER, FROM THE BEGINNING OF THE WORLD TO THE DATE HEREOF. NOTWITHSTANDING THE FOREGOING, THE RELEASING PARTIES DO NOT WAIVE OR RELEASE ANY RIGHTS (I) BASED UPON, ARISING OUT OF OR RELATING TO RIGHTS IN FAVOR OF THE RELEASING PARTIES CREATED PURSUANT TO THE TERMS OF THIS AGREEMENT AND ANY AGREEMENT ENTERED IN CONNECTION WITH THIS AGREEMENT OR (II) UNDER THE INDEMNIFICATION AND EXCULPATION PROVISIONS CONTAINED IN THE TARGET'S ORGANIZATIONAL DOCUMENTS OR UNDER ANY EMPLOYMENT OR INDEMNIFICATION AGREEMENT OR INSURANCE POLICY.

(u) *Guarantor*. Parent hereby fully, unconditionally and irrevocably guarantees Buyer's obligations under Section 2 of this Agreement, as and when due, all in accordance with the terms of this Agreement. Parent hereby acknowledges that, this guaranty shall be a guaranty of payment and performance and not of collection and shall not be conditioned or contingent upon the pursuit of any remedies against the Buyer and that a separate action may be brought against Parent whether or not an action is commenced against Buyer under this Agreement. Parent hereby waives diligence, demand of payment, filing of claims with a court in the event of a merger or bankruptcy of the Buyer, any right to require a proceeding first against the Buyer, the benefit of discussion, protest or notice and all demands whatsoever, and covenants that this guaranty will not be discharged as to any obligation except by satisfaction of such obligation in full. To the fullest extent permitted by law, the obligations of Parent hereunder shall not be affected by (a) the failure of a party to assert any claim or demand or to enforce any right or remedy against the Buyer pursuant to the provisions of this Agreement or otherwise, (b) any rescission, waiver, amendment or modification of, or any release from any of the terms or provisions of this Agreement, whether or not Parent received notice of or consented to the same, and Parent waives all need for notice of the same, unless consented to in writing by the Sellers and (c) any change in the existence (corporate or otherwise) of the Buyer or Parent or any insolvency, bankruptcy, reorganization or similar proceeding affecting any of them or their assets. Notwithstanding anything herein to the contrary, in any action commenced by Seller to enforce this guaranty, Parent shall be entitled, in relation to the foregoing, to any and all of the rights, defenses and equities to which Buyer would be entitled in respect of such guaranteed obligations.

(v) *No Other Representations; Non-Reliance*. Notwithstanding anything contained in this Agreement to the contrary, each of Parent and Buyer acknowledges and agrees (i) that no Seller or Target is making any representations or warranties whatsoever, express or implied, beyond those expressly set forth in this Agreement (as modified by the Disclosure Schedule), and (ii) that Parent and Buyer are entering into and consummating the transactions contemplated hereby solely based upon and subject to (and neither Parent nor Buyer has relied on any other representations or warranties other than) the specific representations and warranties of Sellers and Targets set forth in this Agreement (as modified by the Disclosure Schedule).

(w) *No Conflict*.

(i) Each of the Parties, for itself and its Affiliates, (i) hereby confirms that no engagement that Cooley LLP (the "*Pre-Closing Counsel*") has undertaken or may undertake on behalf of any of the Targets, any of the Sellers or any of their respective current or former equity holders, the Sellers' Agent, or any of their respective Affiliates (the "*Continuing Clients*") will be asserted by any of the Targets, Parent or Buyer either as a conflict of interest with respect to, or as a basis to preclude, challenge or otherwise disqualify Pre-Closing Counsel from, any current or future representation of any of the Continuing Clients, and (ii) hereby waives any conflict of interest that exists on or prior to the Closing, or that might be asserted to exist after the Closing, and any other basis that might be asserted to preclude, challenge or otherwise disqualify Pre-Closing Counsel in any continuing or post-Closing representation of any of the Continuing Clients.

(ii) Each of Parent, Buyer, Sellers and the Targets, for itself and its Affiliates, hereby irrevocably acknowledges and agrees that all communications and attorney work-product documentation between or among any of the Continuing Clients, on the one hand, and Pre-Closing Counsel, on the other hand, made in connection with the negotiation, preparation, execution, delivery and performance under, or any dispute or Action arising out of or relating to, this Agreement, any agreements contemplated by this Agreement or the transactions contemplated hereby, or any matter relating to any of the foregoing (collectively, " *Protected Material*"): (i) are privileged and confidential communications and documentation between or among one or more of the Continuing Clients and such counsel; (ii) shall be deemed to belong solely to the Continuing Clients; and will not pass to, be claimed, held or used by or become, following the Closing, an asset or property of Parent, Buyer or its Affiliates (including any of the Targets). From and after the Closing, (A) none of Parent, Buyer, any Target nor any Person purporting to act on behalf of or through Parent, Buyer, Seller or any Target, or any of their respective Affiliates, will seek to obtain Protected Material by any process, (B) each of Parent, Buyer, Seller and each Target, on behalf of itself and its Affiliates, irrevocably waives and will not assert against any of the Continuing Clients, or against any manager, director, member, partner, officer, employee or affiliate of any of the Continuing Clients, any attorney-client privilege, or any right to discover or obtain information or documentation, with respect to any communication relating to this Agreement, any agreements contemplated by this Agreement or the transactions contemplated hereby, between Pre-Closing Counsel, on the one hand, and either any of the Continuing Clients,

on the other hand, occurring prior to the Closing in connection with any representation from and after the Closing.

(iii) Notwithstanding the foregoing, none of the Parties hereby waive any attorney-client privilege, including relating to the negotiation, documentation and consummation of the transactions hereby, in connection with any third-party private or governmental adversarial investigation, proceeding, or litigation.

(iv) Upon and after the Closing, none of Parent, Buyer or their Affiliates (including, after the Closing, the Targets) shall have any right of access to any communications or to the files of Pre-Closing Counsel relating to any Protected Material. Without limiting the generality of the foregoing, (i) only Continuing Clients and their respective Affiliates (and not Parent, Buyer or their Affiliates (including, after the Closing, the Targets)) shall be the sole holders of the attorney-client privilege with respect to such communications and files, and (ii) Pre-Closing Counsel, shall have no duty to reveal or disclose any attorney-client communications, work product or files to Parent, Buyer or their Affiliates (including, after the Closing, the Targets) by reason of any pre-Closing attorney-client relationship between such counsel and any of the Continuing Clients or their respective Affiliates.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the date first above written.

PARENT:

TerrAscend Corp.
a corporation incorporated under the Ontario Business Corporations Act

/s/ *Matthew Johnson*
By: Matthew Johnson
Title: President, TerrAscend Corp.

BUYER:

WDB Holding PA, Inc.
a Delaware corporation

/s/ *Matthew Johnson*
By: Matthew Johnson
Title: President, WDB Holding PA, Inc.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the date first above written.

SELLERS:

Ilera Holdings LLC
a Pennsylvania limited liability company

/s/ *Lisa Gray*
By: Lisa Gray
Title: Manager

Mera I LLC
a Maryland limited liability company

/s/ *Myles Norin*
By: Myles Norin
Title: Sole Member

Mera II LLC
a Maryland limited liability company

/s/ *Matt Turner*
By: Matt Turner
Title: Sole Member

SELLERS' AGENT:

/s/ *Osagie Imasogie*
Osagie Imasogie

Exhibit A—Financial Statements*
Exhibit B—Form of Agreement*

Exhibit C—Working Capital Statement*
Exhibit D – Budget*

Schedule A – Allocation of Purchase Price amongst Sellers*
Schedule B – Allocation of Purchase Price for Tax Purposes*

Annex I—Exceptions to Buyer's Representations and Warranties Concerning Transaction* Annex II – Exceptions to Parent's Representations and Warranties Concerning Transaction*

Disclosure Schedule—Exceptions to Representations and Warranties Concerning Sellers and Targets*

*All Exhibits, Schedules, Annexes and the Disclosure Schedule have been redacted.

Exhibit 2.5

CERTAIN CONFIDENTIAL INFORMATION (MARKED BY BRACKETS AS "[***]") HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED.

EXECUTION COPY

SECURITIES PURCHASE AGREEMENT

By and Among

Gravitas Nevada Ltd ("Gravitas"),

Verdant Nevada LLC ("Verdant")

Green Ache'rs Consulting Limited ("Green Ache'rs," and together with Verdant, "Sellers")

Terrascend Corp. ("Parent")

and

WDB Holding NV, Inc. ("Buyer")

February 10, 2019

SECURITIES PURCHASE AGREEMENT

This Securities Purchase Agreement (this "Agreement"), dated as of February 10, 2019, is entered into by and among Gravitas Nevada Ltd, a Nevada limited liability company ("Gravitas"), Verdant Nevada LLC, a Nevada limited liability company ("Verdant"), Green Ache'rs Consulting Limited, a Nevada limited liability company ("Green Ache'rs") (Verdant and Green Ache'rs are each a "Seller" and collectively the "Sellers"), TerrAscend Corp., a corporation incorporated under the Ontario Business Corporations Act ("Parent"), and WDB Holding NV, Inc., a Delaware corporation, and an indirect wholly-owned subsidiary of Parent ("Buyer").

RECITALS

WHEREAS, Gravitas is engaged in the business of cultivating, processing, packaging and dispensing cannabis and cannabis-related products in Nevada (the "Business");

WHEREAS, Sellers own 100% of the issued and outstanding limited liability company interests (the "Gravitas Units") of Gravitas.

WHEREAS, Sellers desire to sell to Buyer, and Buyer desire to purchase from Sellers, the Gravitas Units;

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS

Section 1.01 **Defined Terms**. The following terms have the meanings specified or referred to in this Article I:

(a) "Action" means any claim, action, cause of action, Product Claim, demand, lawsuit, arbitration, inquiry, audit, notice of violation, proceeding, litigation, citation, deficiency notice, summons, subpoena or investigation of any nature, civil, criminal, administrative, regulatory or otherwise, whether at law or in equity.

(b) "Affiliate" means, with respect to any specified Person, any other Person who, directly or indirectly, controls, is controlled by, or is under common control with such Person, including, without limitation, any general partner, managing member, officer or director of such Person or any venture capital fund now or hereafter existing that is controlled by one or more general partners or managing members of, or shares the same management company with, such Person.

(c) "Base Escrow" means US$[***], in cash, available to satisfy indemnification owed by the Sellers and Seller Principals to Buyer Indemnified Parties under Section 9 of this Agreement. The Base Escrow amount will be calculated at closing and equal 7.5% of the Purchase Price pursuant to Section 2.02.

(d) "Business Day" means any day except Saturday, Sunday or any other day on which commercial banks located in Las Vegas, Nevada or Toronto, Ontario are authorized or required by Law to be closed for business.

(e) "Buyer and Parent Fundamental Representations" means the representations and warranties of Buyer and Parent in Sections 5.01, 5.02, 5.03, 5.06, 5.07 and 5.09

(f) "Canadian Securities Laws" means, collectively, the applicable securities legislation and related rules, regulations, instruments and published policy statements of each of the applicable Provinces and Territories of Canada.

(g) "Cannabis Licenses" means

(i)the operational State of Nevada Medical Marijuana Dispensary Registration Certificate issued to The Apothecarium by the Nevada Department of Taxation, Certificate Number [***],

(ii)the operational State of Nevada Retail Marijuana Store License issued to The Apothecarium by the Nevada Department of Taxation, License Number [***],

(iii)the operational State of Nevada Medical Marijuana Cultivation Registration Certificate issued to Gravitas by the Nevada Department of Taxation, Certificate Number [***],

(iv)the operational State of Nevada Marijuana Cultivation Facility License issued to Gravitas by the Nevada Department of Taxation, License Number [***],

(v)the operational State of Nevada Medical Marijuana Production Registration Certificate issued to Gravitas by the Nevada Department of Taxation, Certificate Number [***],

(vi)the operational State of Nevada Marijuana Product Manufacturing License issued to Gravitas by the Nevada Department of Taxation, License Number [***],

(vii) the operational Limited Business License issued to Gravitas by Clark County, Nevada, License Number [***],

(viii) the operational Limited Business License issued to Gravitas by Clark County, Nevada, License Number [***],

(ix) the conditional marijuana establishment distributor license issued to Gravitas by the Nevada Department of Taxation, and

(x) each other Permit issued to Gravitas by any Governmental Authority in connection therewith.

(h) "Code" means the Internal Revenue Code of 1986, as amended.

(i) "Contracts" means all contracts, leases, deeds, mortgages, licenses, instruments, notes, commitments, undertakings, indentures, joint ventures and all other agreements, commitments and legally binding arrangements, whether written or oral.

(j) "Controlled Substances Act" means Title 21 of the United States Code, Chapter 13 §801 *et seq.*

(k) "CSE" means the Canadian Securities Exchange.

(l) "Data Laws" means Laws, regulations, guidelines, and rules in any jurisdiction (federal, state, local, and non-U.S.) applicable to data privacy, data security, and/or personal information, including the Federal Trade Commission's Fair Information Principles, as well as industry standards applicable to Gravitas.

(m) "Encumbrance" means and includes:

(i)with respect to any personal property, any intangible property or any property other than Real Property, any security or other property interest or right, claim, lien, pledge, option, charge, security interest, contingent or conditional sale, or other title claim or retention agreement or lease or use agreement in the nature thereof, interest or other right or claim of third parties, whether voluntarily incurred or arising by operation of Law, and including any agreement to grant or submit to any of the foregoing in the future; and

(ii)with respect to any Real Property (whether and including owned real estate or leased real estate), any mortgage, lien, easement, interest, right of way, condemnation or eminent domain proceeding, encroachment, any building, use or other form of restriction, encumbrance or other claim (including adverse or prescriptive) or right of third parties (including any Governmental Authority), any lease or sublease, boundary dispute, and agreements with respect to any real property including: purchase, sale, right of first refusal, option, construction, building or property service, maintenance, property management, conditional or contingent sale, use or occupancy, franchise or concession, whether voluntarily incurred or arising by operation of Law, and including any agreement to grant or submit to any of the foregoing in the future.

(n) "Environmental Laws" means any and all Laws relating to any of the following: (a) pollution or the protection of the environment (including, without limitation, air, surface water, ground water and land); (b) solid, gaseous or liquid waste generation, treatment, storage, disposal or transportation of Hazardous Materials; (c) exposure to Hazardous Materials; or (c) manufacture, processing, treatment, distribution, use, storage, transportation, emission, disposal or release of Hazardous Materials, each as in effect on and as interpreted as of the date hereof and on the Closing Date. Without limiting the generality of the foregoing, Environmental Laws shall include all of the following (in effect on the date hereof and on the Closing Date): (1) the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 (codified at Title 42 U.S.C. Sections 9601 *et seq.*); as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 USCA §9601 *et seq.*; (2) the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, as amended by the Hazardous and Solid Waste Amendments of 1984, 42 USCA §6901 *et seq.*; (3) the Federal Water Pollution Control Act Amendments of 1972, as amended by the Clean Water Act of 1977, 33 USCA §1251 *et seq.*; (4) the Toxic Substances Control Act of 1976, 15 USCA §2601 *et seq;* (5) the Emergency Planning and Community Right-to-Know Act of 1986, 42 USCA §11001 *et seq*; (6) the Clean Air Act of 1966, as amended by the Clean Air Act Amendments of 1990, 42 USCA §7401 *et seq*; (7) the National Environmental Policy Act of 1970, 42 USCA §4321 *et seq.*; (8) the River and Harbors Act of 1899, 33 USCA §401 *et seq.*; (9) the Endangered Species Act of 1973, 16 USCA §1531 *et seq.*; (10) the Occupational Safety and Health Act of 1970, 29 USCA §651 *et seq.*; (11) the Safe Drinking Water Act of 1974, 42 USCA §300f *et seq.*; (12) the Hazardous Materials Transportation Act, 49 USCA App. §5101 *et seq*.; (13) the Nevada Water Pollution Control Law, NRS 445A.300 *et seq.*; (14) the Nevada Pesticides Act, NRS 586.010 *et seq.* and (15) any and all regulations adopted with respect to the foregoing Laws, and all similar federal, state and local environmental statutes and ordinances and the regulations, orders and decrees now promulgated.

(o) "Escrow Agent" means Global Loan Agency Services Limited, dba GLAS.

(p) "Escrow Amount" means the Base Escrow plus the Tax Escrow.

(q) "Exchange Act" means the Securities Exchange Act of 1934.

(r) "Fundamental Representations" means, with respect to Sellers and Gravitas, the representations and warranties in Article III, and Sections 4.01, 4.02, 4.03, 4.06(a), 4.06(b), 4.18, and 4.22.

(s) "GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the accounting profession), or in such other statements by such entity as may be in general use by significant segments of the U.S. accounting profession, which are applicable to the facts and circumstances on the date of determination.

(t) "Governmental Authority" means any country, state, provincial, territorial, commonwealth, city, town, township, borough, village, district, territory or other political subdivision thereof; any federal, state, provincial, territorial, local, municipal, foreign or other government or governmental, quasi-governmental or other regulatory authority of any nature (including any agency, branch, department, board, commission, court, tribunal or other entity exercising governmental or quasi-governmental powers); any multinational organization or body; any body exercising, or entitled or purporting to exercise, any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power, including any arbitrator; any self-regulatory or professional or trade organization having authority to regulate the Business, including the Nevada Department of Taxation, the CSE, or any instrumentality or official of any of the foregoing.

(u) "Gravitas Intellectual Property" means any and all of the following: (a) all names used by Gravitas and the Business, including corporate and fictitious names, trade names, domain names, registered and unregistered trademarks, service marks and applications therefor, and all logos, slogans and other trade dress and commercial symbols with which the goodwill of Gravitas or any of its services may be associated, and all translations, adaptations, derivations and combinations thereof and all applications, registrations and renewals in connection therewith, together with all goodwill associated therewith; (b) all inventions, discoveries and all other developments and works of any kind (whether or not patentable, whether or not complete and whether or not recorded in writing or any other form or medium or reduced to practice), and all patents, patent applications and inventions and discoveries (or reduced to practice), all improvements thereto, and all patents, patent applications and patent disclosures, together with all reissuances, continuations, continuations in part, revisions, extensions and reexaminations thereof; (c) all copyrightable works, copyrights and applications, registrations and renewals thereof (including with respect to software, marketing materials, business plans or instructional or training materials), and all derivative works therefrom; (d) mask works and all applications, registrations and renewals in connection therewith; (e) computer software (including all versions thereof), including source code, object, executable and binary code, objects, comments, screens, user interfaces, report formats, templates, menus, buttons and icons and all files, data, materials, manuals, design notes and other items and documentation related to any of the foregoing; (f) web sites, web site domain names and other e-commerce assets and resources of any kind or nature; (g) trade secrets and confidential information and proprietary rights, including ideas, concepts, methods, plans, business models, strategies, processes, technology, know-how and the like, and including all proprietary compilations of data (such as customer lists, prospect lists or supplier lists) whether or not the individual elements or items are confidential or proprietary; (h) all other intellectual property and proprietary rights of any kind, nature or description; (i) all proprietary recipes, formulas, manufacturing processes, packaging and labeling relating to the Products; (j) contents of all diagrams, schematics, algorithms, formulae, plans, graphics, designs, mats, plates, negatives, films, blueprints, drawings, sketches and other renderings or tangible embodiments of any of the foregoing (in whatever form or medium) and (k) all goodwill associated with the foregoing.

(v) "Gravitas Transaction Expenses" means (a) the fees and expenses owed by a Seller or Gravitas to their investment bankers, attorneys, accountants and other professionals payable in connection with this Agreement or the consummation of the transactions contemplated hereby, (b) the aggregate amount of any transaction bonuses or similar payments owed by Gravitas to any director, officer or employee of Gravitas triggered by the consummation of such transactions (including both the employer and employee portions of all employment, payroll and withholding Tax obligations relating to or arising from such bonuses or payments) and (c) the aggregate amount of management fees, loans, transaction fees, sale bonuses or similar payments owed by Gravitas to a Seller that are unpaid as of, or are triggered by, the consummation of such transactions, in the case of each of the foregoing clauses (a), (b) and (c), regardless of whether such fees, expenses or other amounts are due and payable as of the Closing.

(w) "Hazardous Material" means (a) those substances included within the definitions of "hazardous substances," "hazardous materials," "toxic substances," or "solid waste" (or words of similar intent or meaning) under applicable Environmental Law including, without limitation, CERCLA, RCRA, and the Hazardous Materials Transportation Act, 49 U.S.C. Sections 5101 et seq. as amended, and in the regulations promulgated pursuant to said laws; (b) those chemicals known to cause cancer or reproductive toxicity, as published pursuant to the Safe Drinking Water and Toxic Enforcement Act of 1986, Sections 25249.5 et seq. of the Health & Safety Code as amended; (c) those substances listed in the United States Department of Transportation Table (49 CFR 172.101 and amendments thereto) or by the Environmental Protection Agency (or any successor agency) as hazardous substances (40 CFR Part 302.4 and amendments thereto); (d) any material, waste or substance which is (i) petroleum, (ii) asbestos, (iii) polychlorinated biphenyls, (iv) designated as a "hazardous substance" pursuant to Section 311 of the Clean Water Act, 33 U.S.C. Section 1251 et seq. (33 U.S.C. Section 1321) or listed pursuant to Section 307 of the Clean Water Act (33 U.S.C. Section 1317); (v) flammable explosives; (vi) radioactive materials or substances; or (vii) mold, spores or fungus; and (e) such other substances, materials and wastes which are regulated, as of the date hereof or the Closing Date, as hazardous, toxic or radioactive under applicable local, state or Federal law, or which are classified as hazardous, toxic or radioactive under any Environmental Law.

(x) "Indebtedness" means, with respect to Gravitas, without duplication: (i) all liabilities for borrowed money, whether current or funded; (ii) all obligations evidenced by a note, bond, debenture, letter of credit, draft or similar instrument; (iii) that portion of obligations with respect to capital leases, if any, that is properly classified as a liability on a balance sheet; (iv) all other obligations of Gravitas, other than Permitted Accounts Payable; (v) notes payable and drafts accepted representing extensions of credit; (vi) any obligation owed for all or any part of the deferred purchase price of property or services, unless otherwise included as a current liability in the Working Capital adjustment described below; (vii) all obligations of Gravitas to its members or managers; (viii) all Tax obligations of Gravitas (including any amounts under audit by any tax authority); (ix) any amounts, fines, penalties or claims asserted against Gravitas by any Governmental Authority; (x) all interest on the items set forth in (i) through (ix) above; (xi) any guarantees of indebtedness of any other person; (xii) all indebtedness and obligations of the types described in the foregoing clauses (i) through (xi) above to the extent secured by any lien on any property or asset owned or held by Gravitas, regardless of whether the indebtedness secured thereby shall have been assumed by Gravitas or is nonrecourse to the credit of Gravitas.

(y) "Inventory" means all inventory of or relating to the Business (including, without limitation, raw materials, work in process, packaging, ingredients, finished goods, merchandise and supplies).

(z) "Key Personnel" means the Persons identified on Schedule III.

(aa) "Law" means any statute, law, ordinance, regulation, rule, code, order, constitution, treaty, common law, judgment, decree, other requirement or rule of law of any Governmental Authority, but does not include any United States federal law to the extent such federal law or treaty would be violated, or protections under such law would be unavailable to a party, as a result of operating or owning a state licensed cannabis business in compliance with Nevada law.

(bb) "Liabilities" means any liabilities, obligations or commitments of any nature whatsoever, asserted or unasserted, known or unknown, absolute or contingent, accrued or unaccrued, matured or unmatured, or otherwise.

(cc) "Material Adverse Effect" means any event, change, development or occurrence that, individually or together with any other event, change, development or occurrence, has had, or reasonably would be expected to have, a material adverse effort on Gravitas' Business, results of operations, properties, assets or conditions (whether financial or otherwise), Permits, relations with customers, any material asset, Key Personnel or prospects, whether long-term or short-term, whether or not anticipated, except for the effects of changes in the general economy that do not impact Gravitas disproportionately relative to other Persons of comparable size in Gravitas' industry.

(dd) "Non-Foreign Certificate" shall mean a duly executed non-foreign affidavit, dated as of the Closing Date, sworn under penalty of perjury and in form and substance required under the Treasury Regulations issued pursuant to Section 1445 of the Code, and reasonably acceptable to Buyer, stating that the Person issuing such affidavit is not a "foreign person" as defined in Section 1445 of the Code.

(ee) "Operating Agreement" shall mean the Amended and Restated Operating Agreement of Gravitas Nevada Ltd., effective September 24, 2015 by and among Gravitas and Sellers.

(ff) "Order" means any order, writ, judgment, injunction, decree, stipulation, assessment, determination or award entered by or with any Governmental Authority.

(gg) "Parent Disclosure Record" means all documents publicly filed under the profile of the Parent on SEDAR since January 1, 2018.

(hh) "Parent Shares" has the meaning set forth in Section 2.02.

(ii) "Permit" means any permit, license, franchise certificate, consent, accreditation and other authorization of a Governmental Authority.

(jj) "Permitted Accounts Payable" means normal and customary accounts payable of Gravitas incurred in connection with the Business.

(kk) "Person" means any individual, corporation, partnership, trust, limited liability company, association or other entity.

(ll) "Post-Closing Tax Period" means any taxable period beginning after the Closing Date and, with respect to any taxable period beginning before and ending after the Closing Date, the portion of such taxable period beginning after the Closing Date.

(mm) "Post-Closing Taxes" means Taxes of Gravitas or Seller for any Post-Closing Tax Period.

(nn) "Pre-Closing Tax Period" means any taxable period ending on or before the Closing Date and, with respect to any taxable period beginning before and ending after the Closing Date, the portion of such taxable period ending on and including the Closing Date.

(oo) "Pre-Closing Taxes" means Taxes of Gravitas or Seller for any Pre-Closing Tax Period.

(pp) "Product" means any product manufactured, distributed or sold by the Business.

(qq) "Proportionate Voting Shares" has the meaning set forth in Section 5.09.

(rr) "Real Property" means the real property owned, leased or subleased by Gravitas, together with all buildings, structures and facilities located thereon.

(ss) "Restricted Period" means the earlier of: (i) two (2) years after the Closing Date; or (ii) as to each Seller Principal, such earlier date, if any, that such Seller Principal is no longer employed by Gravitas or the Buyer, or any Affiliate thereof; provided, however, that the Seller Principal's employment was terminated without "cause" by the employer thereof, or for "good reason" by such Seller Principal; as the terms "cause" and "good reason" are defined in the respective Employment Agreements of each Seller Principal as required by Section 2.08 hereof.

(tt) "Securities Authorities" means the Ontario Securities Commission and any other applicable securities commission or securities regulatory authority of a province or territory of Canada.

(uu) "SEDAR" means the System for Electronic Document Analysis and Retrieval maintained on behalf of the Securities Authorities.

(vv) "Seller Principal" means Michael Thomsen, Ryan Hudson, Arion Luce, Anthony Shira, Daniel Wacks, and Barry Fieldman.

(ww) "Special Representations" means, with respect to Sellers and Gravitas, the representations and warranties in Article III, and Sections 4.01, 4.02, 4.03, 4.05, 4.06, 4.11, 4.18, 4.20, 4.21 and 4.22.

(xx) "Subsidiary" means a Person that is controlled directly or indirectly by another Person and includes a Subsidiary of that Subsidiary. A Person is considered to "control" another Person if: (i) the first Person beneficially owns or directly or indirectly 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.

(yy) "Taxes" means all federal, state, local, provincial, foreign and other income, gross receipts, sales, use, production, ad valorem, transfer, franchise, registration, profits, license, lease, service, service use, withholding, payroll, excise, employment, unemployment, estimated, excise, severance, environmental, stamp, occupation, premium, property (real or personal), real property gains, windfall profits, customs, duties or other taxes, fees, assessments or charges of any kind whatsoever, together with any interest, additions or penalties with respect thereto and any interest in respect of such additions or penalties, whether or not disputed, and including any obligations to indemnify or otherwise assume or succeed to the Tax liabilities of any other Person.

(zz) "Tax Escrow" means US$[***] available to satisfy indemnification amounts owed by the Sellers and Seller Principals to Buyer Indemnified Parties

under Section 9.02(d) and 9.02(e) of this Agreement (claims relating to Taxes).

(aaa) "Tax Return" means any return, declaration, report, claim for refund, information return, or statement or other document relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

Section 1.02 **Table of Definitions**. The following terms have the meanings set forth in the Sections referenced below:

Advance	Section 2.05(a)
Agreement	Preamble
Balance Sheet	Section 4.10
Balance Sheet Date	Section 4.10
Buyer Disclosure Schedule	Article V
Business	Recitals
Buyer	Preamble
Buyer Indemnified Parties	Section 9.02
Cash Consideration	Section 2.02(a)
Closing	Section 2.07
Closing Adjustment	Section 2.03(b)(i)(3)
Closing Date	Section 2.07
Closing Date Proceeds	Section 2.08(c)(iv)(4)
Closing Indebtedness Schedule	Section 2.04(a)
Closing Working Capital	Section 2.03(b)(i)(2)
Closing Working Capital Statement	Section 2.03(b)(i)
Common Shares	Section 5.09
Company Assets	Section 4.09(a)
Company Owner	Section 3.05(a)
Company Transaction Expense Schedule	Section 2.04(b)
Debt Payoff Letters	Section 2.04(a)
Deposit	Section 2.06(b)
Direct Claim	Section 9.05(c)
Disputed Amounts	Section 2.03(c)(iii)
Earn-Out Payment	Section 2.05(a)
Escrow Agent Fee	Section 2.06(a)
Estimated Closing Adjustment	Section 2.03(a)(ii)
Estimated Closing Working Capital	Section 2.03(a)(i)(2)

Estimated Closing Working Capital Statement	Section 2.03(a)(i)
Exchangeable Shares	Section 5.09
Facilities	Section 4.21
Financial Statements	Section 4.10
Gravitas Assets	Section 4.09(a)
Gravitas Disclosure Schedule	Article IV
Gravitas Transaction Expense Schedule	Section 2.04(b)
Indemnified Party	Section 9.05(a)
Indemnifying Party	Section 9.05(a)
Independent Accountant	Section 2.03(c)(iii)
Interim Financial Statements	Section 4.10
IP License	Section 4.06(c)
Leases	Section 4.09(c)
Local Licenses	Section 2.08(a)(iii)
Loss	Section 9.02
Material Contract	Section 4.07
Nevada Approval	Section 7.04(c)
NRS	Section 3.05(c)(i)
Parent	Preamble
Parent Shares	Section 2.02(b)
PCB	Section 4.21
Permit Litigation	2.05(a)
Physical Inventory	Section 2.03(a)(i)(2)
Preferred Shares	Section 5.09
Product Claim	Section 4.20(a)
Proportionate Voting Shares	Section 5.09
Purchase Price	Section 2.02
Recalls	Section 4.20(a)
Released Claims	Section 11.02(a)
Released Party	Section 11.02(a)
Releasing Party	Section 11.02(a)
Remaining Earn-Out Payment	Section 2.05(a)
Resolution Period	Section 2.03(c)(ii)
Reverse Termination Fee	Section 10.03
Review Period	Section 2.03(c)(i)
Rules	Section 12.13
San Francisco Companies	Section 8.02(k)
Seller	Preamble

Sellers Majority	Section 12.01(a)
SF SPA	Section 8.02(k)
Statement of Objections	Section 2.03(c)(ii)
Straddle Period	Section 6.02
Supplemental Disclosure Schedule	Section 7.03(c)
Target Working Capital	Section 2.03(a)(ii)
Third Party Claim	Section 9.05(b)

Transaction Agreements	Section 4.01(b)
Unaudited Financial Statements	Section 4.10
Units	Recitals
Working Capital	Section 2.03(a)

ARTICLE II

PURCHASE AND SALE

Section 2.01 **Purchase and Sale**. Subject to the terms, conditions, representations and warranties, covenants and other agreements of the Parties set forth within this Agreement, at the Closing (as defined herein) Sellers shall sell to Buyer, and Buyer shall purchase from Sellers, all of the Gravitas Units, free and clear of any Encumbrance, for the consideration specified in Section 2.02.

Section 2.02 **Consideration**. Subject to adjustment pursuant to Section 2.03 and 2.04 hereof, the aggregate purchase price of US$[***](the "Purchase Price") to be paid by Buyer to the Sellers at the Closing for Gravitas Units shall consist of the following:

(a) US Thirty-Three Million Five Hundred Thousand Dollars (US $33,500,000) in cash (the "Cash Consideration"); and

(b)subject to compliance with securities laws and the policies of the CSE, 625 Proportionate Voting Shares of Parent (the " Parent Shares"), with an aggregate issuance price equivalent to US$[***] (based on the daily average exchange rate reported by the Bank of Canada on the day prior to the date of issuance). The number of Parent Shares to be issued hereunder will be adjusted to take into effect any stock dividend, stock split, subdivision, combination, reclassification or similar non-dilutive event (the "Event") affecting the Proportionate Voting Shares prior to Closing, with the Parent Shares to be issued hereunder at Closing representing the same percentage of the outstanding Proportionate Voting Shares as they did immediately prior to the Event.

(c)The Purchase Price (consisting of the Cash Consideration and the Parent Shares, and as adjusted by the Escrow Amount) shall be allocated among the Sellers as follows: 60% to Green Ache'rs, and 40% to Verdant.

(d)US$[***] constituting the Escrow Amount shall be withheld from the Cash Consideration and deposited with the Escrow Agent in the manner identified in Section 2.06 hereafter.

Section 2.03 **Purchase Price Adjustment**.

(a) Closing Adjustments.

(i)At least five (5) Business Days before the Closing, Sellers shall prepare and deliver to Buyer a statement (the " Estimated Closing Working Capital Statement"), which statement shall be prepared in accordance with GAAP and this Agreement and contain, in each case as of the Closing Date:

(1) an estimated balance sheet of Gravitas (without giving effect to the transactions contemplated hereby), and

(2) an estimate of the Working Capital as of the Closing Date (the "Estimated Closing Working Capital").

For purposes hereof, "Working Capital" shall mean the excess of Gravitas' current assets, including cash and cash equivalents, over Gravitas' current liabilities (excluding Taxes), as determined in accordance with GAAP applied on a consistent basis with Gravitas' Financial Statements, without giving effect to the consummation of the transactions contemplated by this Agreement, and adjusted to exclude Gravitas accounts receivable aged beyond 90 days of invoice date. The inventory component of the Working Capital shall be determined by Buyer and Gravitas jointly conducting a physical count of the Inventory as proximate to the Closing Date as practicable, which amount shall be adjusted to reflect sales, the production of finished goods, the purchase of raw materials and other transactions between the time of such physical count and the Effective Time using standard accounting cutoff procedures to arrive at a value which shall be deemed the physical inventory as of the Closing Date ("Physical Inventory").

(ii) The "Estimated Closing Adjustment" shall be an amount equal to the Estimated Closing Working Capital minus $1,610,000 (the "Target Working Capital"). If the Estimated Closing Adjustment is a positive number, the Cash Consideration shall be increased by the amount of the Estimated Closing Adjustment. If the Estimated Closing Adjustment is a negative number, the Cash Consideration shall be reduced by the amount of the Estimated Closing Adjustment.

(b) Post-Closing Adjustment.

(i)Not later than ninety (90) days after the Closing Date, Buyer shall prepare and deliver to Sellers a statement (the " Closing Working Capital Statement"), which statement shall be prepared in accordance with GAAP applied on a basis consistent with the calculation of the Estimated Closing Working Capital and contain:

(1) an unaudited balance sheet of Gravitas (without giving effect to the transactions contemplated hereby) as of the Closing Date;

(2)a calculation of the Working Capital (which shall take into account the results of the Physical Inventory) as of the Closing Date ("Closing Working Capital"); and

(3) the resulting Closing Adjustment, which shall be an amount equal to the Closing Working Capital minus Target Working Capital.

(c) Examination and Review.

(i) Examination. After receipt of the Closing Working Capital Statements, Sellers shall have thirty (30) days (the "Review Period") to review each Closing Working Capital Statement. During the Review Period, the Sellers and their representatives will have access to the books and records of Gravitas, to the extent that such books and records are necessary to verify the amounts set forth in the Closing Working Capital Statements, as Sellers may reasonably request for the purpose of reviewing and analyzing the Closing Working Capital Statements and to prepare a Statement of Objections (as hereafter defined), provided that, such access shall be in a manner that does not unreasonably interfere with the normal business operations of the Gravitas.

(ii) Objection. On or prior to the last day of the Review Period, Sellers may object to any Closing Working Capital Statement by delivering to Buyer a written statement setting forth Sellers' objections in reasonable detail, indicating by Company each disputed item or amount and the basis for Sellers disagreement therewith (a "Statement of Objections"). If Sellers fail to deliver a Statement of Objections before the expiration of the Review Period, then each Closing Working Capital Statement and each corresponding Closing Adjustment (as defined above) reflected in the Closing Working Capital Statements shall be deemed to have been accepted by Sellers. If Sellers deliver a Statement of Objections before the expiration of the Review Period, Sellers and Buyer shall negotiate in good faith to resolve such objections within thirty (30) days after the delivery of a Statement of Objections (the "Resolution Period"), and, if the same are so resolved within the Resolution Period, the Closing Adjustment and the Closing Working Capital Statements, with such changes as may be agreed in writing by Sellers and Buyer, shall be final and binding.

(iii) Resolution of Disputes. If Sellers and Buyer fail to reach an agreement with respect to all of the matters set forth in the Statement of Objections before expiration of the Resolution Period, then any amounts remaining in dispute ("Disputed Amounts") shall be submitted for resolution to an impartial nationally recognized firm of independent certified public accountants appointed by mutual agreement of Buyer and Sellers (the "Independent Accountant") who, acting as experts and not arbitrators, shall resolve the Disputed Amounts only and make any corresponding adjustments to the Closing Adjustment, as the case may be, and Closing Working Capital Statement. The parties hereto agree that all adjustments shall be made without regard to materiality. The Independent Accountant shall only decide the specific items under dispute by the parties and its decision for each Disputed Amount must be within the range of values assigned to each such item in the applicable Closing Working Capital Statement and the Statement of Objections, respectively.

(iv) Fees of the Independent Accountant. The fees and expenses of the Independent Accountant shall be paid by the party which is not the prevailing party. If any Disputed Amounts are submitted to the Independent Accountant, then, for purposes of this Section 2.03(c)(iv), Sellers shall be the prevailing party in such proceeding if a majority of the dollar amounts of the unresolved Disputed Amounts are decided by the Independent Accountant in favor of Sellers, and Buyer shall be the prevailing party if a majority of the dollar amounts of the unresolved Disputed Amounts are decided by the Independent Accountant in favor of Buyer (e.g., by way of example but not by way of limitation, if there are Two Hundred Thousand Dollars (US$200,000) of disputed items to be determined by the Independent Accountant and the Independent Accountant determines that Buyer's claims prevail with respect to One Hundred Twenty-Five Thousand Dollars (US$125,000) and Sellers' claims prevail with respect to Seventy-Five Thousand Dollars (US$75,000), then Buyer would be the prevailing party).

(v) Determination by Independent Accountant. The Independent Accountant shall make a determination as soon as practicable within thirty (30) days (or such other time as the parties hereto shall agree in writing) after its engagement, and its resolution of the Disputed Amounts and its adjustments to the Closing Working Capital Statement and/or the Closing Adjustment shall be conclusive and binding upon the parties hereto. Judgment on the award of the Independent Accountant may be entered by any court of competent jurisdiction.

(vi) Payments of Post-Closing Adjustment. Within ten (10) Business Days of acceptance of the applicable Closing Working Capital Statement or (y) if there are Disputed Amounts, then within ten (10) Business Days of the resolution described in clause (iii) above; either (1) Buyer shall pay to Sellers the aggregate amount by which the Closing Adjustment is greater (or less negative) than the Estimated Closing Adjustment, or (2) Sellers shall direct the Escrow Agent to pay to Buyer the amount by which the Closing Adjustment is less (or more negative) than the Estimated Closing Adjustment from the Escrow Amount. Payments under this Section 2.03(vi) to Sellers shall be made 60% to Green Ache'rs and 40% to Verdant and by wire transfer of immediately available funds. Buyer will also be entitled, at its sole option, to set-off any payment of the Closing Adjustment payable by Sellers against any future payment payable to Sellers, including the Earn-Out Payment. The obligations of Sellers set forth in this Section shall be joint and several.

(d) Adjustments for Tax Purposes. Any payments made pursuant to Section 2.03 shall be treated as an adjustment to the Purchase Price by the parties for Tax purposes, unless otherwise required by Law.

Section 2.04 Indebtedness and Gravitas Transaction Expenses.

(a)Sellers shall deliver to the Buyer at least three (3) business days prior to the Closing Date a schedule (the " Closing Indebtedness Schedule") that contains a complete and accurate statement of the amount of the Indebtedness owed by Gravitas as of the Closing Date, together with wire transfer instructions for the payoff of the Indebtedness and payoff letters from each payee (the "Debt Payoff Letters") in form, scope and substance acceptable to Buyer stating the full amount of the outstanding Indebtedness due to such payee as of the Closing Date (including any applicable *per diem* amounts) and any applicable payment instructions. At the Closing, Buyer shall pay in full (on behalf of Gravitas or Sellers) all Indebtedness reflected on the Closing Indebtedness Schedule by wire transfers of immediately available funds to the holders of such Indebtedness, such that on the Closing Gravitas has no Indebtedness.

(b) Gravitas Transaction Expenses. Sellers shall deliver to the Buyer at least three (3) business days prior to the Closing Date a schedule (the "Gravitas Transaction Expense Schedule") that contains a complete and accurate statement of the amount of all of Gravitas Transaction Expenses, together with wire transfer instructions for the payment of all Gravitas Transaction Expenses that will be unpaid as of the Closing Date. At the Closing, Buyer shall (on behalf of Gravitas and Sellers), or Sellers shall cause Gravitas to (and shall provide sufficient funds to Gravitas to enable it to), pay all Gravitas Transaction Expenses set forth on Gravitas Transaction Expense Schedule in accordance with the payment instructions set forth in Gravitas Transaction Expense Schedule.

(c)Closing Indebtedness and Gravitas Transaction Expenses remaining at Closing or paid by Buyer pursuant to this Section 2.04 shall be deducted from

Cash Consideration payable by Buyer to Sellers at Closing.

Section 2.05 Earn-Out Payment

(a) Earn-Out Payment. Sellers and Gravitas are currently contesting the decision of the Nevada Department of Taxation not to award Gravitas a Permit to operate a second retail cannabis dispensary in Nevada as the result of or based upon the license application RD238 filed with the Nevada Department of Taxation on January 4, 2019, in the lawsuit titled Serenity Wellness Center LLC et al. v. The State of Nevada Department of Taxation, Clark County District Court, Case #A-19-786962-B (the "Permit Litigation"). In the event that the Permit Litigation is successful and Gravitas is awarded a Permit to operate a second retail cannabis dispensary in Nevada prior to February 8, 2020, and such retail facility opens at a location acceptable to Buyer and Gravitas (the "New Facility"), Buyer will pay to Sellers an aggregate payment the ("Earn-out Payment") equal to the following: (i) $1,000,000 in cash,minus any fees, costs or expenses incurred by Buyer or Gravitas in connection with the Permit Litigation after the Closing Date (the difference, the "Advance") and, (ii) once the New Facility has been open for commercial business for a consecutive 12 month period, an amount equal to (1) the product of (x) 1.25 times (y) Net Revenue generated by the New Facility minus (2) the Advance, minus (3) any capital or build out costs incurred by Buyer or Gravitas to develop or construct the New Facility and any fees, costs or expenses incurred by Buyer or Gravitas in connection with the Permit Litigation (if not otherwise deducted from the Earn-Out Payment made hereunder) (the "Remaining Earn-Out Payment"). For purposes of this Section 2.05, "Net Revenue" shall equal the gross revenues from operations of the New Facility during its first 12 months of operation, calculated by annualizing gross revenues from the fourth quarter of its operation, less actual discounts, allowances and spoilage incurred during the entire 12 month period.

(b) Control of Permit Litigation. For the avoidance of doubt, Sellers acknowledge and agree that (1) after the Closing, the right to control the Permit Litigation belongs solely to Gravitas and Buyer, and all decisions regarding such Permit Litigation will be made by Gravitas and Buyer in their sole discretion, without any requirement to obtain the input or consent of any Seller or Sellers; (2) nothing in this Agreement requires Buyer or Gravitas to continue Gravitas' participation in the Permit Litigation, or prevents or limits Buyer or Gravitas from dismissing or entering into a settlement regarding the Permit Litigation; (3) the right to an Earn-Out Payment shall only apply to the second retail dispensary identified in 2.05(a) above, regardless of how many Permits Gravitas may be awarded in the event the Permit Litigation is successful, and (4) nothing in this Agreement requires Buyer or Gravitas to operate in any particular manner to achieve the Earn-out Payment; provided, however, that Gravitas shall not, and Buyer shall cause Gravitas not to, take (or omit to take) any action the specific purpose of which is to adversely reduce the amount of any Earn-Out Payment payable to Sellers, if any, pursuant to this Section 2.05. In the event that after the Closing Buyer or Gravitas voluntarily elect to abandon the Permit Litigation (but not in the event Gravitas is unsuccessful, or the Permit Litigation is dismissed by the Clark County District Court over the objection of Gravitas), then Buyer will reimburse Sellers for the fees, costs or expenses incurred by Gravitas in connection with the Permit Litigation prior to the Closing Date in an amount not less than US$100,000 but not to exceed $150,000.

(c) Earn-Out Payment Procedure. Subject to compliance with Canadian securities legislation and the policies of the CSE, the Remaining Earn-out Payment, if any, will be paid 60% to Green Ache'rs and 40% to Verdant, as follows: 60% in cash, and 40% in Parent Shares based upon the 10 day weighted average price of TerrAscend common shares ending on the 2nd trading day prior to payment. The Advance will be due and payable on the 10th business day following the first third-party retail sale made from the New Facility; the Remaining Earn-out Payment, if any, will be due and payable on the ninetieth (90) day following completion of the New Facility's first 12 months of operation.

Section 2.06 Escrow.

(a) Escrow Amount. At Closing Buyer shall withhold from the Purchase Price and furnish to Escrow Agent the Escrow Amount. The Escrow Amount shall be held by the Escrow Agent in two separate funds; the first constituting the Base Escrow, in an amount equal to 7.5% of the Purchase Price, available to satisfy indemnification amounts owed by the Sellers and Seller Principals to Buyer Indemnified Parties under Section 9 of this Agreement, and a second fund, constituting the Tax Escrow, in the separate amount of $[***] less any credit balance of Gravitas with the US Department of Treasury Internal Revenue Service for overpayment of tax liabilities (currently estimated at $[***]) and available for use by Gravitas, which amount is available to satisfy indemnification amounts owed by the Sellers and Seller Principals to Buyer Indemnified Parties under Section 9.02(d) and 9.02(e) of this Agreement (claims relating to Taxes), each of which will be held and disbursed in accordance with the terms of the Escrow Agreement in substantially the form attached hereto (subject to the approval of the Escrow Agent) as Exhibit B. All fees and expenses of the Escrow Agent (the "Escrow Agent Fee") shall be paid 50% by Buyer and 50% by Sellers as provided in Section 2.08.

(b) Deposit. Upon the Closing under the SF SPA (as defined in 8.02(k) below), Buyer shall deposit with the Escrow Agent the sum of $3,000,000 as a good faith deposit towards the consummation of the transactions contemplated by this Agreement (the "Deposit"). Upon the Closing of the transactions under this Agreement, the Deposit, plus interest accrued thereon pursuant to the Escrow Agreement, shall be credited towards the Cash Consideration to be delivered by Buyer at Closing, and Sellers and Buyer shall execute a Joint Notice of Distribution authorizing and directing the Escrow Agent to pay the Deposit to Sellers in partial satisfaction of Buyer's payments required by Section 2.08(c)(iv). In the event this Agreement is terminated in a manner that gives rise to the payment of a Reverse Termination Fee under Section 10.03, then Sellers and Buyer shall execute a Joint Notice of Distribution authorizing and directing the Escrow Agent to pay from the Deposit to Sellers the Reverse Termination Fee in full satisfaction of the payments required under Section 10.03. In the event this Agreement is terminated but a Reverse Termination Fee is not required to be paid under Section 10.03, then the full amount of the Deposit shall be returned by Escrow Agent to Buyer, and Sellers shall upon request execute with Buyer a Joint Notice of Distribution authorizing and directing the Escrow Agent to release the Deposit to Buyer.

Section 2.07 Closing. Subject to the terms and conditions of this Agreement, the closing of the transactions contemplated by this Agreement (the "Closing") shall take place no later than two (2) Business Days after the last of the conditions to Closing set forth in Article VIII have been satisfied or waived (other than conditions which, by their nature, are to be satisfied on the Closing Date) at the offices of Fox Rothschild LLP, 1001 Fourth Avenue, Suite 4500, Seattle, WA 98154, or at such other time or on such other date or at such other place as Buyer and the Sellers may mutually agree upon in writing (the day on which the Closing takes place being the "Closing Date"). The consummation of the transactions contemplated by this Agreement shall be deemed to occur at 12:01 a.m. on the Closing Date.

Section 2.08 Closing Deliveries.

(a) Deliveries of Gravitas and the Sellers. At the Closing, Sellers shall deliver to Buyer the following:

(i) Evidence of termination of all of the agreements set forth on Schedule 2.08(a)(i) hereto;

(ii) Copies of all consents, approvals, waivers and authorizations referred to in Sections 3.02 and 4.04 of the Gravitas Disclosure Schedules;

(iii)Proof in form, scope and substance satisfactory to Buyer that each Permit is current, in good standing and may either continue to be held by Gravitas (and is not subject to termination or cancellation) following the Closing of the transactions contemplated hereby, or may be held by Buyer as of the Closing and is not subject to termination or cancellation, such that as of the Closing, Buyer has full right, title and interest in and to all licenses, Permits and Governmental Authorizations necessary to own and operate the Business, including without limitation the Cannabis Licenses (but subject to the obligation of Buyer to submit a new application to Clark

County, Nevada with respect to the issuance of replacement permits for Limited Business Licenses Nos. [***] and [***]) (the "Local Licenses");

(iv) Fully executed Employment Agreements between Gravitas and the Key Personnel in the form attached hereto as Exhibit C;

(v) The Escrow Agreement, in the form attached as Exhibit B, duly executed by the Sellers and Escrow Agent;

(vi) A fully executed assignment of the License Agreement dated April 1, 2014 between Verdant Nevada LLC and RHMT LLC, in form, scope and substance acceptable to Buyer;

(vii) A fully executed assignment of the License Agreement dated April 1, 2016 between Verdant Nevada LLC and ABI SF LLC, in form, scope and substance acceptable to Buyer;

(viii) A fully executed assignment of the License and Distribution Agreement dated October 1, 2014 by and between V Products LLC and Verdant Nevada LLC, in form, scope and substance acceptable to Buyer;

(ix) A fully executed amendment and assignment of that certain License Agreement dated May 29, 2015 by and between Kiva Brands, Inc. and Verdant Nevada LLC to Gravitas, in form, scope and substance acceptable to Buyer, along with the written consent of Kiva Brands, Inc. thereto, if not terminated by Kiva Brands, Inc. and Verdant Nevada LLC prior to Closing;

(x) Non-competition and non-solicitation agreements in the form attached hereto as Exhibit A with each of the Seller Principals and [***];

(xi) A good standing certificate (or its equivalent) for Gravitas from the Secretary of State or similar Governmental Authority of each jurisdiction under the Laws in which Gravitas is organized and registered to do business as a foreign entity;

(xii) A tax clearance letter (or its equivalent) for Gravitas from the Nevada Department of Taxation showing Gravitas is in good standing and has no unpaid state taxes;

(xiii) A good standing certificate (or its equivalent) for each Seller from the Secretary of State or similar Governmental Authority of each jurisdiction under the Laws in which such Seller is incorporated and registered to do business as a foreign entity;

(xiv) Uniform Commercial Code searches of filings made pursuant to Article 9 thereof in the State of Nevada, in form, scope and substance reasonably satisfactory to Buyer, confirming the absence of Encumbrances on Gravitas as of a date within ten (10) days of the Closing;

(xv) Uniform Commercial Code searches of filings made pursuant to Article 9 thereof in the State of Nevada, in form, scope and substance reasonably satisfactory to Buyer, confirming the absence of Encumbrances on Sellers as of a date within ten (10) days of the Closing;

(xvi) Docket or similar searches of relevant federal and state courts with regard to any pending litigation involving, or judgment against, Gravitas and Sellers in form, scope and substance reasonably satisfactory to Buyer, confirming the absence of pending litigation other than as disclosed on Schedule 9.02(e) and Encumbrances as of a date on or before the Closing;

(xvii) Evidence that all Indebtedness of Gravitas has been paid and all Gravitas Transaction Expenses have been paid.

(xviii) Landlord estoppels with respect to each of the Leases;

(xix) An assignment separate from certificate, executed by each Seller, with respect to the Units transferred to Buyer hereunder;

(xx) A certificate of the Members of Gravitas dated as of the Closing certifying that attached thereto are true and complete copies of all resolutions adopted by the Members of Gravitas authorizing the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, including waivers of any rights of first refusal or preemptive rights, and that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated hereby;

(xxi) A certificate of the Managing Members or Managers of each Seller dated as of the Closing certifying that attached thereto are true and complete copies of all resolutions adopted by the Members and Managers of such Seller authorizing the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, and that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated hereby;

(xxii) The certificate required by Section 8.02(e), dated as of the Closing Date;

(xxiii) A Non-Foreign Certificate and Form W-9 from each Seller;

(xxiv) [***];

(xxv) Verification from the Internal Revenue Service of the credit balance of Gravitas with the US Department of Treasury Internal Revenue Service; and

(xxvi) All other documents, instruments, and certificates required to be delivered to the Buyer at Closing, or that the Buyer may reasonably request, in form and substance reasonably satisfactory to the Buyer and its counsel;

(b) Parent's Deliveries. At the Closing, Parent shall deliver to each Seller:

(i) A copy of the board resolutions adopted by the Board of Directors of the Parent authorizing the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, and that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated hereby; and

(ii)a stock certificate issued in the name of such Seller representing that Seller's pro rata entitlement to the Parent Shares (calculated to the one one-thousandth of a Parent Share).

(c) Buyer's Deliveries. At the Closing, Buyer shall deliver the following:

(i) Copies of all consents, approvals, waivers and authorizations referred to in Section 5.02 of the Buyer Disclosure Schedules;

(ii) The Escrow Agreement duly executed by Buyer;

(iii)All other documents, instruments, and certificates required to be delivered to the Sellers at Closing, or that the Sellers may reasonably request, in form and substance reasonably satisfactory to the Sellers and their counsel; and

(iv) Buyer shall pay, without duplication the following amounts:

(1)To each lender identified on the Closing Indebtedness Schedule, the amount due and payable to such lender as set forth in the Debt Payoff Letters;

(2)To each person identified on Gravitas Transaction Expense Schedule, the amount of Gravitas Transaction Expenses due and payable to such Person as of the Closing Date as identified on such schedule;

(3) To the Escrow Agent, the Escrow Amount and the Escrow Agent Fee; and

(4)To the Sellers, an aggregate amount equal to the sum of the Cash Consideration, plus the Estimated Closing Adjustment, minus the Escrow Amount, minus 50% of the Escrow Agent Fee, minus Gravitas Transaction Expenses, minus the Closing Indebtedness (such amount, the "Closing Date Proceeds") by wire transfer of immediately available funds pursuant to written wiring instructions provided by Sellers to Buyer prior to the Closing.

Section 2.09 **Withholding**. Buyer and Gravitas shall be entitled to deduct and withhold from any consideration payable to Sellers pursuant to this Agreement all Taxes that Buyer and Gravitas may be required to deduct and withhold under any provision of Tax Law. All such withheld amounts shall be treated as delivered to Sellers hereunder.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE SELLERS

Each Seller severally and not jointly hereby represents and warrants to Buyer that the statements contained in this Article III are true and correct as of the date hereof and as of the Closing Date, except as otherwise set forth in written disclosure schedules delivered pursuant to this Article III, copies of which are attached to this Agreement.

Section 3.01 **Organization and Authority of Seller**. Each Seller is duly formed, validly existing and in good standing under the laws of its jurisdiction of formation. Each Seller has all necessary power and authority to enter into this Agreement, to carry out its obligations hereunder and to consummate the transactions contemplated hereby. The execution and delivery by Seller of this Agreement, the performance by Seller of its obligations hereunder and the consummation by Seller of the transactions contemplated hereby have been duly authorized by all requisite action on the part of Seller. This Agreement has been duly executed and delivered by Seller, and (assuming due authorization, execution and delivery by the other parties hereto) this Agreement constitutes a legal, valid and binding obligation of Seller, enforceable against Seller in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity), and excluding any United States federal law to the extent such federal law or treaty would be violated, or protections under such law would be unavailable to a party, as a result of operating or owning a state licensed cannabis business in compliance with Nevada law.

Section 3.02 **No Conflicts; Consents**. The execution, delivery and performance by Seller of this Agreement and the documents to be delivered hereunder, and the consummation of the transactions contemplated hereby, do not and will not: (a) violate or conflict with the organizational documents of Seller; (b) violate or conflict with any judgment, order, decree, statute, Law, ordinance, rule or regulation applicable to Seller; or (c) conflict with, or result in (with or without notice or lapse of time or both) any violation of, or default under, or give rise to a right of termination, acceleration or modification of any obligation or loss of any benefit under any material contract or other instrument to which Seller is a party. Except as disclosed in Section 3.01(b) of the Gravitas Disclosure Schedules, no notice, consent, approval, waiver or authorization is required to be obtained by Seller from any person or entity (including any governmental authority) in connection with the execution, delivery and performance by Seller of this Agreement and the consummation of the transactions contemplated hereby.

Section 3.03 **Gravitas Units.** Verdant is the record and beneficial owner of 40% of the Gravitas Units, free and clear of any Encumbrance (other than restrictions on transfer arising under the Operating Agreement, which will be terminated immediately prior to Closing). Green Ache'rs is the record and beneficial owner of 60% of the Gravitas Units, free and clear of any Encumbrance (other than restrictions on transfer arising under the Operating Agreement, which will be terminated immediately prior to Closing). Each Seller has the full right, authority and power to sell, assign and transfer Gravitas Units to Buyer. The Gravitas Units have not been sold, assigned or transferred, nor has any agreement been entered into to sell, assign or transfer any of the Gravitas Units to any other person. There are no restrictions on or agreements with respect to the voting rights of Seller that would impair Buyer's rights under this Agreement. Upon delivery to Buyer of certificates for Gravitas Units at the Closing and Buyer's payment of the Closing Date Proceeds, Buyer shall acquire good, valid and marketable title to Gravitas Units, free and clear of all Encumbrances.

Section 3.04 **Brokers**. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated hereby based upon arrangements made by or on behalf of a Seller.

Section 3.05 **Cannabis Matters**. Each Seller and each Seller Principal hereby make the following representations and warranties relating specifically to cannabis matters:

(a)That each Seller Principal, and each equity holder, director, officer, manager, member or managing member of Gravitas or Seller (each, a " Company Owner"), is at least twenty-one (21) years of age;

(b)That each Seller, each Seller Principal and each Company Owner is in compliance with all licensing requirements established by the Nevada Department of Taxation;

(c)That neither a Seller Principal or a Company Owner has been convicted of an excluded felony offense in the State of Nevada or any other jurisdiction. For purposes of this Agreement, "excluded felony offense" shall mean and refer to the following:

(i)A conviction of an offense that would constitute a category A felony pursuant to Nevada Revised Statutes ("NRS") §193.130(2)(a) if committed in Nevada; or

(ii) Convictions for two (2) or more offenses that would constitute felonies pursuant to NRS §193.130 if committed in the State of Nevada.

An "excluded felony offense" does not include:

(A)A criminal offense for which the sentence, including any term of probation, incarceration, or supervised release, was completed more than ten (10) years ago; or

(B)An offense involving conduct that would be immune from arrest, prosecution, or penalty pursuant to Chapter 453A of NRS, except that the conduct occurred before the effective date of Chapter 453A of NRS (October 1, 2001), or was prosecuted by an authority other than the State of Nevada.

(d)That neither a Seller Principal nor a Company Owner has committed any act that would result in the denial of a license of a cannabis business in the State of Nevada including, but not limited to:

(i) Been convicted of an excluded felony offense;

(ii) Operated any cannabis establishment without all required permits, certificates, and licenses;

(iii) Made an intentional false statement to the Nevada Department of Taxation;

(iv) Intentionally destroyed or concealed evidence pertaining to the cannabis establishment or licensure;

(v) Intentionally failed to pay taxes to the Nevada Department of Taxation;

(vi) Operated a marijuana establishment with the licensed for the marijuana establishment has been revoked; or

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(vii) Transported marijuana outside of the boundaries of the State of Nevada, except where authorized by an agreement between the Governor of the State of Nevada and a participating tribal government.

(e)That neither a Seller Principal nor a Company Owner has committed any violation of NRS Chapter 453A et. seq., NRS Chapter 453D et. seq., or Nevada Administrative Code 453A that resulted in suspension or revocation of a license, administrative penalty, citation, civil proceeding or criminal conviction;

(f)That neither a Seller Principal nor a Company Owner has received any fines or penalties pursuant to NRS Chapter 586 or levied by the Nevada State Department of Agriculture pertaining to cannabis;

(g)That neither a Seller Principal nor a Company Owner has been sanctioned by any licensing authority, city or county for any unlicensed commercial cannabis activity in any jurisdiction;

(h)That neither a Seller Principal nor a Company Owner has had any license, permit, registration or other consent or approval to conduct commercial cannabis activity suspended or revoked by any licensing authority or local jurisdiction, or has had any application for a license, permit, registration or other consent or approval to conduct commercial cannabis activity denied;

(i)That neither a Seller Principal nor a Company Owner has sought any type of licensure from, no Seller Principal or Company Owner has any pending license application with, or is employed in any capacity by, the Nevada Gaming Control Board or the Nevada Gaming Commission; and

(j)That neither a Seller Principal nor a Company Owner has been determined by a court or governmental agency or tribunal to have engaged in any attempt to obtain a registration, license, or approval to operate a cannabis business in any state by fraud, misrepresentation, or the submission of false information.

Section 3.06 **Parent Shares**.

(a)Each Seller understands that the Parent Shares have not been registered under the Securities Act of 1933, as amended and are being issued pursuant to an exemption from registration and prospectus requirements of the Canadian Securities Laws and the securities laws of United States. Each Seller acknowledges that Parent and Buyer will rely on Seller's representations, warranties and certifications set forth below for purposes of confirming the availability of any exemption from such registration and prospectus requirements. Each Seller has not received a document purporting to describe the business and affairs of the Buyer or Parent that has been prepared primarily for delivery to and review by prospective investors so as to assist those investors to make an investment decision in respect of Parent under the terms of this Agreement. Each Seller has such knowledge and experience in financial and business affairs as to be capable of evaluating the merits and risks of an investment in the Parent Shares. Each Seller acknowledges that each Seller is eligible to acquire the Parent Shares pursuant to the exemption from the prospectus requirements of Canadian Securities Laws found in s. 2.12 *[Asset Acquisitions]* of National Instrument 45-106 *Prospectus Exemptions.* The certificates representing the Parent Shares (and any replacement certificate issued prior to the expiration of the applicable hold periods), or ownership statements issued under a direct registration system or other electronic book-based or book-entry system, will bear the following legends in accordance with applicable securities Laws:

"UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [INSERT THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE CLOSING DATE]."

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "US SECURITIES ACT"), OR ANY STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S ("REGULATION S") UNDER THE US SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL SECURITIES LAWS AND REGULATIONS, (C) IN COMPLIANCE WITH THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE US SECURITIES ACT PROVIDED BY (1) RULE 144 THEREUNDER, IF AVAILABLE, OR (2) RULE 144A THEREUNDER, IF AVAILABLE, AND IN EACH CASE IN COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS, OR (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, PROVIDED THAT IN THE CASE OF TRANSFERS PURSUANT TO (C)(1) OR (D) ABOVE, A LEGAL OPINION OF COUNSEL OF RECOGNIZED STANDING OR OTHER EVIDENCE, IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE CORPORATION, TO THAT EFFECT MUST FIRST BE PROVIDED TO THE CORPORATION. THESE SECURITIES MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON CANADIAN STOCK EXCHANGES."

(b)Each Seller acknowledges that: (i) it has been provided with the opportunity to consult its own legal advisors with respect to the Parent Shares issuable to it pursuant to this Agreement and with respect to the existence of resale restrictions imposed by applicable securities Laws; (ii) no representation has been made respecting the applicable holding periods imposed by the securities Laws or other resale restrictions applicable to the Parent Shares which restrict the ability of the Seller to resell such securities; (iii) it is solely responsible to find out what these restrictions are; (iv) it is solely responsible (and the Parent is not in any way responsible) for compliance with applicable resale restrictions; and (v) it is aware that it may not be able to resell the Parent Shares, except in accordance with limited exemptions under the securities Laws. Each Seller will execute and deliver within the applicable time periods all documentation as may be required by applicable securities Laws to permit the issuance of the Parent Shares on the terms set forth herein and, if required by applicable securities Laws, will execute, deliver and file or assist the Parent in obtaining and filing such reports, undertakings and other documents relating to the purchase of the Parent Shares as may be required by any applicable securities Laws, securities regulator, stock exchange or other regulatory authority, which includes, without limitation, determining the eligibility of each Seller to acquire the Parent Shares under applicable securities Laws, preparing and registering certificates (if any) representing the Parent Shares and completing regulatory filings required by the applicable securities commissions. Accordingly, each Seller consents to the collection, use and disclosure of certain personal information for the purposes of meeting legal, regulatory, self-regulatory, security and audit requirements (including any applicable tax, securities, money laundering or anti-terrorism legislation rules or regulations) and as otherwise permitted or required by Law, which disclosures may include disclosures to tax, securities or other regulatory or self-regulatory authorities in Canada and/or in foreign jurisdictions, if applicable, in connection with the regulatory oversight mandate of such authorities.

U.S. Securities Act Representations.

(c) Each Seller is resident in the United States or otherwise a "U.S. Person", as defined in Regulation S under the US Securities Act.

(d)Seller understands and acknowledges (1) that the Parent Shares have not been, or will not be, registered under the US Securities Act, or under any state securities laws, and no registration statement or prospectus in respect thereof will be prepared or filed under the US Securities Act or Applicable Securities Laws, and that the Parent Shares are being offered and sold in reliance upon federal, provincial and state exemptions for transactions not involving any public offering, thus the Parent Shares are "restricted securities," as such term is defined in Rule 144 under the US Securities Act, and will be subject to restrictions on resale under such laws and as set forth in the restrictive legends set forth above. As a condition of receiving Parent Shares at Closing, each Seller shall be required to deliver the Seller Acknowledgment as to their status as an "accredited investor," as defined in Rule 501(a) of Regulation D promulgated under the US Securities Act, together with any supporting information as reasonably requested by Gravitas or Parent in order to confirm their status and the availability of an exemption from the registration requirements of the US Securities Act and applicable state securities laws for the issuance of such Parent Shares to such holder; (2) that upon the original issuance thereof, and until such time as the same is no longer required under the applicable requirements of the US Securities Act or applicable securities Laws, the certificates representing the Parent Shares, and all securities issued in exchange therefor or in substitution thereof, will bear legends as described in Section 3.05(a) above.

(e)Each Seller consents to Parent making a notation on its respective records or giving instructions to any transfer agent of the Parent Shares in order to implement the restrictions on transfer set forth and described herein.

(f)Each Seller understands and acknowledges that Parent does not have an obligation or present intention of filing a registration statement under the US Securities Act or Applicable Securities Laws in respect of the Parent Shares.

(g)Each Seller acknowledges that he is acquiring the Parent Shares solely for his, her or its own account and not on behalf of any other person for investment purposes only and not with a view to the resale, distribution or other disposition thereof in violation of Applicable Securities Laws.

(h)Each Seller represents and warrants that alone, or with the assistance of his, her or its professional advisors, he, she or it has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of his, her or its investment in the Parent Shares and is able, without impairing his, her or its financial condition, to hold such securities for an indefinite period of time and to bear the economic risks, and withstand a complete loss, of such investment.

(i)Each Seller represents and warrants that he, she or it has had access to such additional information, if any, concerning as he, she or it has considered necessary in connection with his, her or its investment decision to acquire the Parent Shares.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES AS TO GRAVITAS

Sellers and Seller Principals, jointly and severally, hereby represent and warrant to Buyer that each of the statements contained in thisArticle IV are true and correct as of the date hereof and as of the Closing Date, except as otherwise set forth in written disclosure schedules delivered pursuant to this Article IV, copies of which are attached to this Agreement (the "Gravitas Disclosure Schedule").

Section 4.01 Organization, Authority and Qualification of Gravitas.

(a)Gravitas is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Nevada and has all

necessary limited liability company power and authority to own, operate or lease the properties and assets now owned, operated or leased by it and to carry on its business as it is currently conducted. Gravitas is duly qualified to transact business and is in good standing in the state of Nevada. Gravitas does not do business in any other jurisdiction. A true and correct list of all Permits held by Gravitas is set forth in Section 4.01(a) of the Gravitas Disclosure Schedule.

(b)Gravitas has all requisite power and authority to execute and deliver this Agreement and the other agreements, documents, instruments, and certificates required to be executed and delivered by Gravitas pursuant to Sections 2.08 and 8.02 of this Agreement (collectively with this Agreement, the "Transaction Agreements"), and to perform its respective obligations thereunder.

(c)Each Transaction Agreement to which Gravitas is a party constitutes (or will upon execution at the Closing constitute) the legally binding obligation of Gravitas, enforceable in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity), and excluding any United States federal law to the extent such federal law or treaty would be violated, or protections under such law would be unavailable to a party, as a result of operating or owning a state licensed cannabis business in compliance with Nevada law. The execution, delivery and performance of the Transaction Agreements by Gravitas, and the consummation of the transactions contemplated thereby, have been duly and validly authorized by all requisite action of Gravitas and do not and will not: (a) violate any provision of applicable Law; (b) contravene, conflict with, or result in a violation of: (i) any provision of the organizational documents of Gravitas; or (ii) any resolution adopted by Gravitas' managers or members; or (c) conflict with, result in the termination of any provisions of, constitute a default under, accelerate any obligations arising under, trigger any payment under, result in the creation of any Encumbrance pursuant to, or otherwise adversely affect, the rights of Gravitas under any of the Material Contracts to which Gravitas is a party or by which any of its assets is bound, in each case with or without the giving of notice, the passage of time or both.

Section 4.02 **Capitalization**.

(a) All of the issued and outstanding ownership interests in Gravitas are owned of record by Sellers.

(b)Section 4.02(b) of the Disclosure Schedule set forth, for Gravitas and for each Seller, whether such company is a member-managed or manager-managed LLC, and, with respect to manager-managed LLCs, the name of each manager.

(c)Except as set forth in Section 4.02(c) of the Gravitas Disclosure Schedules, there are (i) no options, warrants, convertible securities or other rights, agreements, arrangements or commitments relating to the securities of or an equity interest in Gravitas or obligating Gravitas to issue or sell any securities., or any other interest, in Gravitas, (ii) except for the Operating Agreement, no voting agreements or voting trusts, operating agreements, proxies or other agreements between or among any Person or Persons relating to Gravitas or the securities or ownership interests of Gravitas, (iii) no other rights, agreements, arrangements or commitments relating to the securities of Gravitas to which Gravitas is a party, or by which Gravitas is bound, obligating Gravitas to repurchase, redeem, retire or otherwise acquire any securities of Gravitas, or any other interest in, Gravitas, and (iv) no outstanding or authorized stock appreciation, phantom stock, profit participation or other similar rights with respect to Gravitas.

Section 4.03 **No Subsidiaries**. Gravitas does not own, or have any interest in, any shares, limited liability units or other equity interests in any other Person, nor does Gravitas have an ownership interest in any other Person.

Section 4.04 **No Conflicts; Consents**. The execution, delivery and performance by Gravitas of this Agreement and the documents to be delivered hereunder, and the consummation of the transactions contemplated hereby, do not and will not: (a) violate or conflict with the organizational documents of Gravitas; (b) violate or conflict with any Law, Order or Permit applicable to Gravitas; or (c) conflict with, or result in (with or without notice or lapse of time or both) any violation of, or default under, or give rise to a right of termination, acceleration or modification of any obligation or loss of any benefit under any Material Contract or Permit or other instrument to which Gravitas is a party. Except as disclosed in Section 4.04 of the Gravitas Disclosure Schedules, no notice, consent, approval, waiver or authorization is required to be obtained by Gravitas from any person or entity (including any Governmental Authority) in connection with the execution, delivery and performance by Gravitas of this Agreement and the consummation of the transactions contemplated hereby.

Section 4.05 **Litigation.** Except as set forth in Section 4.05 of the Gravitas Disclosure Schedule, there is no Action pending or to Sellers' knowledge, currently threatened (i) against Gravitas or any of its officers, directors, members, employees or consultants arising out of their relationship with Gravitas; or (ii) that would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect. There is no action, suit, proceeding or investigation by Gravitas pending or which Gravitas intends to initiate.

Section 4.06 **Intellectual Property**.

(a)Section 4.06(a) of the Gravitas Disclosure Schedule lists (i) all registered Gravitas Intellectual Property and (ii) all material unregistered Gravitas Intellectual Property. Except as disclosed in Section 4.06 of the Gravitas Disclosure Schedule, Gravitas owns the entire right, title and interest in, to and under, or has a valid license to use, the Gravitas Intellectual Property, free and clear of any Encumbrances. All trademarks that are included in Gravitas Intellectual Property and that have been registered with the United States Patent and Trademark Office and all copyrights that are included in Gravitas Intellectual Property and that have been registered with the United States Copyright Office are currently in compliance with all Laws, are valid and enforceable. Each member, manager, employee and consultant of Gravitas has assigned to Gravitas all intellectual property rights he or she owns that are related to the Business.

(b)Section 4.06(b) of the Gravitas Disclosure Schedule contains a complete list and description of all of the Products of the Business. Gravitas owns all right, title and interest in and to, or has the right to use pursuant to a valid and enforceable Contract, all Gravitas Intellectual Property used, necessary or useful to manufacture, advertise, distribute and sell the Products and to otherwise fully conduct the Business, including without limitation, all proprietary recipes, formulas, manufacturing processes, packaging, labeling, trademarks, tradenames and copyrights, and that, except as specifically disclosed in Section 4.06(b) of the Gravitas Disclosure Schedule, none of such Products or recipes, formulas, manufacturing processes, packaging, labeling, trademarks, tradenames or copyrights have been licensed or provided for the use of any third party.

(c)Section 4.06(c) of the Gravitas Disclosure Schedule identifies each item of intellectual property that any third party owns and that Gravitas uses pursuant to license, sublicense, agreement, covenant not to sue, or permission (an "IP License"). Gravitas has delivered to Buyer correct and complete copies of all such IP Licenses. Each of the IP Licenses is legal, valid, binding, enforceable, and in full force and effect in all material respects. No party to any IP License is in material breach or default, and no event has occurred that with notice or lapse of time would constitute a material breach or default or permit termination, modification, or acceleration thereunder. No party to any of the IP Licenses has repudiated any material provision thereof. Gravitas has not granted any license or other rights (contractual or otherwise) that would entitle a third party to copy, distribute or use any Gravitas Intellectual Property in any manner

(d)No proceeding is pending or, to the Sellers' knowledge, threatened asserting the invalidity or misuse of, challenging Gravitas' rights in, or otherwise opposing any rights of Gravitas with respect to Gravitas Intellectual Property, and to the Sellers' knowledge there is no reasonable basis for such a claim. Gravitas has not

received notice of any conflict with the asserted rights of any third party with respect to any Gravitas Intellectual Property. To the Sellers' knowledge, the conduct of the Business and Gravitas' use of Gravitas Intellectual Property has not infringed upon, misappropriated or violated and does not infringe upon, misappropriate or violate the rights of any third party. To the Sellers' knowledge, no rights of Gravitas with respect to Gravitas Intellectual Property have been infringed upon, misappropriated or violated by any third party. To the Sellers' knowledge, no information of Gravitas regarded as confidential or proprietary has been disclosed to a third party, other than pursuant to a valid and binding confidentiality agreement.

(e)To the extent that any Gravitas Intellectual Property has been developed or created independently or jointly by any Person other than Gravitas, such other Person has delivered to Gravitas a duly executed and valid written assignment transferring to Gravitas ownership of all of such Person's rights in and to all Intellectual Property in the developed work. Section 4.06(e) of the Gravitas Disclosure Schedule sets forth an accurate and complete list of each Person other than Gravitas who has developed or created independently or jointly any Gravitas Intellectual Property.

(f)None of the software used in the Business is subject to any "copyleft" or other obligation or condition (including any obligation or condition under any "open source" license, such as the GNU's General Public License or Lesser/Library GPL, the Artistic License (e.g., PERL), the Mozilla Public License, the Netscape Public License, the Sun Community Source License (SCSL) or the Sun Industry Standards License (SISL)), that requires or could require or conditions or could condition the use or distribution of such software on the disclosure, licensing, or distribution of any source code for any portion of such software or that otherwise imposes or could impose any limitation, restriction, or condition on the right or ability of Gravitas to use or distribute such software.

(g)Gravitas is not currently using, nor will it be necessary for Buyer from and after the Closing Date to use: (A) any inventions or other Intellectual Property rights of any of Gravitas' past or present officers, employees or contractors made prior to or outside the scope of their employment or engagement with Gravitas; (B) any inventions or other Intellectual Property rights of any of Gravitas' past or present directors, shareholders or agents; or (C) any confidential information or trade secrets of any former employer of any such Person.

Section 4.07 **Material Contracts**. Except as set forth in Section 4.07 of the Gravitas Disclosure Schedules, there are no Contracts to which Gravitas is a party or by which it is bound (each, a "Material Contract") that involve (i) obligations (contingent or otherwise) of, or payments to, Gravitas in excess of $10,000, (ii) the license of any patent, copyright, trademark, trade secret or other proprietary right to or from Gravitas, (iii) indemnification by Gravitas with respect to any person outside the ordinary course of business, (iv) limitations on the ability of Gravitas to compete in any line of business or with any Person or in any geographic area or during any period of time; (v) Gravitas, on one hand, and any officer, director, Seller or Key Personnel, on the other hand; (vi) requires Gravitas to purchase minimum quantities (or pay any amount for failure to purchase any specific quantities) of goods or services, or contains "most favored customer" or similar pricing arrangements; (vii) provides for a partnership, joint venture, teaming or similar arrangement pursuant to which Gravitas shares in the profits or losses of any business with any other Person or is jointly liable with any other Person; (viii) pursuant to which Gravitas is (a) a lessee or sublessee of or holds, occupies or operates, any real property, (b) a lessor or sublessor of, or makes available for use, occupancy or operation by any Person, any real property or (c) a lessee or sublessee of any personal property; (ix) creates an Encumbrance on any Gravitas Assets or evidences any Indebtedness, or (x) extends for a term of more than 12 months from the Closing Date (unless terminable by Gravitas without payment or penalty upon no more than 60 days' notice). Each Material Contract is valid and binding on Gravitas in accordance with its terms and is in full force and effect. Neither Gravitas nor, to Seller's knowledge, any other party thereto, is in material breach of or default under (or is alleged to be in breach of or default under) or to Seller's knowledge has provided or received any notice of any intention to terminate, any Material Contract. No event or circumstance has occurred that, with notice or lapse of time or both, would constitute an event of default under any Material Contract or result in a termination thereof, would require additional guarantors thereof, or would cause or permit the acceleration or other changes of any right or obligation or the loss of any benefit thereunder. Buyer has been supplied with a correct and complete copy of each Material Contract.

Section 4.08 **Interests in Clients, Suppliers, Etc.; Affiliated Transactions**

(a)Except as set forth in Section 4.08(a) of the Gravitas Disclosure Schedule, other than standard employee benefits generally made available to all employees, (i) there are no Contracts or Liabilities between Gravitas on the one hand, and either (A) a Seller or any Affiliate of a Seller, or (B) any other Affiliate of Gravitas, on the other hand, (ii) neither Sellers, any Affiliate of Sellers nor any officer of Gravitas possesses, directly or indirectly, any financial interest in, or is a director, officer or employee of, any Person which is a client, supplier, customer, lessor, lessee, or competitor of Gravitas, and (iii) neither Sellers nor any Affiliate of a Seller is a guarantor of any liabilities or obligations of Gravitas. Ownership of securities of a company whose securities are registered under the Securities Exchange Act of 1934, as amended, of 1% or less of any class of such securities shall not be deemed to be a financial interest for purposes of this Section 4.08.

(b)Section 4.08(b) of the Gravitas Disclosure sets forth a description of any Contract that grants any Seller or Affiliate of a Seller any rights to any Products, Gravitas Intellectual Property, Gravitas Assets or other property of Gravitas.

Section 4.09 **Property and Assets**.

(a)Gravitas owns, free and clear of all Encumbrances, all right, title and interest in and to the assets, properties and rights of every kind and description, real, personal and mixed, tangible and intangible, wherever situated which are used or useful in the conduct of the Business of Gravitas (the "Gravitas Assets"), including, without limitation, the following: (i) all equipment, machinery, trucks, automobiles, materials, supplies, office furniture and office equipment, computers and telecommunications equipment and devices, and other tangible personal property used in the Business; (ii) all leases and agreements of Gravitas, including those specifically identified within the Gravitas Disclosure Schedules; (iii) all customer lists, sales data, brochures, suppliers, names, mailing lists, art work, photographs and sales and marketing materials; (iv) all Permits, licenses (including the Cannabis Licenses), registrations, Orders and approvals relating to the Business; (v) all trade secrets, secret processes and procedures, engineering, production, assembly, design, installation, other technical drawings and specifications, working notes and memos, market studies, consultants' reports, technical and laboratory data, engineering prototypes; (vi) all Gravitas Intellectual Property used, necessary or useful to manufacture, advertise, distribute and sell the Products and to otherwise fully conduct the Business, including without limitation, all proprietary recipes, formulas, manufacturing processes, packaging and labeling; (vii) all patents, trademarks, trademark registrations, trade names, service marks, copyrights and copyright registrations; (viii) corporate minute books and stock books; (iv) all records of Gravitas; (x) all Inventory, accounts receivable and other assets reflected on the Interim Financial Statements; (xi) all computer applications software, owned or licensed, whether for general business usage (e.g., accounting, word processing, graphics, spreadsheet analysis, etc.) or specific, unique-to-the-business usage (e.g., order processing, manufacturing, process control, shipping, etc.) and all computer operating, security or programming software, owned or licensed by Gravitas; (xii) any insurance policies maintained by Gravitas; (xiii) cash and cash equivalents on hand or in bank accounts; (xiv) assets constituting any pension or other funds for the benefit of the employees of Gravitas; (xv) any claims and rights against third parties; (xvi) claims for refunds of Taxes and other governmental charges to the extent such funds relate to periods ending on or prior to Closing date; and (xvii) all other assets (including all causes of action, rights of action, contract rights and warranty and product liability claims against third parties, all telephone numbers, telecopier numbers, websites, domain names, and email addresses) relating to Gravitas Assets or the Business, regardless of whether any value is ascribed thereto in Gravitas' Financial Statements. To the extent that any Gravitas Assets are owned by any Affiliate of Gravitas or any Seller, such Gravitas Assets shall be transferred to Gravitas prior to Closing.

(b) Gravitas does not own, and has never owned, any Real Property.

(c)Gravitas operates one dispensary facility on Real Property leased from an unrelated third party, and one cultivation facility and one production facility on Real Property leased from an unrelated third party. The address of such facilities, the name of the third-party lessors and the primary terms of each lease are set forth on Section 4.09 of the Gravitas Disclosure Schedule. True, correct and complete copies of each such lease and any amendments, extensions and renewals thereof (the "Leases") have heretofore been delivered by Gravitas to the Buyer. Gravitas enjoys quiet and undisturbed possession under the Leases. Gravitas' interest in the Leases is free and clear of any Encumbrances, is not subject to any deeds of trust, assignments, subleases or rights of any third parties created by Gravitas, other than the lessor thereof. The Leases are valid and binding and in full force and effect, and Gravitas is not in default thereunder as to the payment of rent or otherwise, and the consummation of the transactions contemplated by this Agreement will not constitute an event of default under the Leases and the continuation, validity and effectiveness of the Leases will not be adversely affected by the transactions contemplated by this Agreement. Except as set forth in Section 4.09 of the Gravitas Disclosure Schedule, the consent of the lessor to the Leases is not required in connection with the transactions contemplated by this Agreement. The use and operation of the Real Property in the conduct of Gravitas' Business does not violate in any material respect any Law, covenant, condition, restriction, easement, license, permit or agreement. No material improvements constituting a part of the Real Property encroach on real property owned or leased by a Person other than Gravitas. No landlord under any of the Leases is in default of such party's obligations under the respective Leases, Gravitas has not received any notice from the landlord under any of the Leases that such landlord is negotiating or has entered into an agreement to sell the respective leased Real Property, and the leased Real Property is not subject to any pending or threatened condemnation or eminent domain actions.

(d)Each item of personal property that constitutes Gravitas Assets is free from any material defects, has been maintained in all material respects in accordance with normal industry practice, is in an operating condition and repair (subject to normal wear and tear) adequate and suitable for the purposes for which such asset and property is presently used. The property and assets of Gravitas are sufficient for Gravitas to continue to conduct the Business after the Closing in substantially the same manner as heretofore conducted by Gravitas and in accordance with all applicable Laws.

Section 4.10 Financial Statements; Financial Matters. Attached in Section 4.10 of the Gravitas Disclosure Schedules are copies of Gravitas' unaudited financial statements consisting of the balance sheet of Gravitas as at December 31 in each of the years 2015, 2016 and 2017, and the related statements of operations, comprehensive income, changes in members' equity and cash flows for the years then ended (the "Unaudited Financial Statements"), and unaudited financial statements consisting of the balance sheet of Gravitas as at December 31, 2018 and the related statements of operations, comprehensive income, changes in members' equity and cash flows for the twelve-(12)-month period then ended (the "Interim Financial Statements" and together with the Unaudited Financial Statements, collectively, the "Financial Statements"). The balance sheet of Gravitas as of December 31, 2018 is referred to herein as the "Balance Sheet" and the date thereof as the "Balance Sheet Date". The term "Interim Financial Statements" shall also include any updates to the Financial Statements delivered by Gravitas to Buyer pursuant to Section 7.03(b)(i). The Financial Statements have been prepared in accordance with GAAP applied on a consistent basis throughout the period involved, subject, in the case of the Interim Financial Statements, to normal and recurring year-end adjustments and the absence of notes. The Financial Statements fairly present in all material respects the financial condition of Gravitas as of the respective dates they were prepared and the results of the operations of Gravitas for the periods indicated. Gravitas has had no disagreement with its accountants relating to the Financial Statements. Gravitas does not have any long-term or short-term debt except as set forth in Section 4.10 of the Gravitas Disclosure Schedules.

Section 4.11 Personnel Matters.

(a)Section 4.11(a) of the Gravitas Disclosure Schedules contains a correct and complete list of the employees and independent contractors of Gravitas as of the date hereof, including each such person's name, job title or function, and job location; whether such person is subject to an employment agreement or consulting agreement; a true, correct and complete listing of his or her current salary or wage payable by Gravitas, including any bonus, contingent or deferred compensation payable to such person; the total compensation paid by Gravitas to each such person for the fiscal years ending December 31, 2015, 2016 and 2017, including any bonus, contingent or deferred compensation; the amount of accrued but unused vacation time; and his or her current status (as to leave or disability status, employee or independent contractor, full time or part time, and exempt or nonexempt). Gravitas is not delinquent in payments to any of its employees, consultants, or independent contractors for any wages, salaries, commissions, bonuses, or other direct compensation for any service performed for it or amounts required to be reimbursed to such employees, consultants or independent contractors. Gravitas has complied in all material respects with all applicable state and federal equal employment opportunity laws and with other laws related to employment, including those related to wages, hours, worker classification and collective bargaining. Gravitas has withheld and paid to the appropriate governmental entity or are holding for payment not yet due to such governmental entity all amounts required to be withheld from employees of Gravitas and is not liable for any arrears of wages, taxes, penalties or other sums for failure to comply with any of the foregoing.

(b)Gravitas has made all required contributions and has no liability to any such employee benefit plan, other than liability for health plan continuation coverage described in Part 6 of Title I(B) of the Employee Retirement Income Security Act of 1974, as amended, and has complied in all material respects with all applicable laws for any such employee benefit plan.

(c)All individuals presently characterized and treated by Gravitas as independent contractors or consultants are properly characterized as independent contractors under all applicable laws. All employees of Gravitas presently classified as exempt under the Fair Labor Standards Act and state and local wage and hour laws are reasonably classified as such by Gravitas.

(d)Except as set forth in Section 4.11(d) of the Gravitas Disclosure Schedules, to the Sellers' knowledge, no Key Personnel of Gravitas has any plans to terminate employment or relationship with Gravitas.

(e)Except as set forth in Section 4.11(e) of the Disclosure Schedule, Gravitas is not a party or threatened to be made a party to any action, suit, proceeding, hearing, or investigation brought by or on behalf of any employee, former employee, independent contractor, or former independent contractor of Gravitas, or current or former service provider without regard to its compensation, including but not limited to any of the following: (i) wrongful termination, (ii) breach of employment agreement, (iii) unpaid wages or hours, (iv) workplace harassment or discrimination, (v) workers' compensation, (vi) unemployment insurance, or (vii) any investigation or enforcement action brought or threatened to be brought by the United States Department of Labor or any similar state or local agency.

(f)Gravitas is not subject to any labor union or collective bargaining agreement and no such agreement is currently being negotiated by or involving Gravitas. Gravitas does not have (i) any unfair labor practice charge or complaint against it in respect of its business that is pending or threatened before the National Labor Relations Board, any state labor relations board or any court or tribunal, (ii) any material labor relations problems, including any material grievances, strikes, lockouts, disputes, request for representations, union organization activities (including but not limited to union organization campaigns or requests for representation), slowdowns or stoppages pending, threatened or anticipated in respect of its business and there have been no strikes, lockouts, disputes, union organization activities (including but not limited

to union organization campaigns or requests for representation), slowdowns or stoppages, and (iii) any pending, threatened or anticipated actions, arbitrations, administrative proceedings, charges, complaints or investigations that involve the labor or employment relations of Gravitas, including but not limited to, issues relating to employment discrimination, wage and hour and occupational health and safety.

(g)Except as set forth in Section 4.11(g) of the Disclosure Schedule, Gravitas has never classified, compensated or considered any person who provided services to it as a volunteer. No employee, contractor, or individual who provided services to Gravitas was compensated with Inventory or in any form except cash and Gravitas securities. Neither Gravitas nor any Affiliate accepted donated services or labor. For the purposes of this Section 4.11(g), the term "Affiliate" is deemed to include any predecessor business or entity.

Section 4.12 **Tax Matters**. Except as set forth in Section 4.12 of the Gravitas Disclosure Schedules:

(a)All Tax Returns that are required to be filed by Gravitas on or before the Closing Date have been timely filed, and all such Tax Returns are true, correct and complete in all material respects. Gravitas has paid all Taxes that are due and payable on or before the Closing Date, whether or not shown on any Tax Return. The unpaid Taxes of Gravitas do not exceed the reserve for Taxes set forth in the Interim Financial Statements (without regard to any reserve for deferred Taxes established to reflect timing differences between book and Tax income). Gravitas is not currently the beneficiary of any extension of time within which to file any Tax Return. Gravitas has not failed to remit taxes as required under applicable Law in Nevada.

(b)No claim has ever been made by an authority in a jurisdiction where Gravitas does not file Tax Returns that Gravitas is or may be subject to taxation by that jurisdiction. There are no Encumbrances for Taxes (other than for current Taxes not yet due and payable) upon any of the assets of Gravitas.

(c)Gravitas has withheld and paid all Taxes required to have been withheld and paid in connection with any amounts paid or owing to any employee, independent contractor, creditor, member, or other third party.

(d)Except as set forth in Section 4.12(d) of the Gravitas Disclosure Schedule, no audits, examinations or administrative or legal proceedings relating to any Tax liabilities of Gravitas are pending or being conducted. Gravitas has not received from any foreign, federal, state, or local taxing authority (including jurisdictions where Gravitas has not filed Tax Returns) any (i) written inquiry or notice indicating an intent to open an audit or other review with respect to any Tax liabilities of Gravitas, or (ii) written notice of deficiency or proposed adjustment for any Tax liabilities of Gravitas. To the Sellers' knowledge, there are no threatened audits or proposed deficiencies or other claims for unpaid Taxes of Gravitas.

(e)Gravitas has complied, in all respects, with Code Section 280E and has not taken a deduction or credit for any expenditures to the extent prohibited by Code Section 280E. Gravitas has complied with IRS Chief Counsel Advice 201504011.

(f)Gravitas has not waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency.

(g)Gravitas is not a party to and does not have any liability under any Tax sharing or Tax indemnification agreement, and Gravitas is not otherwise obligated to indemnify another Person for any Taxes, or otherwise pay another Person's Taxes, either contractually or otherwise. Gravitas does not have any liability for any Taxes of another Person as transferee under any applicable Law, including but not limited to under Code Section 6901.

(h)Gravitas has disclosed on its federal income Tax Returns all positions taken therein that could give rise to substantial understatement of federal income Tax, within the meaning of Section 6662 of the Code, and Gravitas has not participated in a "reportable transaction" within the meaning of Treasury Regulations Section 1.6011-4(b).

(i) Gravitas has always been classified as a Subchapter C corporation under all applicable Tax Laws.

(j)Gravitas has never been a party to any joint venture, partnership or other agreement, arrangement or Contract that is treated as a partnership for U.S. federal income Tax purposes.

(k) No power of attorney has been executed by or on behalf of Gravitas with respect to any matters relating to Taxes that is currently in force.

(l)Gravitas has never had a "permanent establishment" in any foreign country, as such term is defined in any applicable Tax treaty or convention between the United States and such foreign country, or ever had any of its employees or agents conduct any business in any country other than the United States.

(m)Gravitas has never applied for any ruling relating to Taxes from any Governmental Authority, or entered into any closing agreement with any Governmental Authority.

(n)Gravitas has never made nor, to the knowledge of Gravitas, is Gravitas required to make, any adjustment under Code Section 481(a) or file Internal Revenue Service Form 3115 by reason of a change in accounting method or otherwise, or (ii) will be required to include any item of income in, or exclude any item of deduction from, taxable income for any Post-Closing Tax Period or Post-Closing Straddle Period, in each case as a result of any (w) closing agreement described in IRC Section 7121 or any similar Law relating to state, local or foreign Taxes, (x) installment sale or open transaction disposition made on or before the Closing Date, and (y) prepaid amount received on or prior to the Closing Date.

(o) Gravitas is in compliance with all applicable "unclaimed funds" and "escheat" Laws.

(p)Section 4.12(p) of the Gravitas Disclosure Schedules list all federal, state, local, and non-U.S. income Tax Returns filed with respect to Gravitas for taxable periods ended on or after December 31, 2014, indicates those Tax Returns that have been audited, and indicates those Tax Returns that currently are the subject of audit. Gravitas has delivered to Buyer true, correct and complete copies of all federal, state, local, and non-U.S. Tax Returns, examination reports, and statements of deficiencies assessed against or agreed to by Gravitas filed or received since December 31, 2014.

(q)Gravitas is not a party to any agreement, contract, arrangement or plan that has resulted or could result, separately or in the aggregate, in the payment of (i) any ''excess parachute payment'' within the meaning of Code §280G (or any corresponding provision of state, local, or non-U.S. Tax Law) or (ii) any amount that will not be fully deductible as a result of Code §162(m) (or any corresponding provision of state, local, or non-U.S. Tax Law). Gravitas has not been a United States real property holding corporation within the meaning of Code §897(c)(2) during the applicable period specified in Code §897(c)(1)(A)(ii). Gravitas has disclosed on its federal income Tax

Returns all positions taken therein that could give rise to a substantial understatement of federal income Tax within the meaning of Code §6662. Gravitas is not a party to or bound by any Tax allocation or sharing agreement. Gravitas (A) has not been a member of an affiliated group filing a consolidated federal income Tax Return or (B) has no Liability for the Taxes of any Person under Reg. §1.1502-6 (or any similar provision of state, local, or non-U.S. law), as a transferee or successor, by contract, or otherwise.

(r)Section 4.12(r) of the Gravitas Disclosure Schedule sets forth the following information with respect to Gravitas as of the most recent practicable date: (A) the basis of Gravitas in its assets; (B) the amount of any net operating loss, net capital loss, unused investment or other credit, unused foreign tax credit, or excess charitable contribution allocable to Gravitas; and (C) the amount of any deferred gain or loss allocable to Gravitas arising out of any intercompany transaction.

(s)Gravitas will not be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any:

(i) change in method of accounting for a taxable period ending on or prior to the Closing Date;

(ii) use of an improper method of accounting for a taxable period ending on or prior to the Closing Date;

(iii)"closing agreement" as described in Code §7121 (or any corresponding or similar provision of state, local, or non-U.S. income Tax Law) executed on or prior to the Closing Date;

(iv)intercompany transaction or excess loss account described in Treasury Regulations under Code §1502 (or any corresponding or similar provision of state, local, or non-U.S. income Tax Law);

(v) installment sale or open transaction disposition made on or prior to the Closing Date;

(vi) prepaid amount received on or prior to the Closing Date; or

(vii) election under Code §108(i).

(t)Gravitas has not distributed stock of another Person, or had the Gravitas Units distributed by another Person, in a transaction that was purported or intended to be governed in whole or in part by Code §355 or Code §361.

(u)Gravitas (A) is not a "controlled foreign corporation" as defined in Code §957, (B) is not a "passive foreign investment company" within the meaning of Code §1297, or (C) does not have a permanent establishment (within the meaning of an applicable Tax treaty) or otherwise have an office or fixed place of business in a country other than the country in which it is organized.

(v) Gravitas has not received any letter ruling from the Internal Revenue Service (or any comparable ruling from any other taxing authority).

Section 4.13 **Insurance**. Section 4.13 of the Gravitas Disclosure Schedules contains a correct and complete description of each insurance policy maintained by or which covers Gravitas with respect to its properties, assets, employees and business, and each such policy is in full force and effect, all premiums thereon have been paid, and Gravitas is otherwise in compliance in all material respects with the terms and provisions of each such policy. Gravitas is not in default with respect to its obligations under any insurance policy it maintains, and Gravitas has never been denied insurance coverage. Gravitas has no self-insurance or co-insurance programs. Such policies, with respect to their amounts and types of coverage, are adequate to insure fully against risks to which Gravitas and its property and assets are normally exposed in the operation of its business. Section 4.13 of the Gravitas Disclosure Schedules also sets forth a list of all pending claims and the claims history for Gravitas since the date of formation of Gravitas (including with respect to insurance obtained but not currently maintained).

Section 4.14 **Absence of Undisclosed Liabilities**. Except as set forth in Section 4.14 of the Gravitas Disclosure Schedules, Gravitas does not have any obligation or Liability, whether absolute, accrued, contingent or otherwise, except for (i) Liabilities that are reflected or reserved against on the Balance Sheet or specifically disclosed in the footnotes thereto, (ii) Liabilities which have arisen after the date of the Balance Sheet Date in the ordinary course of business (none of which is a Liability resulting from breach of contract, breach of warranty, tort, infringement, claim, lawsuit, violation of Law or environmental liability or clean-up obligation), and that are not, individually or in the aggregate, material.

Section 4.15 **Accounts Payable and Receivable; Solvency**.

(a)Except as set forth in Section 4.15 of the Gravitas Disclosure Schedules, the amount of all accounts receivable, unbilled invoices and other debts due or recorded in the respective records and books of account of Gravitas as being due to Gravitas (i) as of the date hereof (less the amount of any provision or reserve therefor made in the Balance Sheet) are good, valid and collectible in full in the ordinary course of business and in any event not later than ninety (90) days after the date thereof; and none of such accounts receivable or other debts is subject to any counterclaim or set-off except to the extent of any such provision or reserve, and (ii) as of the Closing Date (less the amount of any provision or reserve therefor made in the Balance Sheet) shall be good, valid and collectible in full in the ordinary course of business and in any event not later than ninety (90) days after the Closing Date; and none of such accounts receivable or other debts at the Closing Date shall be, subject to any counterclaim or set-off except to the extent of any such provision or reserve. There has been no material adverse change since the Balance Sheet Date in the amount of accounts receivable or other debts due Gravitas or the allowances with respect thereto, or accounts payable of Gravitas, from that reflected in the Balance Sheet.

(b)No petition under the U.S. Bankruptcy Code or any other bankruptcy Laws has been filed against any Seller, Gravitas or any of their respective Affiliates in the last seven (7) years, and the Sellers have no knowledge of any Person contemplating the filing of any such petition against Sellers, Gravitas or any of their respective Affiliates. Gravitas has never made an assignment for the benefit of creditors or made any voluntary filing or otherwise taken advantage of any bankruptcy Law for relief as a debtor. Neither the Sellers nor Gravitas are contemplating making any assignment for the benefit of creditors or any making any filing or otherwise taking any action to take advantage of, or with a view to making a filing under or taking advantage of, any bankruptcy Law for relief as a debtor.

Section 4.16 **Inventory**. All Inventory, whether reflected on the Estimated Working Capital Statement or subsequently acquired, is of a quality and quantity usable and salable, in the ordinary course of business consistent with past practice, except for obsolete items, items of below standard quality, or non-compliant items, all of which have been written off or written down to net realizable value in the balance sheet and as reflected in the Estimated Working Capital Statement as of the Closing Date, or a reserve for such inventory has been established. All Inventory is owned by Gravitas free and clear of all Encumbrances, and no inventory is held on a consignment basis. The inventory reserves reflected on the Estimated Working Capital Statement was adequate as of the date of the Estimated Working Capital Statement. Since the date of the Estimated Working Capital Statement, there have not been any write-downs of the value of, or establishment of any reserves against, any inventory, except for write-downs and reserves established in the ordinary course of business, in good faith and consistent with past practice and experience. All inventories not written off have been priced at the lower of cost or market on the last in, first out basis. All Inventory is owned by Gravitas free and clear of all Encumbrances and no Inventory is held on a consignment basis.

Section 4.17 **Absence of Certain Developments**. Except as expressly contemplated by this Agreement or as set forth in Section 4.17 of the Gravitas Disclosure Schedules, since the Balance Sheet Date, and other than in the ordinary course of business, there has not been, with respect to Gravitas, any:

(a) event, occurrence or development that has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect;

(b) amendment of the organizational documents of Gravitas;

(c) split, combination or reclassification of any membership interests in Gravitas;

(d)issuance, sale or other disposition of, or creation of any Encumbrance on, any ownership interests in Gravitas, or grant of any options, warrants or other rights to purchase or obtain (including upon conversion, exchange or exercise) any ownership interests in Gravitas;

(e)declaration or payment of any distributions on or in respect of any ownership interests in Gravitas or redemption, purchase or acquisition of any of Gravitas' outstanding ownership interests;

(f)material change in any method of accounting or accounting practice of Gravitas, except as required by GAAP or as disclosed in the notes to the Financial Statements;

(g) entry into any Contract that would constitute a Material Contract;

(h)incurrence, assumption or guarantee of any indebtedness for borrowed money except unsecured current obligations and Liabilities incurred in the ordinary course of business consistent with past practice;

(i)transfer, assignment, sale or other disposition of any of the assets shown or reflected in the Balance Sheet or cancellation of any debts or entitlements;

(j) transfer or assignment of or grant of any license or sublicense under or with respect to any Gravitas Intellectual Property;

(k)abandonment or lapse of or failure to maintain in full force and effect any registration of Gravitas Intellectual Property, or failure to take or maintain reasonable measures to protect the confidentiality or value of any trade secrets included in Gravitas Intellectual Property;

(l) abandonment or lapse of or failure to maintain in full force and effect any Permit or license from any Governmental Authority;

(m) default, breach or violation of any Permit, or notice of the same from any Governmental Authority;

(n) material damage, destruction or loss (whether or not covered by insurance) to any Gravitas Assets;

(o) any capital investment in, or any loan to, any other Person;

(p)acceleration, termination, material modification to or cancellation of any material Contract (including, but not limited to, any Material Contract) to which Gravitas is a party or by which it is bound;

(q) any material capital expenditures;

(r) imposition of any Encumbrance upon any of Gravitas' properties or assets, tangible or intangible;

(s)(i) grant of any bonuses, whether monetary or otherwise, or changes in any wages, salary, severance, pension, vacation, incentives, trading arrangements or policies or other compensation or benefits in respect of its current or former employees, officers, managers, independent contractors or consultants, other than as required by applicable Law, (ii) change in the terms of employment for any employee or any termination of any employees that results in any increase in liabilities or costs to Gravitas, or (iii) action to accelerate the vesting or payment of any compensation or benefit for any current or former employee, officer, manager, independent contractor or consultant;

(t)adoption, modification or termination of any: (i) employment, severance, retention or other agreement with any current or former employee, officer, manager, independent contractor or consultant, (ii) benefit plan or (iii) collective bargaining or other agreement with a union, in each case whether written or oral;

(u)any loan to (or forgiveness of any loan to), or entry into any other transaction with, any of its members or current or former managers, officers and employees;

(v) entry into a new line of business or abandonment or discontinuance of existing lines of business;

(w)adoption of any plan of merger, consolidation, reorganization, liquidation or dissolution or filing of a petition in bankruptcy under any provisions of federal or state bankruptcy Law or consent to the filing of any bankruptcy petition against it under any similar Law;

(x)purchase, lease or other acquisition of the right to own, use or lease any property or assets for an amount in excess of $15,000, individually (in the

case of a lease, per annum) or $50,000 in the aggregate (in the case of a lease, for the entire term of the lease, not including any option term), except for purchases of inventory or supplies in the ordinary course of business consistent with past practice;

(y)acquisition by merger or consolidation with, or by purchase of a substantial portion of the assets, stock or other equity of, or by any other manner, any business or any Person or any division thereof; or

(z) any Contract to do any of the foregoing, or any action or omission that would result in any of the foregoing.

Section 4.18 Compliance with Laws; Permits.

(a)Except as set forth in Section 4.18(a) of the Gravitas Disclosure Schedules, Gravitas has complied and is in compliance in all material respects with all applicable Laws and Orders. Except as set forth in Section 4.18(a) of the Gravitas Disclosure Schedules, no notices have been received by, and no claims have been filed against, Gravitas alleging a violation of any such Laws or Orders, and, to the Sellers' knowledge, no event has occurred or circumstance exists that (with or without notice or lapse of time or both) may constitute or result in a violation by Gravitas of, or a failure on the part of Gravitas to comply with, any Laws or Orders.

(b)Except as set forth in Section 4.18(b) of the Gravitas Disclosure Schedules, Gravitas holds all Permits, including the Cannabis Licenses, required for the lawful conduct of its business, as presently conducted, or necessary for the lawful ownership and/or lease of its properties and assets or the operation of its business as presently conducted. Except as set forth in Section 4.18(b) of the Gravitas Disclosure Schedules, no notices have been received by Gravitas alleging the failure to hold any Permit from any Government Authority. All such Permits are in full force and effect. Except as set forth in Section 4.18 of the Gravitas Disclosure Schedules, Gravitas is in compliance in all material respects with all terms and conditions of all such Permits and is not subject to any Action with respect to those Permits. Except as set forth in Section 4.18(b) of the Gravitas Disclosure Schedules, all of such Permits will be available for use by Gravitas immediately after the Closing based upon the pre-approval of the appropriate Governmental Authority responsible for such approval. Except as set forth in Section 4.18(b) of the Gravitas Disclosure Schedules, each such Permit can be renewed or transferred in the ordinary course of business by Gravitas. Any applications for the renewal of any such Permit which are due prior to the Closing Date shall be timely made or filed by Gravitas prior to the Closing Date. Any applications for the transfer of any such Permit which are due prior to the Closing Date shall be timely made or filed by Gravitas prior to the Closing Date. No proceeding to modify, suspend, revoke, withdraw, terminate or otherwise limit any such Permit is pending or threatened and neither Gravitas nor any of the Sellers know of any valid basis for such proceeding, including the transactions contemplated hereby.

(c)Except as set forth in Section 4.18(c) of the Gravitas Disclosure Schedules, Buyer has been supplied with a correct and complete copy of each Permit of Governmental Authorities obtained or possessed by Gravitas.

(d)Gravitas has duly and timely filed and complied with all applicable Laws relating to reports, certifications, declarations, statements, information or other filings submitted or to be submitted to any Governmental Authority, and all such submissions or filings were true and complete when submitted or filed and, to the extent required by an applicable Laws, have been updated properly and completely.

(e)Neither Gravitas nor, to the Sellers' knowledge, any director, officer, employee, agent or other Person acting or purporting to act on behalf of Gravitas in connection with the Business has directly or indirectly (i) given or agreed to give any bribe, kickback, or other illegal payment from corporate funds; (ii) used any of its funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (iii) made any direct or indirect unlawful payment to any foreign or domestic government official or employee from its funds; (iv) violated or is in violation of any provision of the U.S. Foreign Corrupt Practices Act of 1977; (v) established or maintained any unrecorded fund or asset; (vi) concealed or mischaracterized an illegal or unauthorized payment or receipt; (vii) knowingly made a false entry in the business records; or (viii) committed or participated in any act which is illegal or could subject Gravitas, Buyer or Parent to fines, penalties or other sanctions under Applicable Law.

(f)Gravitas has in place the policies, programs and procedures reasonably necessary and advisable for its operations regarding (i) security, surveillance and anti-diversion for any facility at which Gravitas has or intends to have a cultivation, production or dispensary facility, (ii) the storage and disposal of fertilizers, herbicides and pesticides used and stored at each location currently or formerly owned or leased by Gravitas for a cultivation, production or dispensary facility, (iii) the transportation of cannabis, cannabis infused products/by-products and/or cash to or from any of Gravitas' cultivation, production or dispensary facilities, and (iv) the storage and disposal of cannabis and cannabis infused products and byproducts, and such policies, programs and procedures comply with all applicable regulatory requirements.

Section 4.19 Books and Records. The minute book of Gravitas contains accurate records of all meetings of, and company action taken by (including action taken by written consent) the managers or members of Gravitas. The books and records of Gravitas, true, correct and complete copies of which have been made available to Buyer, (a) have been kept in the ordinary course of business, (b) are complete and correct in all material respects, (c) the transactions entered or reflected therein represent bona fide transactions, and (d) there have been no transactions involving Gravitas that properly should have been set forth therein and that have not been accurately so set forth. Gravitas does not have any of its records, systems, controls, data or information recorded, stored, maintained, operated or otherwise wholly or partly dependent on or held by any means (including any electronic, mechanical or photographic process, whether computerized or not) which (including all means of access thereto and therefrom) are not under the exclusive ownership and direct control of Gravitas.

Section 4.20 Product Liability.

(a)Except as set forth in Section 4.20 of the Gravitas Disclosure Schedule, (i) there is no notice, demand, claim, action, suit, inquiry, hearing, proceeding, notice of violation or investigation of a civil, criminal or administrative nature by or before any court or other governmental authority against or involving any Product, or class of claims or lawsuits involving a Product manufactured, produced, distributed or sold by or on behalf of the Business which is pending or, to Seller's knowledge, threatened, on behalf of the purchaser of any Product, resulting from an alleged defect in any Product manufactured, produced, distributed or sold by or on behalf of the Business (each such defect, failure or breach, a "Product Claim"), and (ii) there has not been, nor is there under consideration or investigation by the Business, any Product recall or post-sale warning (collectively, such recalls and post-sale warnings are referred to as "Recalls") conducted by or on behalf of the Business concerning any Product manufactured, produced, distributed or sold by or on behalf of the Business or, to the knowledge of Seller, any Recall conducted by or on behalf of any entity as a result of any alleged defect in any Product supplied by the Business.

(b)All Gravitas Products have been produced, packaged and labelled in accordance with all applicable Laws, regulations and standards. All Gravitas Products will be of premium quality, fit for the intended use and human consumption, merchantable and of good quality, not adulterated or misbranded, and free of any defects. No Gravitas Products will be cultivated or produced with, or contain any pesticides in violation of applicable Law, including NRS 586.550.

Section 4.21 Environmental Matters. Except as disclosed in Section 4.21 of the Gravitas Disclosure Schedule (i) the Real Property and all buildings and improvements thereon (the "Facilities") are in material compliance with all Environmental Laws; (ii) Gravitas has all material Permits required for its operations under

Environmental Laws and is in material compliance with the terms and conditions of those Permits, (iii) no notices or Actions are pending or, to Gravitas' or Seller's knowledge, threatened relating to Hazardous Materials or a violation of any Environmental Laws; (iv) Gravitas has not received any notice (verbal or written) of any non-compliance of the Facilities or of its past or present operations with Environmental Laws; (v) except as set forth in Section 4.21 of the Gravitas Disclosure Schedule, there are no Hazardous Materials present in, on, under any Real Property or migrating through soil, groundwater or surface water from the Real Property or, to Gravitas' or the Sellers' knowledge, migrating through soil, groundwater or surface water towards the Property in violation of any Environmental Laws; (vi) all Hazardous Materials and wastes have been disposed of by Gravitas or by any other person in accordance with the requirements of all Environmental Laws; (vii) no methylene chloride or asbestos is contained in or has been used at or released from the Facilities by Gravitas or by any other person in non-compliance with Environmental Laws; (viii) there have been no "spills" of "pollutants" as those terms are defined in the Environmental Protection Act, R.S.O. 1990 c. E.19, for which Gravitas is responsible either as the "owner of the pollutant", or the "person having control of a pollutant" as defined in the Environmental Protection Act, R.S.O. 1990 c. E.19; (ix) except as set forth in Section 4.21 of the Gravitas Disclosure Schedule, there have not been in the past and are not now, any underground tanks or underground improvements at, on or under any Real Property including without limitation, treatment or storage tanks, sumps, or water, gas or oil wells; (x) there are no polychlorinated biphenyls ("PCBs") deposited, stored, disposed of or located on any Real Property or Facilities or any equipment on any Real Property containing PCBs at levels in excess of 50 parts per million; (xi) there is no formaldehyde on any Real Property or in the Facilities, nor any insulating material containing urea formaldehyde in the Facilities.

Section 4.22 **Brokers**. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Gravitas.

Section 4.23 **Powers of Attorney**. There are no outstanding powers of attorney executed on behalf of Gravitas.

Section 4.24 **Data Privacy**. Gravitas has complied with and, as presently conducted and as presently proposed to be conducted, are in compliance with, all Data Laws. Gravitas have complied with, and are presently in compliance with, its and their respective policies applicable to data privacy, data security, and/or personal information. No personal information of any individuals has been collected by Gravitas or transferred to third parties in violation of any Data Laws. Gravitas has not experienced any incident in which personal information or other data was or may have been stolen or improperly accessed, and is not aware of any facts suggesting the likelihood of the foregoing, including without limitation, any breach of security or receipt of any notices or complaints from any Person regarding personal information or other data. Gravitas has not received and is not aware of any notices, claims, investigations or proceedings pending, or, to Gravitas' knowledge, threatened, by state or federal agencies, or private parties involving notice or information to individuals that any personal information held or stored by Gravitas has been compromised, taken, accessed, or misused. All websites related to Gravitas' business contain privacy notices informing visitors how their personal information will be used, collected, stored, and protected. Gravitas does not store or maintain sensitive personal information except in a manner consistent with published privacy notices and in a manner that provides commercially-acceptable secure storage and protection of such information. No information or data collected or stored by or on behalf of Gravitas has been subject to unauthorized or unlawful access or use. If Gravitas has entered into written agreements with any vendors, service providers or other entities under which Gravitas provides personal information, those agreements require that such vendors, service providers and other entities protect such information in a manner equivalent to the protections that Gravitas is required by law, or pursuant to its published privacy notices, to provide to the individuals involved.

Section 4.25 **Disclosure**. The representations, warranties and statements made by the Sellers and Gravitas in this Agreement (which includes the Gravitas Disclosure Schedules) do not contain any untrue statement of a material fact or omit to state a material fact necessary to make such statement, in light of the circumstances in which it was made, not misleading. Sellers and Gravitas have not concealed or omitted to disclose to Buyer any fact, event, occurrence, condition or circumstance, or combinations of facts, events, occurrences, conditions or circumstances, that has had or could reasonably be expected to result in a Material Adverse Effect.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF BUYER AND PARENT

Buyer and Parent hereby represent and warrant to Sellers that each of the statements contained in this Article V are true and correct as of the date hereof and as of the Closing Date, except as otherwise set forth in written disclosure schedules delivered pursuant to this Article V, copies of which are attached to this Agreement (the "Buyer Disclosure Schedules").

Section 5.01 **Organization and Authority; Enforceability**.

(a)Buyer is a corporation duly organized, validly existing and in good standing under the laws of the state of Delaware. Buyer has full corporate power and authority to enter into this Agreement and the documents to be delivered hereunder to which it is a party, to carry out its obligations hereunder and to consummate the transactions contemplated hereby. The execution, delivery and performance by Buyer of this Agreement and the documents to be delivered hereunder by Buyer and the consummation of the transactions contemplated hereby have been duly authorized by all requisite corporate action on the part of Buyer. This Agreement and the documents to be delivered hereunder by Buyer have been duly executed and delivered by Buyer, and (assuming due authorization, execution and delivery by the Sellers, Gravitas and Parent) this Agreement and the documents to be delivered hereunder constitute legal, valid and binding obligations of Buyer enforceable against Buyer in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity), and excluding any United States federal law to the extent such federal law or treaty would be violated, or protections under such law would be unavailable to a party, as a result of operating or owning a state licensed cannabis business in compliance with Nevada law.

(b)Parent is incorporated and in good standing under the *Business Corporations Act* (Ontario). Parent has full power and authority to enter into this Agreement and the documents to be delivered hereunder to which it is a party, to carry out its obligations hereunder and to consummate the transactions contemplated hereby. The execution, delivery and performance by Parent of this Agreement and the documents to be delivered by Parent hereunder and the consummation of the transactions contemplated hereby have been duly authorized by all requisite action on the part of Parent. This Agreement and the documents to be delivered hereunder by Parent have been duly executed and delivered by Parent, and (assuming due authorization, execution and delivery by the Sellers, Gravitas and Buyer) this Agreement and the documents to be delivered hereunder constitute legal, valid and binding obligations of Parent, enforceable against Parent in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity), and excluding any United States federal law to the extent such federal law or treaty would be violated, or protections under such law would be unavailable to a party, as a result of operating or owning a state licensed cannabis business in compliance with Nevada law.

Section 5.02 **No Conflicts; Consents**.

(a)The execution, delivery and performance by Buyer of this Agreement and the documents to be delivered hereunder, and the consummation of the transactions contemplated hereby, do not and will not: (a) violate or conflict with the organizational documents of Buyer; or (b) violate or conflict with any judgment, order, decree, statute, Law, ordinance, rule or regulation applicable to Buyer. Except for the board of directors of Buyer, no consent, approval, waiver or authorization is required to be obtained by Buyer from any person or entity (including any governmental authority) in connection with the execution, delivery and performance by Buyer of this Agreement and the consummation of the transactions contemplated hereby.

(b)The execution, delivery and performance by Parent of this Agreement and the documents to be delivered hereunder, and the consummation of the transactions contemplated hereby, do not and will not: (a) violate or conflict with the organizational documents of Parent; or (b) violate or conflict with any judgment, order, decree, statute, Law, ordinance, rule or regulation applicable to Parent. Except for the board of directors of Parent, no consent, approval, waiver or authorization is required to be obtained by Parent from any person or entity (including any governmental authority) in connection with the execution, delivery and performance by Parent of this Agreement and the consummation of the transactions contemplated hereby.

Section 5.03 **Issuance of Shares**. The Parent Shares have been duly authorized by Parent and, upon issuance in accordance with the terms hereof, and assuming the representations in Section 3.05 and in the Seller Acknowledgment are true and correct, shall be validly issued, fully paid and non-assessable with the holder being entitled to all rights accorded to a holder of Proportionate Voting Shares in the capital of Parent.

Section 5.04 **Financial Ability**. Buyer will have, and as of the Closing and any such other applicable time that Buyer is required to make payments pursuant to this Agreement, will have, sufficient funding to consummate the transactions contemplated by this Agreement and satisfy all other costs and expenses arising in connection herewith.

Section 5.05 **Investment Purpose**. Buyer is acquiring Gravitas Units solely for its own account for investment purposes and not with a view to, or for offer or sale in connection with, any distribution thereof. Buyer acknowledges that Gravitas Units are not registered under the Securities Act of 1933, as amended, or any state securities laws, and that Gravitas Units may not be transferred or sold except pursuant to the registration provisions of the Securities Act of 1933, as amended or pursuant to an applicable exemption therefrom and subject to state securities laws and regulations, as applicable.

Section 5.06 **Legal Proceedings**. There is no Action pending or, to Buyer or Parent's knowledge, threatened against or by Buyer or Parent, or any Affiliate of Buyer or Parent, that challenges or seeks to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. No event has occurred or circumstances exist that may give rise or serve as a basis for any such Action.

Section 5.07 **Brokers**. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Buyer or Parent.

Section 5.08 **Disclosure**. The representations, warranties and statements made by Buyer and Parent in this Agreement (which includes the Buyer Disclosure Schedules) do not contain any untrue statement of a material fact or omit to state a material fact necessary to make such statement, in light of the circumstances in which it was made, not misleading. Neither Buyer nor Parent has concealed or omitted to disclose to Gravitas and the Sellers any fact, event, occurrence, condition or circumstance, or combinations of facts, events, occurrences, conditions or circumstances, that has had or could reasonably be expected to result in a Buyer and Parent Material Adverse Effect. For purposes of this Section 5.08, a Buyer and Parent Material Adverse Effect means any event, change, development or occurrence that, individually or together with any other event, change, development or occurrence, has had, or reasonably would be expected to have, a material adverse effort on Buyer or Parent's business, results of operations, properties, assets or conditions (whether financial or otherwise), permits, relations with customers, any material asset, key personnel, or prospects, whether long-term or short-term, whether or not anticipated, except for the effects of changes in the general economy that do not impact the Buyer or Parent disproportionately relative to other Persons of comparable size in the Buyer and Parent's industry.

Section 5.09 **Share Capital**. The authorized capital of the Parent consists of (i) an unlimited number of common shares ("Common Shares"); (ii) an unlimited number of proportionate voting shares ("Proportionate Voting Shares"); (iii) an unlimited number of exchangeable shares ("Exchangeable Shares"); and (iv) an unlimited number of preferred shares ("Preferred Shares"). As of January 31, 2019, there were: (i) 42,522,479 Common Shares issued and outstanding; (ii) 8,608,129 options issued and outstanding providing for the issuance of up to 8,608,129 Common Shares; (iii) 1,359,772 warrants to acquire Common Shares issued and outstanding providing for the issuance of up to 1,359,772 Common Shares; (iv) 35,021.529 Proportionate Voting Shares issued and outstanding; (v) 28,636,361 warrants to acquire Proportionate Voting Shares issued and outstanding providing for the issuance of up to 28,636.36 Proportionate Voting Shares; (vi) 38,890,571 Exchangeable Shares issued and outstanding; and (vii) no Preferred Shares issued and outstanding. Except as set forth above, there are no outstanding rights, options, warrants, conversion rights, stock appreciation rights, redemption rights, repurchase rights, calls, commitments, preemptive or other rights or agreements of any kind that obligate Parent or any of its Affiliates to repurchase, redeem, acquire, issue or sell any shares of capital stock or other securities of Parent or any of its Subsidiaries or any securities or obligations convertible or exchangeable into or exercisable for, or that give any Person a right to subscribe for or acquire, any securities of Parent or any of its Subsidiaries, and no securities or obligations evidencing such rights are authorized, issued or outstanding.

Section 5.10 **Reporting Issuer / Disclosure**.

(a)The Parent is a "reporting issuer" or the equivalent thereof in the Canadian Provinces of British Columbia, Alberta and Ontario, is not on the list of reporting issuers in default under applicable Canadian Securities Laws and is not in default of any material requirements of any applicable securities Laws or the rules and regulations of the CSE. No delisting, suspension of trading in or cease trading order with respect to any of its securities and, to the knowledge of the Parent, no inquiry or investigation of any Securities Authority, is pending, in effect or ongoing or threatened. The Common Shares are listed only on the CSE and quoted on the OTCQX ® Best Market and trading of the Common Shares is not currently halted or suspended. No other securities of the Parent or any of its Subsidiaries are listed on any stock exchange. None of the Parent's Subsidiaries, is subject to any continuous or periodic, or other disclosure requirements under any securities laws in any jurisdiction.

(b)The Parent has taken no action to cease to be a reporting issuer in British Columbia, Alberta or Ontario, nor has the Parent received notification from any Securities Authority, seeking to revoke the reporting issuer status of the Parent. No delisting, suspension of trading or cease trade or other order or restriction with respect to any securities of the Parent or any of its Subsidiaries is pending, in effect or, to the knowledge of the Parent, has been threatened, or is expected to be implemented or undertaken and the Parent is not subject to any formal or informal review, enquiry, investigation or other proceeding relating to any such order or restriction.

(c)The Parent has, since January 1, 2018, complied and is in compliance with applicable Canadian Securities Laws and the rules, policies and requirements of the CSE in all material respects. The Parent has timely filed with the Securities Authorities all material forms, reports, schedules, certifications, statements and other documents required to be filed by it under Canadian Securities Laws and where applicable, the rules and policies of the CSE since January 1, 2018. The documents

comprising the Parent Disclosure Record complied as filed in all material respects with applicable Canadian Securities Laws and where applicable, the rules and policies of the CSE and did not, as of the date filed (or, if amended or superseded by a subsequent filing prior to the date of this Agreement, on the date of such filing), contain any untrue statement of a material fact or omit to state a material fact required or necessary to make the statements contained therein not misleading in light of the circumstances in which they were made. The Parent has not filed any confidential material change report with the Securities Authorities which at the date hereof remains confidential. There are no outstanding or unresolved comments in comments letters from any Securities Authorities with respect to any of the Parent Disclosure Record and, to the Parent's knowledge, none of the Parent or any of the Parent Disclosure Record is subject of an ongoing audit, review, comment or investigation by any Securities Authority or the CSE.

ARTICLE VI

TAX MATTERS

Section 6.01 Tax Covenants.

(a)Without the prior written consent of Buyer, and except as otherwise required by law, neither Seller and, prior to the Closing, neither Gravitas, their Affiliates nor their respective Representatives shall, to the extent it may affect, or relate to, Gravitas, make, change or rescind any Tax election, amend any Tax Return or take any position on any Tax Return, take any action, omit to take any action or enter into any other transaction that would have the effect of increasing the Tax liability or reducing any Tax asset of Buyer or Gravitas in respect of any Post-Closing Tax Period. Sellers agree that Buyer is to have no liability for any Tax resulting from any action of Sellers, Gravitas, their Affiliates or any of their respective Representatives, and agrees to indemnify and hold harmless Buyer (and, after the Closing Date, Gravitas) against any such Tax or reduction of any Tax asset.

(b)All transfer, documentary, sales, use, stamp, registration, value added and other such Taxes and fees (including any penalties and interest) incurred in connection with this Agreement shall be borne and paid by Sellers when due. Sellers shall, at Sellers' own expense, timely file any Tax Return or other document with respect to such Taxes or fees (and Buyer shall cooperate with respect thereto as necessary).

(c) Sellers are responsible for all Pre-Closing Taxes. Buyer shall prepare, or cause to be prepared, all Tax Returns required to be filed by Gravitas after the Closing Date with respect to all Pre-Closing Tax Periods (a "Pre-Closing Period Tax Return"). With respect to each Pre-Closing Period Tax Return, Buyer shall permit Sellers to review and comment on each such Pre-Closing Period Tax Return, together with any and all workpapers supporting the creation of the Pre-Closing Period Tax Return, at least 20 days prior to filing and Buyer shall consider, in good faith, the reasonable comments so provided. Sellers shall pay to Buyer its share of all Pre-Closing Taxes as shown on such Pre-Closing Period Tax Returns no less than five Business Days before the due date of such Tax Returns; provided, however, that if the amount of Sellers Pre-Closing Taxes as shown on such Pre-Closing Period Tax Returns is greater than it would have been if Buyer had prepared such Pre-Closing Tax Returns in a manner consistent with the past practices of Gravitas (it shall be deemed consistent with past practices if the differences are required by changes in Law, ordinances, judgments, decrees and orders and governmental rules and regulations that are binding upon Gravitas), then Sellers shall, at the time of filing the Pre-Closing Period Tax Return, be required to pay to Buyer only the difference of: (i) the amount of Pre-Closing Taxes they would have paid had the Pre-Closing Period Tax Return been prepared consistent with the past practices of Gravitas minus; (ii) any prepayments made Gravitas or Sellers (to IRS or other applicable taxing body) for such Pre-Closing Taxes. In the event such prepayments exceed the amount owed to Buyers for Pre-Closing Taxes, the overage amount shall be applied to Working Capital or otherwise settled to Sellers.

(d) Buyer and Sellers shall cooperate fully, as and to the extent reasonably requested by the other, in connection with the filing any audit, claim for refund, litigation or other administrative or judicial proceeding (a "Contest") with respect to Pre-Closing Tax Returns. Buyer will have control over any such Contest, through counsel of its own choosing, however, all expenses associated with such Contest shall be reimbursed by the Sellers. Sellers shall also have the right to participate in such Contest through counsel of their choosing at their own expense.

(e) Upon the final resolution of liability for any Tax due on any Pre-Closing Period Tax Return, including after resolution of any Contest, Sellers shall pay to Buyer any deficiency between the amount already paid by Sellers to Buyer pursuant to Section 6.01(c) above, and the Pre-Closing Taxes of Gravitas shown on such final Pre-Closing Period Tax Returns.

(f)Any Tax refunds that are received by Gravitas that relates to the Pre-Closing Period Tax Returns (net of any Tax cost and any other cost) shall be allocated between Sellers and Gravitas based upon their respective percentage of taxes paid under Section 6.01(c) above. Buyer shall pay over to Sellers any such refund or the amount of any such credit within 15 days after receipt of such refund.

(g)Each Seller acknowledges that owning the Parent Shares may subject them to tax consequences both in the United States and Canada. Each Seller is responsible for all tax consequences arising as a result of such Seller's receipt and ownership of the Parent Shares. Each Seller acknowledges that neither Parent nor Buyer are providing any tax advice, and Seller is responsible for consulting with their own tax advisors.

Section 6.02 Straddle Period.

(a)In the case of Taxes that are payable by Gravitas with respect to a taxable period that begins before and ends after the Closing Date (each such period, a "Straddle Period"), the portion of any such Taxes that are treated as Pre-Closing Taxes for purposes of this Agreement shall be:

(i)in the case of Taxes (i) based upon, or related to, income, receipts, profits, wages, capital or net worth, (ii) imposed in connection with the sale, transfer or assignment of property, or (iii) required to be withheld, deemed equal to the amount which would be payable if the taxable year ended with the Closing Date; and

(ii)in the case of other Taxes, deemed to be the amount of such Taxes for the entire period multiplied by a fraction the numerator of which is the number of days in the period ending on the Closing Date and the denominator of which is the number of days in the entire period.

(b)Buyer shall prepare or cause to be prepared and file or cause to be filed all Tax Returns for Gravitas that are filed after the Closing Date for any Straddle Period (a "Straddle Period Tax Returns"). Buyer shall permit Sellers to review and comment on each such Straddle Period Tax Return, together with any and all workpapers supporting the creation of the Pre-Closing Period Tax Return, at least 20 days prior to filing and Buyer shall consider, in good faith, the reasonable comments so provided. Sellers shall be responsible for all Pre-Closing Taxes of Gravitas shown on such Straddle Period Tax Returns, and Sellers shall pay to (or as directed by) Buyer its share of all Pre-Closing Taxes as shown on such Straddle Period Tax Returns no less than five Business Days before the due date of such Straddle Period Tax Returns; provided, however, that if the amount of Sellers Pre-Closing Taxes as shown on such Straddle Period Tax Returns is greater than it would have been if Buyer had prepared such Straddle Period Tax Returns in a manner consistent with the past practices Gravitas (it shall be deemed consistent with past practices if differences are required by changes in Law, ordinances, judgments, decrees and orders and governmental rules and regulations that are binding upon Gravitas), then Sellers shall, at the time of filing the Straddle Period

Tax Return, be required to pay to Buyer only the difference of: (i) the amount of Pre-Closing Taxes they would have paid had the Straddle Period Tax Return been prepared consistent with the past practices of Gravitas minus; (ii) any prepayments made by Gravitas or Sellers (to IRS or other applicable taxing body) for such Pre-Closing Taxes. In the event such prepayments exceed the amount owed to Buyers for Pre-Closing Taxes, the overage shall be applied to Working Capital or otherwise settled to Sellers.

(c)Buyer and Sellers shall cooperate fully, as and to the extent reasonably requested by the other, in connection with any Contest with respect to Straddle Period Tax Returns. Buyer will have control over any such Contest, through counsel of its own choosing, however, any expenses associated with such Contest shall be allocated between Sellers and Buyer based upon the percentage of Pre-Closing Tax liability to total Tax liability shown on such Straddle Period Tax Returns. Sellers shall also have the right to participate in such Contest through counsel of their choosing at their own expense.

(d)Upon the final resolution of liability for any Tax due on any Straddle Period Tax Return, including after resolution of any Contest, Sellers shall pay to Buyer any deficiency between the amount already paid by Sellers to Buyer pursuant to Section 6.02(b) above, and the Pre-Closing Taxes of Gravitas shown on such final Straddle Period Tax Returns.

(e) Any Tax refunds that are received by Gravitas that relates to the Straddle Period Tax Returns (net of any Tax cost and any other cost) shall be allocated between Sellers and Gravitas based upon their respective percentage of taxes paid under Section 6.02(b) above; provided, however any Tax refund for a Straddle Period shall not be deemed to be for a Pre-Closing Tax Period on account of any carryover of a net operating loss, net capital loss, Tax credit, Tax basis or other Tax item arising from a Pre-Closing Tax Period. Buyer shall pay over to Sellers any such refund or the amount of any such credit within 15 days after receipt of such refund.

(f)Any disputes between the Sellers and Buyer with respect to the amount of taxes owing by the Sellers for such Straddle Period Tax Returns shall be resolved by the Independent Accountant, the cost of which shall be borne 50% by Sellers and 50% by Buyer.

Section 6.03 **Amendments**. Buyer shall not, and shall not cause or permit Gravitas after the Closing to amend any Pre-Closing Tax Returns in a manner that increases the tax liability of Sellers without the prior written consent of Sellers, which may not be unreasonably withheld, conditioned or delayed; provided, however, that no such approval of Sellers shall be necessary to amend any Pre-Closing Tax Returns to the extent any such amendment is required as a result of the final resolution of liability for any Tax for any taxable period, by or as a result of (a) a final decision, judgment, decree or other order, if any, by any court of competent jurisdiction, or (b) a final settlement with the Internal Revenue Service, a closing agreement or accepted offer in compromise under Sections 7121 or 7122 of the Code, or a comparable agreement with any other taxing authority.

Section 6.04 **Survival**. The provisions of this Article VI shall terminate upon the 3 year anniversary of the Closing Date.

ARTICLE VII

PRE-CLOSING COVENANTS

Section 7.01 **Conduct of Business Prior to the Closing**. From the date hereof until the Closing, except as otherwise provided in this Agreement or consented to in writing by Buyer (which consent shall not be unreasonably withheld or delayed), Sellers shall, and shall cause Gravitas to, (x) conduct their business in the ordinary course of business consistent with past practice but taking into account Gravitas' growth and expansion in the projections provided to Buyer, including any new dispensaries; (y) use reasonable best efforts to maintain and preserve intact the current organization, business and franchise of Gravitas and to preserve the rights, franchises, goodwill and relationships of its employees, customers, lenders, suppliers, regulators and others having business relationships with Gravitas and (z) not cause or permit Gravitas to (i) declare, set aside, or pay any dividend or make any distribution with respect to its outstanding equity or redeem, purchase, or otherwise acquire any outstanding equity, or (ii) otherwise engage in any practice, take any action, or enter into any transaction of the sort described in Section 4.17 above. Without limiting the foregoing, from the date hereof until the Closing Date, the Sellers shall:

(a)prepare jointly with Buyer and submit a Notice of Transfer of Interest and related documentation to the Nevada Department of Taxation, and each party shall bear their own costs and expenses of preparing this notice;

(b) cause Gravitas to preserve and maintain all of its Permits, including the Cannabis Licenses;

(c) cause Gravitas to pay its debts, Taxes and other obligations when due;

(d)cause Gravitas to maintain the properties and assets owned, operated or used by Gravitas in the same condition as they were on the date of this Agreement, subject to reasonable wear and tear;

(e)cause Gravitas to continue in full force and effect without modification all insurance policies identified in Section 4.13 of the Gravitas Disclosure Schedules, except as required by applicable Law;

(f) cause Gravitas to defend and protect its properties and assets from infringement or usurpation;

(g) cause Gravitas to perform all of its obligations under all Contracts relating to or affecting its properties, assets or business;

(h) cause Gravitas to maintain its books and records in accordance with past practice;

(i) cause Gravitas to comply in all material respects with all applicable Laws; and

(j) cause Gravitas not to take or permit any action that would cause any of the changes, events, or conditions described in Section 4.17 to occur.

Section 7.02 **Access to Information.** From the date hereof until the Closing, the Sellers shall, and shall cause Gravitas to, (a) afford Buyer full and free access to and the right to inspect all of the properties, assets, premises, books and records, Contracts and other documents and data related to Gravitas and Seller; (b) furnish Buyer with such financial, operating and other data and information related to Gravitas and Sellers as Buyer may reasonably request; and (c) make the employees of Gravitas available for consultation and permit access to other third parties reasonably requested for verification of any information so obtained. Any investigation pursuant to this Section 7.02 shall be conducted in such manner as not to interfere unreasonably with the conduct of the Business of Gravitas.

Section 7.03 Notice of Certain Events.

(a) From the date hereof until the Closing, the Sellers and Gravitas shall promptly notify Buyer in writing of:

(i)any fact, circumstance, event or action the existence, occurrence or taking of which (A) has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (B) has resulted in, or could reasonably be expected to result in, any representation or warranty made by the Sellers or Gravitas hereunder not being true and correct or (C) has resulted in, or could reasonably be expected to result in, the failure of any of the conditions set forth in Section 8.02 to be satisfied;

(ii)any notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by this Agreement;

(iii)any notice or other communication from any Governmental Authority in connection with the transactions contemplated by this Agreement; and

(iv)any Actions commenced or, to the Sellers' knowledge, threatened against, relating to or involving or otherwise affecting Gravitas or Sellers that, if pending on the date of this Agreement, would have been required to have been disclosed pursuant to Section 4.05 or that relates to the consummation of the transactions contemplated by this Agreement.

(b)From the date hereof until the Closing, Gravitas shall provide Buyer with (i) periodic updates to the Financial Statements, but no less than monthly financial statement updates, and (ii) updates to any reports or lists provided hereunder as part of the Gravitas Disclosure Schedules.

(c)Subject to subsection (d) below, Sellers and Gravitas may deliver a supplement to the Sections of the Disclosure Schedule corresponding to Section 4 of this Agreement (each such Supplement, a "Supplemental Disclosure Schedule") to the Buyer with respect to any fact(s), circumstance(s) or matter(s) (A) that arises after the date of this Agreement, (B) that arises in the ordinary course of business and to which the Buyer's consent is not required pursuant to Section 7.01, and (C) that, if existing as of, or prior to, the date of this Agreement, would have been required to be set forth or described in the Disclosure Schedule. A Supplemental Disclosure Schedule shall be arranged in paragraphs and subparagraphs corresponding to the lettered and numbered paragraphs and subparagraphs contained in this Agreement, as applicable, and all disclosure therein shall apply only to the subparagraph so indicated. A Supplemental Disclosure delivered pursuant to this Section 7.03(c) shall be deemed to be an amendment and supplement to the Disclosure Schedule, provided, however that no Supplemental Disclosure Schedule shall operate as a waiver of or cure any misrepresentation, breach of representation or warranty that exists as of the date of this Agreement, or any breach of covenant.

(d)If Buyer determines, in its reasonable discretion, that any information disclosed on a Supplemental Disclosure Schedule pursuant to this Section 7.03 (i) has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, or (ii) has resulted in, or could reasonably be expected to result in, any Loss to the Buyer or Gravitas in excess of $500,000, then Buyer may elect, by written notice to Gravitas and the Sellers, to terminate this Agreement pursuant to Section 10.01(b)(i).

Section 7.04 Governmental Approvals and Consents.

(a)The Sellers and Buyer shall cooperate in good faith with the Government Authorities and undertake promptly any and all action required to maintain or, if necessary, assign and transfer all Permits, including without limitation the Cannabis Licenses, such that such Permits may either continue to be held by Gravitas following the Closing of the transactions contemplated hereby or such Permits may be held by Buyer as of the Closing, and complete lawfully the transactions contemplated by this Agreement as soon as practicable and any and all action necessary or advisable to avoid, prevent, eliminate or remove the actual or threatened commencement of any proceeding in any forum by or on behalf of any Government Authority or the issuance of any Order that would delay, enjoin, prevent, restrain or otherwise prohibit the consummation of the transactions contemplated hereby. Buyer shall be solely responsible for and pay all costs and expenses associated with the assignment and transfer of all Permits, including without limitation legal expenses, filing fees, license and permit fees, and other costs and expenses (e.g. background investigation fees and costs) payable to the Government Authorities in connection with the transactions contemplated by this Agreement.

(b)Sellers, Gravitas and Buyer shall use reasonable best efforts to give all notices to, and obtain all consents from, all third parties that are described in Section 3.02, Section 4.04 and Section 5.02 of the Gravitas Disclosure Schedules.

(c)Without limitation on the foregoing, to the extent permissible under applicable Law, with all commercially reasonable assistance of Buyer, the Sellers shall cause Gravitas to as soon as practicable file applications with the Nevada Department of Taxation and all other necessary state and local authorities, and Buyer, with the cooperation of Seller, shall use commercially reasonable efforts to secure from the Nevada Department of Taxation and all other applicable licensing authorities to obtain on or prior to the Closing Date, the approval of the Nevada Department of Taxation and each other necessary state, local or municipal authorities, to the change in the ownership of Gravitas and the deemed transfer of the Cannabis Licenses and any other Permits necessary to operate Gravitas' cannabis business, resulting from the transactions contemplated hereby (the "Nevada Approval").

Section 7.05 Closing Conditions. From the date hereof until the Closing, each party hereto shall use reasonable best efforts to take such actions as are necessary to expeditiously satisfy the closing conditions set forth in Article VIII hereof.

Section 7.06 Public Announcements. Unless otherwise required by applicable Law or stock exchange requirements (based upon the reasonable advice of counsel), no party to this Agreement shall make any public announcements in respect of this Agreement or the transactions contemplated hereby or otherwise communicate with any news media without the prior written consent of the other party (which consent shall not be unreasonably withheld or delayed), and the parties shall cooperate as to the timing and contents of any such announcement.

Section 7.07 Exclusivity. Each of the Sellers shall not, and shall not authorize or permit any of its Affiliates (including Gravitas) or any of its or their respective agents, officers or representatives to, directly or indirectly, (a) to take any action to initiate, assist, solicit, receive, negotiate, encourage or accept any offer or inquiry from any third party to engage in a business venture within the securities business or that relates to the Business; and (b) enter into any negotiations or agreements of any kind with any other Person with respect to a "Change of Control Transaction". For the purposes of this Agreement, a Change of Control Transaction shall mean any of the following: (i) a sale

of a majority in value of the assets of Gravitas; (ii) a sale to a third party of a majority of the outstanding shares of the capital stock of Gravitas; (iii) a sale of newly issued equity occurs that represents more than 25% of the outstanding value of equity of Gravitas or more than 25% in number of outstanding shares of Gravitas, or (iv) Gravitas participates in a merger, sale or business combination with any Person other than Buyer.

Section 7.08 **Confidentiality**.

(a)Prior to the Closing, the parties hereto agree that this Agreement and the transactions contemplated hereby and all information exchanged in connection therewith (prior to termination of the transactions or the Closing) shall remain in strict confidence (except for necessary disclosure to each of the parties' directors, officers, employees, agents, lenders or representatives who need to know such information for the sole purpose of evaluating or pursuing the consummation of the transactions), other than such disclosure as either party is obligated to provide, upon the advice of its counsel, by law, court order or regulatory requirement.

(b)From and after the Closing, each Seller shall hold, and shall cause his, her or its Affiliates to hold, and each shall use his, her or its reasonable efforts to cause his, her or its respective representatives to hold, in confidence any and all non-public, confidential or proprietary information, whether written or oral, relating to Buyer, Gravitas and the Business that remains in or comes into his, her or its possession after the Closing including, without limitation: (i) trade secrets, technical information, information related to technology, software, source code, object code, web applications, samples, prototypes, designs, marketing information and systems, sales and procurement techniques, pricing information and calculators, market intelligence, financial information, business methods and systems, business processes, business models, operating procedures, operations manuals, and client and prospective client lists and information; (ii) any third-party information included with, or incorporated in, any of the foregoing; (iii) all notes, analyses, summaries and other materials prepared by or for any of Buyer, Gravitas, and Sellers or any of their respective representatives that contain, are based on or otherwise reflect, to any degree, any of the foregoing; and (iv) any other information that would reasonably be considered non-public, confidential or proprietary based on the nature of such information.

(c)The foregoing will not preclude any Seller from (a) disclosing such confidential information if compelled or necessary to disclose the same by judicial or administrative process or by other requirements of law, including any legal action, suit or proceeding arising out of this Agreement (subject to the following sentence), or (b) discussing or using such confidential information if the same hereafter is in the public domain (other than as a result of a breach of this Section 7.08. If any Seller is requested or required (by oral questions, interrogatories, requests for information or other documents in legal, administrative, arbitration or other formal proceedings, subpoena, civil investigative demand or other similar process) to disclose any such confidential information, Seller, as applicable, shall promptly notify Buyer of any such request or requirement so that Buyer may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Section 7.08. If, in the absence of a protective order or other remedy or the receipt of a waiver by Buyer, any Seller is required to disclose such information, such Seller may disclose that portion of such information that the disclosing party believes in good faith he, she or it is legally required to disclose. Sellers shall be liable to Buyer for any breach of this Section 7.08 by any of their Affiliates or representatives.

Section 7.09 **Prohibition on Trading in Parent Shares**. From the date hereof until the Closing, no Seller shall or permit any of their respective Affiliates to, directly or indirectly, purchase or sell any Common Shares, or any shares convertible or exchangeable for Common Shares, of Parent.

ARTICLE VIII

CONDITIONS TO CLOSING

Section 8.01 **Conditions to Obligations of All Parties.** The obligations of each party to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, at or prior to the Closing, of each of the following conditions:

(a)No Governmental Authority shall have enacted, issued, promulgated, enforced or entered any Order which is in effect and has the effect of making the transactions contemplated by this Agreement illegal, otherwise restraining or prohibiting consummation of such transactions or causing any of the transactions contemplated hereunder to be rescinded following completion thereof.

(b)Gravitas and Sellers shall have received all consents, authorizations, orders and approvals from the Governmental Authorities referred to in Section 3.02 and Section 4.04 and Buyer shall have received all consents, authorizations, orders and approvals from the Governmental Authorities referred to in Section 5.02, in each case, in form and substance reasonably satisfactory to Buyer and Seller, and no such consent, authorization, order and approval shall have been revoked.

Section 8.02 **Conditions to Obligations of Buyer.** The obligations of Buyer to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or Buyer's waiver, at or prior to the Closing, of each of the following conditions:

(a)Buyer shall have completed its due diligence investigation of Gravitas and the Business, and shall, in its sole discretion, be satisfied with the results of such due diligence investigation;

(b)The representations and warranties of the Sellers and Gravitas contained in this Agreement shall be true and correct in all respects (in the case of any representation or warranty qualified by materiality or Material Adverse Effect) or in all material respects (in the case of any representation or warranty not qualified by materiality or Material Adverse Effect) on and as of the date hereof and on and as of the Closing Date with the same effect as though made at and as of the Closing Date (except those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects);

(c)The Sellers and Gravitas shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement to be performed or complied with by it prior to or on the Closing Date;

(d)No Action shall have been commenced against Buyer, Parent, the Sellers or Gravitas, which would prevent the Closing. No injunction or restraining order shall have been issued by any Governmental Authority, and be in effect, which restrains or prohibits any transaction contemplated hereby;

(e)Buyer shall have received a certificate, dated the Closing Date and signed by a duly authorized officer of Gravitas and Sellers, that each of the conditions set forth in Section 8.02(b) and 8.02(c) have been satisfied.

(f)All approvals, consents and waivers that are listed on Section 3.02 and Section 4.04 of the Gravitas Disclosure Schedules, including the Nevada Approval, shall have been received, and executed counterparts thereof shall have been delivered to Buyer at or prior to the Closing;

(g)Gravitas shall continue to hold all Permits (including the Cannabis Licenses), licenses, operating authorities, and the like, and such Permits are not

subject to cancellation or termination as a result of the Closing, in a manner sufficient to enable Buyer, as the owner of Gravitas, to operate the Business as presently conducted or proposed to be conducted (subject to the obligation of Buyer to file applications for the Local Licenses).

(h)From the date of this Agreement, there shall not have occurred any Material Adverse Effect, nor shall any event or events have occurred that, individually or in the aggregate, with or without the lapse of time, could reasonably be expected to result in a Material Adverse Effect;

(i)The Buyer shall have entered into employment or consulting agreements with the Key Personnel on terms satisfactory to the Buyer including standard and customary non-competition and non-solicitation provisions;

(j) The Buyer shall have received approval for the transactions contemplated by this Agreement from its Board of Directors;

(k)Buyer shall have entered into a definitive securities purchase agreement (the " SF SPA") to acquire certain outstanding securities with the sellers of RHMT, LLC, Deep Thought LLC, and Howard Street Partners LLC (the "San Francisco Companies"); and

(l) The Buyer shall have received all of the deliveries set forth in Section 2.08(a) herein.

Section 8.03 Conditions to Obligations of the Sellers and Gravitas. The obligations of the Sellers and Gravitas to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or waiver by the Sellers and Gravitas, at or prior to the Closing, of each of the following conditions:

(a)The representations and warranties of Buyer contained in this Agreement shall be true and correct in all respects (in the case of any representation or warranty qualified by materiality or Material Adverse Effect) or in all material respects (in the case of any representation or warranty not qualified by materiality or Material Adverse Effect) on and as of the date hereof and on and as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects).

(b)Buyer and Parent shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement to be performed or complied with by it prior to or on the Closing Date.

(c)No injunction or restraining order shall have been issued by any Governmental Authority, and be in effect, which restrains or prohibits any material transaction contemplated hereby.

(d)All approvals, consents and waivers that are listed on Section 5.02 of the Buyer Disclosure Schedules shall have been received, and executed counterparts thereof shall have been delivered to Gravitas at or prior to the Closing.

(e)Gravitas shall have received a certificate, dated the Closing Date and signed by a duly authorized officer of Buyer, that each of the conditions set forth in Section 8.03(a) and Section 8.03(b) have been satisfied.

(f)From the date of this Agreement, there shall not have occurred any material adverse event in the business, results of operations, prospects, condition (financial or otherwise) or assets of Parent's business.

(g) The Sellers shall have received all of the deliveries set forth in Section 2.08(b) and (c) herein.

(h) The Closing is occurring after April 16, 2019.

ARTICLE IX

INDEMNIFICATION

Section 9.01 Survival of Representations and Covenants. Subject to the limitations and other provisions of this Agreement, the representations and warranties contained in Article III, Article IV and Article V herein shall survive the Closing and shall remain in full force and effect until the date that is eighteen (18) months from the Closing Date; provided, however that (i) the Special Representations shall survive until the expiration of the applicable statute of limitations, (ii) the representations and warranties in Section 4.12 shall survive for a period of three (3) years from the Closing Date; and (iii) any claims arising from fraud shall survive the Closing Date indefinitely, subject to any applicable statute of limitations that may apply after the discovery of such fraud. All of the covenants or other agreements contained in this Agreement shall survive the Closing Date indefinitely or for the period contemplated by their respective terms. Notwithstanding the foregoing, any claims asserted in good faith with reasonable specificity (to the extent known at such time) and in writing by notice from the non-breaching Party to the breaching Party prior to the expiration date of the applicable survival period shall not thereafter be barred by the expiration of such survival period and such claims shall survive until finally resolved. The right to indemnification, payment of damages or other remedy based on any representations, warranties, covenants and obligations contained in this Agreement shall not be affected by and will survive any investigation conducted with respect to, or any knowledge acquired (or capable of being acquired) at any time, whether before or after the Closing Date, with respect to the accuracy or inaccuracy or compliance with, any such representation, warranty, covenant or obligation.

Section 9.02 Indemnification By Sellers. Subject to the limitations and other terms and conditions of this Article IX, including the caps on liability set forth in Section 9.04, Sellers and Seller Principals, jointly and severally, shall indemnify Buyer, Parent and their respective Affiliates (including, after the Closing, Gravitas) (collectively, the "Buyer Indemnified Parties") against, and shall hold the Buyer Indemnified Parties harmless from and against, any and all claims, judgments, damages, liabilities, settlements, losses, costs and expenses, including reasonable attorneys' fees and disbursements (a "Loss"), incurred or sustained by, or imposed upon, any of the Buyer Indemnified Parties based upon, arising out of, with respect to or by reason of:

(a) any breach of any of the representations or warranties contained in Article IV of this Agreement;

(b) any breach of any of the representations or warranties made by a Seller contained in Article III of this Agreement

(c)any breach or violation of, or failure to fully perform, any covenant, agreement, undertaking or obligation to be performed by Gravitas or Sellers contained in Article II, Article VII, or Article XI of this Agreement;

(d) (i) any breach or violation of, or failure to fully perform, any covenant, agreement, undertaking or obligation in Article VI;

(e)(i) all Taxes of Gravitas or a Seller or relating to the business of Gravitas for all Pre-Closing Tax Periods; (ii) all Taxes of any member of an affiliated, consolidated, combined or unitary group of which Gravitas (or any predecessor of Gravitas) is or was a member on or prior to the Closing Date by reason of a liability under Treasury Regulation Section 1.1502-6 or any comparable provisions of foreign, state or local Law; and (iii) any and all Taxes of any person imposed on Gravitas or a Seller arising under the principles of transferee or successor liability or by contract, relating to an event or transaction occurring before the Closing Date; provided, however, that this covenant shall expire on the third (3rd) anniversary of the Closing Date; or

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(f) any Indebtedness or Transaction Expenses not paid in accordance with Section 2.04 and Section 2.08(c) hereunder.

(g) the matters set forth on Schedule 9.02(f);

Section 9.03 Indemnification By Parent and Buyer. Subject to the limitations and other terms and conditions of this Article IX, Parent and Buyer, jointly and severally, shall indemnify Sellers against, and shall hold the Sellers harmless from and against, any and all Losses incurred or sustained by, or imposed upon, Sellers based upon, arising out of, with respect to or by reason of:

(a) any breach of any of the representations or warranties of Buyer contained in Article V of this Agreement; or

(b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by Buyer or Parent contained in Article II, Article VII, or Article XI of this Agreement.

Section 9.04 Certain Limitations and Requirements. The indemnification provided for in Section 9.02 and Section 9.03 shall be subject to the following requirements and limitations:

(a) All amounts owing to any Buyer Indemnified Party for indemnification for Losses shall (regardless of the Seller that is the cause of the Loss) will be first paid through distributions from the Escrow Amount until the Escrow Amount is reduced to zero. After the Escrow Amount has been reduced to zero, the Buyer Indemnified Party shall have the right to seek to satisfy such Losses by asserting any such claims as against the Sellers, or in its discretion, set-off such Losses, in its discretion against any other payments due Sellers, including the Earn-Out Payment.

(b) Except in the case of: (i) a breach of a Fundamental Representation; or (ii) fraud, Sellers' total indemnification obligation for Losses pursuant to Section 9.02(a) shall be capped at a dollar amount equal to the Base Escrow.

(c) Except in the case of: (i) a breach of a Fundamental Representation; or (ii) fraud, Sellers' aggregate indemnification obligation for Losses pursuant to Section 9.02(d) and 9.02(e) shall be capped at a dollar amount equal to the Tax Escrow.

(d) Except in the case of fraud, which shall have no cap, and subject to the cap limitations set forth in Section 9.04(b) and Section 9.04(c) above, the maximum liability of any individual Seller or Seller Principal with respect to any indemnification obligation for Losses arising under this Agreement shall not exceed such Seller's or Seller Principal's pro rata portion of the Purchase Price hereunder.

(e) Except in the case of: (i) a breach of a Buyer and Parent Fundamental Representation; or (ii) fraud, Buyer and Parent's aggregate indemnification obligation for Losses pursuant to Section 9.03(a) of this Agreement shall be capped at a dollar amount equal to the Base Escrow, and the maximum aggregate liability of Buyer and Parent with respect to any indemnification obligation for Losses shall not exceed the Purchase Price hereunder.

Section 9.05 Indemnification Procedures.

(a) Whenever any claim shall arise for indemnification hereunder, the party entitled to indemnification (the " Indemnified Party") shall promptly provide written notice of such claim to the other party (the "Indemnifying Party"). The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party is actually prejudiced by reason of such delay or failure.

(b) In connection with any claim giving rise to indemnity hereunder resulting from or arising out of any Action by a person or entity who is not a party to this Agreement (a "Third Party Claim"), the Indemnifying Party, at its sole cost and expense and upon written notice to the Indemnified Party, may assume the defense of any such Action with counsel reasonably satisfactory to the Indemnified Party. The Indemnified Party shall be entitled to participate in the defense of any such Action, with its counsel and at its own cost and expense. If the Indemnifying Party does not assume the defense of any such Action, the Indemnified Party may, but shall not be obligated to, defend against such Action in such manner as it may deem appropriate, including, but not limited to, settling such Action, after giving notice of it to the Indemnifying Party, on such terms as the Indemnified Party may deem appropriate and no action taken by the Indemnified Party in accordance with such defense and settlement shall relieve the Indemnifying Party of its indemnification obligations herein provided with respect to any damages resulting therefrom. The Indemnifying Party shall not settle any Action without the Indemnified Party's prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed).

(c) Any Action by an Indemnified Party on account of a Loss which does not result from a Third Party Claim (a "Direct Claim") shall be asserted by the Indemnified Party giving the Indemnifying Party notice that describes the Direct Claim in reasonable detail, shall include copies of all material written evidence thereof and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have 30 days after its receipt of such notice to respond in writing to such Direct Claim. The Indemnified Party shall allow the Indemnifying Party and its professional advisors to investigate the matter or circumstance alleged to give rise to the Direct Claim, and whether and to what extent any amount is payable in respect of the Direct Claim and the Indemnified Party shall assist the Indemnifying Party's investigation by giving such information and assistance (including access to personnel and the right to examine and copy any accounts, documents or records) as the Indemnifying Party or any of its professional advisors may reasonably request. If the Indemnifying Party does not so respond within such 30 day period, the Indemnifying Party shall be deemed to have approved such claim, subject to the limitation set forth in Section 9.04, in which case the Indemnified Party shall be free to pursue such remedies as may be available to the Indemnified Party, including causing such Loss to be paid from Escrow, on the terms and subject to the provisions of this Agreement.

Section 9.06 Tax Treatment of Indemnification Payments. All indemnification payments made under this Agreement shall be treated by the parties as an adjustment to the Purchase Price for Tax purposes, unless otherwise required by law.

Section 9.07 **Calculation of Losses**. All Losses payable to an Indemnified Party under this Article 9 shall be calculated without duplication, including as to amounts included in the calculation of Closing Working Capital and part of the final Closing Adjustments under Section 2.03.

Section 9.08 **Materiality**. For all purposes of this Article IX only (including any determination as to whether there has been a breach with respect to a representation or warranty and the determination of the amount of Losses resulting therefrom), all representations and warranties shall be construed as if all limitations and qualifications as to "materiality" had been omitted.

Section 9.09 **Cumulative Remedies**. The rights and remedies provided in this Article IX are cumulative and are in addition to and not in substitution for any other rights and remedies available at law or in equity or otherwise.

ARTICLE X

TERMINATION

Section 10.01 **Termination**. This Agreement may be terminated at any time prior to the Closing:

(a) by the mutual written consent of the Sellers and Buyer;

(b) by Buyer by written notice to Gravitas and Sellers if:

(i)Buyer is not then in material breach of any provision of this Agreement and there has been a breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by Gravitas or a Seller pursuant to this Agreement that would give rise to the failure of any of the conditions specified in Article VIII and such breach, inaccuracy or failure has not been cured by Gravitas or such Seller within ten (10) days of Gravitas' receipt of written notice of such breach from Buyer; or

(ii)any of the conditions set forth in Section 8.01 or Section 8.02 shall not have been, or, if in Buyer's discretion exercised in good faith, it becomes apparent that any of such conditions will not be, fulfilled by September 30, 2019, unless such failure shall be due to the failure of Buyer to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it prior to the Closing, or unless such failure is due to delay caused by a Governmental Authority;

(c) by Gravitas and Sellers by written notice to Buyer if:

(i)Gravitas and Sellers are not then in material breach of any provision of this Agreement and there has been a breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by Buyer pursuant to this Agreement that would give rise to the failure of any of the conditions specified in Article VIII and such breach, inaccuracy or failure has not been cured by Buyer within ten (10) days of Buyer's receipt of written notice of such breach from Gravitas and Sellers; or

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(ii)any of the conditions set forth in Section 8.01 or Section 8.03 shall not have been, or if, if in Gravitas' and the Sellers' discretion exercised in good faith, it becomes apparent that any of such conditions will not be, fulfilled by September 30, 2019, unless such failure shall be due to the failure of Gravitas or a Seller to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it prior to the Closing, or unless such failure is due to delay caused by a Governmental Authority; or

(d) by Buyer or Gravitas in the event that (i) there shall be any Law that makes consummation of the transactions contemplated by this Agreement illegal or otherwise prohibited or (ii) any Governmental Authority shall have issued an Order restraining or enjoining the transactions contemplated by this Agreement, and such Order shall have become final and non-appealable.

Section 10.02 **Effect of Termination**. In the event of the termination of this Agreement in accordance with this Article, this Agreement shall forthwith become void and there shall be no liability on the part of any party hereto except:

(a) as set forth in this Article X and Section 7.08 (Confidentiality) and Article XII hereof; and

(b) if this Agreement is terminated by a party because of a material breach of the Agreement by another party or because one or more of the conditions to the terminating party's obligations under this Agreement is not satisfied as a result of another party's failure to comply with its obligations under this Agreement, the terminating party's right to pursue all legal remedies will survive such termination unimpaired; provided further, each Seller agrees that the remedy of damages at law for the material breach by any of them of any of this Agreement leading to termination may be an inadequate remedy and the parties agree that in addition to any other remedies or relief that may be available to the Buyer, Buyer shall be entitled to seek a decree or order of specific performance or mandamus to enforce the observance and performance of the provisions of this Agreement. The parties agree that both damages and specific performance shall be proper modes of relief and are not to be considered alternative remedies.

Section 10.03 **Reverse Termination Fee**. In the event that this Agreement is terminated by Gravitas or Sellers as a result of Buyer's breach of this Agreement by failing to pay the Purchase Price under the terms of this Agreement, unless the failure to do so is as a result of a breach of any representation, warranty or covenant of Sellers or Gravitas contained in this Agreement, or as a result of a failure of any of the Conditions to Closing set forth in Sections 8.01 and 8.02 hereof, then Buyer shall pay to Gravitas a reverse termination fee equal to $3,000,000 (the "Reverse Termination Fee"). Any payment required to be made pursuant to this Section 10.03 shall be made to Gravitas promptly following termination of this Agreement (and in any event not later than five (5) Business Days after such termination) and such payment shall be made by wire transfer of immediately available funds to an account to be designated by Gravitas. The parties hereto acknowledge that the damages resulting from termination of this Agreement under circumstances in which the Reverse Termination Fee is payable are uncertain and incapable of accurate calculation and that the amounts payable pursuant to this Section 10.03 are reasonable forecasts of the actual damages which may be incurred, and in the event that Gravitas shall receive full payment pursuant to this Section 10.03, the receipt of the Reverse Termination Fee shall be deemed to be liquidated damages, and not a penalty, for any and all losses or damages suffered or incurred by Gravitas, the Sellers and any of its and their Affiliates or any other Person in connection with Buyer's breach of this Agreement (and the termination hereof) by failing to pay the Purchase Price hereunder, and upon such payment of such amount none of Buyer or any of its Affiliates shall have any further liability or obligation relating to or arising out of this Agreement or the transactions contemplated by this Agreement. Nothing in this Section 10.03 limits Gravitas' or Sellers' ability to reject the Reverse Termination Fee in the event of fraud by Buyer, or pursue any independent cause of action against Parent with respect to a breach of the Confidentiality Agreement between Parent and Gravitas.

ARTICLE XI

POST-CLOSING COVENANTS

Section 11.01 Non-Competition and Non-Solicitation.

(a) Non-Competition. In consideration for the Purchase Price payable hereunder, each Seller covenants and agrees with Buyer that during the period commencing on the Closing Date and during the Restricted Period, it/he/she will not, without the prior written consent of Buyer, which may be withheld or given in its sole discretion, directly or indirectly, or individually or collectively, engage in any activity or act in any manner, including but not limited to, as an individual, owner, sole proprietor, founder, associate, promoter, partner, joint venturer, shareholder (other than as the record or beneficial owner of less than five percent (5%) of the outstanding shares of a publicly traded corporation), officer, director, trustee, manager, employer, employee, licensor, licensee, principal, agent, salesman, broker, representative, consultant, advisor, investor or otherwise for the purpose of establishing, operating, assisting or managing any business or entity that operates dispensaries covering cannabis and cannabis related products and accessories in the general metropolitan area of Las Vegas, NV.

(b) Non Solicitation. In consideration for the Purchase Price payable hereunder, each Seller covenants and agrees with Buyer that during the period commencing on the Closing Date and during the Restricted Period, it will not, without the prior written consent of Buyer, which may be withheld or given in its sole discretion, act in any manner, including but not limited to, as an individual, owner, sole proprietor, founder, associate, promoter, partner, joint venturer, shareholders (other than as the record or beneficial owners of less than five percent (5%) of the outstanding shares of a publicly traded corporation), officer, director, trustee, manager, employer, employee, licensor, licensee, principal, agent, salesman, broker, representative, consultant, advisor, investor or otherwise, directly or indirectly, to: (i) directly or indirectly, hire or solicit any employee of Gravitas or encourage any such employee to leave such employment or hire any such employee who has left such employment, except pursuant to a general solicitation which is not directed specifically to any such employees; or (ii) solicit or entice, or attempt to solicit or entice, any suppliers or customers of Gravitas or potential suppliers or customers of Gravitas for purposes of diverting their business or services from Gravitas.

(c) Injunctive Relief. Each Seller agrees that the remedy of damages at law for the breach by any of them of any of the covenants, obligations or other provisions contained in this Section 11.01 may be an inadequate remedy. In recognition of the irreparable harm that a violation of such covenants would cause Gravitas and/or Buyer, the parties agree that in addition to any other remedies or relief that may be available to them, Buyer shall be entitled to seek (i) a decree or order of specific performance or mandamus to enforce the observance and performance of such covenant, obligation or other provision, and (ii) an injunction against and restraining an actual or threatened breach, violation or violations, in either case pursuant to Section 12.14. The parties agree that both damages and specific performance shall be proper modes of relief and are not to be considered alternative remedies.

Section 11.02 Release.

(a)Effective upon the Closing, each Seller, on behalf of itself and its respective Affiliates, each Seller Principal, and each of their respective successors and assigns (each, a "Releasing Party"), knowingly, voluntarily and unconditionally releases, acquits and forever discharges, to the fullest extent permitted by Law, Buyer, Parent, Gravitas and its respective predecessors, successors, parents, subsidiaries and other Affiliates, and all of their current and former officers, directors, partners, employees, agents, and representatives (each, a "Released Party") of, from and against any and all claims, causes of action, demands, suits, debts, obligations, liabilities, damages, losses, costs, and expenses (including reasonable attorneys' fees) of every kind or nature whatsoever, known or unknown, actual or potential, suspected or unsuspected, fixed or contingent, that such Released Party ever had, has or may have, now or in the future, arising out of or relating to ownership of the Gravitas Units or the operation of the Business (collectively, the "Released Claims"); provided, however, that this release does not extend to any claim arising out of or related to a Party's obligations under this Agreement, or to enforce such Releasing Party's rights under this Agreement. The foregoing release shall be binding on Seller, each Seller Principal, and each of their successors, assigns, creditors, representatives, guardians, trustees and any other Person claiming by, through or in right of a Seller or a Seller Principal. Each Releasing Party represents it has not assigned any such claims to any third party prior to the date hereof and will not assign any such claims after the date hereof. Each Releasing Party agrees not to, and agrees to cause, as applicable, its Affiliates and each of their respective successors and assigns, not to, assert any such claims against the Released Parties.

(b)Each Releasing Party agrees it shall not, and no one on its behalf shall, assert or file any claim, complaint, charge, suit or action against any Released Party arising out of any matter released pursuant to this Section 11.02. In the event that any claim, complaint, charge, suit or action is asserted or filed against a Released Party in breach hereof, such Released Party shall be entitled to recover its costs, fees or expenses, including reasonable attorneys' fees and costs at trial and on appeal, incurred in defending against such action from the Releasing Party.

(c)Each Releasing Party acknowledges that it may hereafter discover facts different from, or in addition to, those which it now believes to be true with respect to any and all of the claims released in this Section 11.02, and no such additional fact shall affect the validity or enforceability of the releases contained in this Section 11.02.

(d)Each Releasing Party acknowledges that it is fully informed and aware of its rights to receive independent legal advice regarding the advisability of the releases contemplated hereby and has received such independent legal advice with regard to the advisability thereof. Releasing Party further acknowledges that it: (i) has made an investigation of the facts pertaining to the releases contemplated hereby as it has deemed necessary, and (ii) has not relied upon any statement or representation of others.

Section 11.03 Further Assurances. Following the Closing, each of the parties hereto shall, and shall cause their respective Affiliates to, execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement.

ARTICLE XII

MISCELLANEOUS

Section 12.01 [Reserved]

Section 12.02 Expenses. All costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses, whether or not the Closing shall have occurred; provided however that, upon the Closing, any of Gravitas' costs and expenses incurred in

connection with this Agreement and the transactions contemplated hereby that are not paid at or prior to Closing shall be included within the determination of the Closing Working Capital.

Section 12.03 **Further Assurances.** Following the Closing, each of the parties hereto shall, and shall cause their respective Affiliates to, execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement.

Section 12.04 **Notices**. All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next business day if sent after normal business hours of the recipient or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 12.04):

If to Sellers:

Green Ache'rs Consulting Limited
c/o Barry Fieldman
[***]

Verdant Nevada L.L.C.
c/o Michael Thomsen
[***]

If to Gravitas prior to the Closing:

Gravitas Nevada LTD.
[***]

with a copy to:

Ashcraft & Barr LLP
Attention: Alicia R. Ashcraft, Esq.
2300 West Sahara Avenue, Suite 900
Las Vegas, Nevada 89102
Facsimile: (702) 631-7556
E-mail: ashcrafta@ashcraftbarr.com

If to Buyer or Parent:

TerrAscend Corp.
P.O. Box 43125
Mississauga, ON
L5C 1W2
Canada
Attention: Matthew Johnson, President
[***]

with a copy to:

Fox Rothschild LLP
2000 Market Street, 20th Floor
Philadelphia, PA 19103-3222
USA
Attention: Stephen M. Cohen, Esq.
Facsimile: (215) 299-2150
E-mail: smcohen@foxrothschild.com

And

Fox Rothschild LLP
1001 Fourth Avenue, Suite 4500
Seattle, WA 98154
ATTN: Erin Joyce Letey
Facsimile: 206-389-1708
Email: eletey@foxrothschild.com

Section 12.05 **Headings**. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

Section 12.06 **Severability**. If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties hereto shall negotiate in good faith to modify the Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally

contemplated to the greatest extent possible.

Section 12.07 **Entire Agreement**. This Agreement and the documents to be delivered hereunder constitute the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein, and supersede all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter. In the event of any inconsistency between the statements in the body of this Agreement and those in documents to be delivered hereunder, the Exhibits and Gravitas Disclosure Schedules (other than an exception expressly set forth as such in the Gravitas Disclosure Schedules), the statements in the body of this Agreement will control.

Section 12.08 **Successors and Assigns**. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither party may assign its rights or obligations hereunder without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed. No assignment shall relieve the assigning party of any of its obligations hereunder.

Section 12.09 **No Third-Party Beneficiaries**. Except as provided in Article XI, this Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 12.10 **Amendment and Modification**. This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each party hereto.

Section 12.11 **Waiver**. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

Section 12.12 **Governing Law**. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Nevada without giving effect to any choice or conflict of law provision or rule (whether of the State of Nevada or any other jurisdiction).

Section 12.13 **Mandatory Arbitration**. Except for any claim for injunctive relief under Section 12.14 below, any controversy or claim between or among the parties arising out of or relating to this Agreement shall be determined exclusively by binding arbitration in accordance with the Commercial Arbitration Rules of the JAMS (the "Rules"). The arbitration shall be heard by one arbitrator to be selected in accordance with the Rules at the offices of the JAMS in Las Vegas, Nevada, unless the parties mutually agree otherwise. The parties shall share the costs of the arbitration equally; however, each party shall be responsible for its own attorneys' fees and other costs and expenses. Both parties waive the right, if any, to obtain any award for exemplary or punitive damages or any other amount for the purpose of imposing a penalty from the other in any arbitration or judicial proceeding or other adjudication arising out of or relating to this Agreement, or any breach hereof, including any claim that this Agreement, or any part of it, is invalid, illegal or otherwise voidable or void. The decision of the arbitrator shall be final and conclusive upon all parties. If for some reason a court determines not to enforce the mandatory arbitration provision in this Section 12.13, or either Party brings an action for injunctive relief under Section 12.14, then the exclusive jurisdiction and venue for any dispute between the parties shall be the courts for the State of Nevada located in Clark County, State of Nevada.

Section 12.14 **Equitable Relief**. Each party agrees that where this Agreement entitles a party to seek injunctive relief, specific performance or other equitable relief, each party expressly waives any right to claim that any breach of this Agreement is adequately compensable in monetary damages and waives any requirement to post a bond and shall reimburse the non-breaching party for its reasonable attorney's fees and costs incurred in obtaining any such relief.

Section 12.15 **Counterparts**. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

[Signatures to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Securities Purchase Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

GRAVITAS:

Gravitas Nevada, Ltd.

By: /s/ *Barry Fieldman*
Name: Barry Fieldman
Title: Manager

BUYER:

WDB Holding NV, Inc.

By: /s/ *Matthew Johnson*
Name: Matthew Johnson
Title: President, WDB HOLDING NV, INC.

SELLERS:

Verdant Nevada LLC

By: /s/ *Ryan Hudson*
Name: Ryan Hudson
Title: Manager

Green Ache'rs Consulting Limited

By: /s/ *Barry Fieldman*

PARENT:

TerrAscend Corp.

By: /s/ *Michael Nashat*
Name: Michael Nashat
Title: CEO, TerrAscend Corp.

Name: Barry Fieldman
Title: Manager

SELLER PRINCIPALS

/s/ *Michael Thomsen*
Michael Thomsen

/s/ *Ryan Hudson*
Ryan Hudson

/s/ *Arion Luce*
Arion Luce

/s/ *Anthony Shira*
Anthony Shira

/s/ *Daniel Wacks*
Daniel Wacks

/s/ *Barry Fieldman*
Barry Fieldman

Exhibit A

Form of Non-Competition and Non-Solicitation Agreement

[***]

Exhibit B

Escrow Agreement

[***]

Exhibit C

Form of Employment Agreements

[***]

Exhibit 2.6

CERTAIN CONFIDENTIAL INFORMATION (MARKED BY BRACKETS AS "[***]") HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED.

TERRASCEND CORP.

and

GAGE GROWTH CORP.

ARRANGEMENT AGREEMENT

August 31, 2021

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ARRANGEMENT AGREEMENT

THIS AGREEMENT is dated as of August 31, 2021,

BETWEEN:

TERRASCEND CORP., a corporation existing under the laws of the Province of Ontario

(the "**Purchaser**")

- and -

GAGE GROWTH CORP., a corporation existing under the laws of Canada

(the "**Company**")

CONTEXT:

(A) The Purchaser and the Company wish to propose an Arrangement involving the acquisition by the Purchaser of all of the issued and outstanding Company Shares (and any securities issuable in exchange for the Company Exchangeable Shares) in exchange for Purchaser Shares on the terms set forth in this Agreement;

(B) The Parties intend to carry out the transaction contemplated in this Agreement by way of a plan of arrangement under the provisions of the CBCA;

(C) The Company Board has unanimously determined, after receiving financial and legal advice, that the Consideration to be received by the Company Shareholders is fair, from a financial point of view, to the Company Shareholders and that the Arrangement is in the best interests of the Company, and the Company Board has unanimously resolved (with directors abstaining or recusing themselves as required by Law or the Company's Constating Documents) to recommend that the Company Shareholders vote in favour of the Arrangement Resolution, all subject to the terms and conditions contained in this Agreement; and

(D) The Purchaser has entered into Company Voting Support and Lock-Up Agreements with the Locked-Up Parties, pursuant to which, among other things, such Persons have agreed to vote all of the Company Shares held by them in favour of the Arrangement Resolution, on the terms and subject to the conditions set forth in such agreements.

(E) The Company has entered into Purchaser Voting Support Agreements with the Voting Parties, pursuant to which, among other things, such Persons have agreed to vote all of the Purchaser Shares held by them in favour of the Purchaser Shareholder Resolution, on the terms and subject to the conditions set forth in such agreements.

THEREFORE, in consideration of the covenants and agreements herein contained, the Parties agree as follows:

ARTICLE 1
INTERPRETATION

Section 1.1 Definitions

In this Agreement, the following terms have the following meanings:

"**Acquisition**" has the meaning specified in Section 2.16.

"**affiliate**" has the meaning specified in National Instrument 45-106 – *Prospectus Exemptions* as in effect on the date of this Agreement.

"**Agreement**" means this arrangement agreement, together with the Schedules attached hereto and the Company Disclosure Letter, the Purchaser Disclosure Letter, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms hereof.

"**Amended Operating Agreement**" means that certain First Amendment to the Amended and Restated Operating Agreement by and among Spartan Partner Holdings, LLC and its members to be entered into on the Closing Date in substantially the form agreed to in writing by the Parties on the date hereof.

"**Arrangement**" means an arrangement under Section 192 of the CBCA, on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations to the Plan of Arrangement made in accordance with the terms of this Agreement and the provisions of the Plan of Arrangement or made at the direction of the Court in the Final Order with the prior written consent of the Company and the Purchaser, each acting reasonably.

"**Arrangement Resolution**" means the special resolution of the Company Shareholders approving the Plan of Arrangement to be considered at the Company Meeting (together with any other matters that require the approval of the Company Shareholders in connection with the transactions contemplated under this Agreement), substantially in the form of Schedule B.

"**Articles of Arrangement**" means the articles of arrangement of the Company in respect of the Arrangement, required by subsection 192(6) of the CBCA to be sent to the Director after the Final Order has been granted, which shall include the Plan of Arrangement and otherwise be in a form and content satisfactory to the Company and the Purchaser, each acting reasonably.

"**Authorization**" means, with respect to any Person, any order, permit, approval, consent, waiver, licence, exemption, review, decision of, registration and filing with, or similar authorization of any Governmental Entity, or the expiry, waiver or termination of any waiting period imposed by Law or a Governmental Entity having jurisdiction over the Person including, in respect of the Company and its Subsidiaries pursuant to any Law or request or mandate of any Governmental Entity, including the *Cannabis Act* (Canada) and the Michigan Regulatory Laws, for the operation of the Company Business, including the Regulatory Licenses.

"Authorized Contacts" has the meaning provided in the MRA.

"**Breaching Party**" has the meaning specified in Section 4.7(3).

"**Business Day**" means any day of the year, other than a Saturday, Sunday or any day on which major banks are closed for business in Toronto, Ontario.

"**CARES Act**" has the meaning ascribed thereto in Section (18)(s) of Schedule C.

"**CBCA**" means the *Canada Business Corporations Act* and the regulations made thereunder, as now in effect and as they may be promulgated or amended from time to time.

"**Certificate of Arrangement**" means the certificate to be issued by the Director pursuant to subsection 192(7) of the CBCA in respect of the Articles of Arrangement giving effect to the Arrangement.

"**Civil Investigative Demand**" means a civil investigative demand received from the U.S. Federal Trade Commission.

"**Company**" has the meaning specified in the preamble.

"**Company Acquisition Proposal**" means, other than the transactions contemplated by this Agreement, any offer, proposal or inquiry (written or oral) from any Person or group of Persons other than the Purchaser (or any affiliate of the Purchaser), after the date of this Agreement relating to:

(a) any sale or disposition (or any license, lease, long-term supply agreement or other arrangement having the same economic effect as a sale or disposition), direct or indirect, in a single transaction or a series of related transactions, of assets of the Company or any of its Subsidiaries (including voting, equity or other securities of its Subsidiaries) or alliance, joint venture, partnership or similar transaction representing 20% or more of the consolidated assets or contributing 20% or more of the consolidated revenue of the Company and its Subsidiaries, or of 20% or more of the voting or equity securities (or rights or interests in such voting or equity securities) of the Company or any of its Subsidiaries;

(b) direct or indirect take-over bid, exchange offer, issuance of securities or other transaction that, if consummated, would result in such Person or group of Persons beneficially owning or having the right to acquire 20% or more of any class of voting, equity or other securities of the Company or any of its Subsidiaries (including securities convertible or exercisable or exchangeable for voting, equity or other securities of the Company or any of its Subsidiaries) on a fully-diluted basis;

(c) any plan of arrangement, merger, amalgamation, consolidation, share exchange, debt exchange, business combination, reorganization, joint venture, exclusive license, partnership or similar transaction, recapitalization, liquidation, dissolution or winding up or similar transaction involving the Company or any of its Subsidiaries; or

any other similar transaction or series of transactions involving the Company, any of its Subsidiaries, or any agreements entered into by the Company or any of its Subsidiaries, the consummation of which would reasonably be expected to impede, interfere with, prevent a delay to the transactions contemplated herein or under the MIPA or which could reasonably be expected to materially reduce the benefits of the Arrangement to the Purchaser.

"**Company Board**" means the board of directors of the Company as constituted from time to time.

"**Company Board Recommendation**" has the meaning specified in Section 2.4(2).

"**Company Business**" means the business historically conducted by the Company and/or its Subsidiaries, including all activities and products processed under or using

Company Intellectual Property Rights.

"**Company Business Assets**" means all tangible and intangible assets, properties, Authorizations, rights or other privileges (whether contractual or otherwise, including through agreements with the Licensed Operators) owned (either directly or indirectly), leased, licensed, loaned, operated or being developed or used, including all vendor lists, customer lists, intellectual property and related technologies, real property, fixed assets, facilities, equipment, inventories and accounts receivable, by the Company and its Subsidiaries in connection with the Company Business.

"**Company Canadian Debentures**" means the outstanding unsecured debentures of the Company, denominated in Canadian dollars.

"**Company Change in Recommendation**" has the meaning specified in Section 7.2(1)(d)(ii).

"**Company Circular**" means the notice of the Company Meeting and accompanying management information circular, including all schedules, appendices and exhibits to, and information incorporated by reference in, such management information circular, to be sent to the Company Shareholders in connection with the Company Meeting, as amended, supplemented or otherwise modified from time to time in accordance with the terms of this Agreement.

"**Company Data Room**" means the material contained in the virtual data room established by the Company as at 8:00 p.m. (Toronto time) on August 31, 2021, the index of documents of which is appended to the Company Disclosure Letter.

"**Company Debentures**" means the Company Canadian Debentures and the Company US Debentures.

"**Company Disclosure Letter**" means the disclosure letter dated the date of this Agreement and delivered by the Company to the Purchaser in connection with this Agreement.

"**Company Employees**" means all officers and employees of the Company and its Subsidiaries, including unionized, non-unionized, part-time, full-time, active and inactive employees.

"**Company Exchangeable Shares**" means the Class B exchangeable shares issued by Spartan Partners Corporation which are exchangeable into 600,000 Company Exchangeable Units.

"**Company Exchangeable Units**" means the exchangeable units issued by Spartan Partners Holding, LLC, which are exchangeable for either 75,000,000 Company Subordinate Voting Shares or 1,500,000 Company Proportionate Voting Shares in accordance with their terms.

"**Company Fairness Opinions**" means the opinions of the Financial Advisors to the effect that, as of the date of such opinion, the Consideration to be received by the Company Shareholders is fair, from a financial point of view, to such holders.

"**Company Filings**" means all documents of the Company publicly filed under the profile of the Company on the System for Electronic Document Analysis Retrieval (SEDAR).

"**Company Financial Statements**" has the meaning ascribed thereto in Section (10) of Schedule C.

"Company Intellectual Property Rights" means, collectively, Company Owned Intellectual Property Rights and the Company Licensed Intellectual Property Rights.

"**Company Interested Shareholders**" means, collectively, the Company Shareholders whose votes are required to be excluded from the minority approval vote under Part 8 of MI 61-101 with respect to the Arrangement Resolution.

"Company Licensed Intellectual Property Rights" shall mean all Intellectual Property rights that are licensed to the Company or any of its Subsidiaries by any third party, including the Licensed Operators, or which the Company or any of its Subsidiaries otherwise has the right to use.

"**Company Leased Property**" has the meaning ascribed thereto in Section (20)(b) of Schedule C.

"**Company Meeting**" means the special meeting of Company Shareholders, including any adjournment or postponement of such special meeting in accordance with the terms of this Agreement, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution and for any other purpose as may be set out in the Company Circular and agreed to in writing by the Purchaser, acting reasonably.

"Company Owned Intellectual Property Rights" shall mean all Intellectual Property rights owned or purported to be owned by the Company or any of its Subsidiaries, in whole or in part.

"**Company Owned Property**" has the meaning ascribed thereto in Section (20)(a) of Schedule C.

"**Company Properties**" has the meaning ascribed thereto in Section (20)(b) of Schedule C.

"**Company Proportionate Voting Shares**" means the shares in the capital of the Company designated as proportionate voting shares, each entitling the holder thereof to fifty (50) votes per share at shareholder meetings of the Company, and which are convertible, at any time at the option of the holder, into Company Subordinate Voting Shares at a ratio of fifty (50) Company Subordinate Voting Shares for each Company Proportionate Voting Share.

"**Company RSU Plan**" means the restricted share unit plan approved by the Company Board on January 26, 2021.

"**Company RSUs**" means the outstanding restricted share units of the Company issued pursuant to the Company RSU Plan.

"**Company Shareholders**" means the registered or beneficial holders of Company Shares, as the context requires.

"**Company Shares**" means a share in the capital of the Company, and includes the Company Subordinate Voting Shares, the Company Super Voting Shares and the Company Proportionate Voting Shares.

"**Company Special Committee**" means the special committee of independent members of the Company Board formed in relation to the proposal to effect the transactions contemplated by this Agreement.

"**Company Stock Option Plan**" means the amended and restated stock option plan approved by the Company Board on June 3, 2019.

"**Company Stock Optionholders**" means the registered or beneficial holders of Company Stock Options.

"**Company Stock Options**" means stock options to purchase Company Subordinate Voting Shares issued pursuant to the Company Stock Option Plan.

"**Company Subordinate Voting Shares**" means the shares in the capital of the Company designated as subordinate voting shares, each entitling the holder thereof to one vote per share at shareholder meetings of the Company.

"**Company Super Voting Shares**" means the shares in the capital of the Company designated as super voting shares, each entitling the holder thereof to fifty (50) votes per share at shareholder meetings of the Company.

"**Company Superior Proposal**" means any unsolicited *bona fide* written Company Acquisition Proposal from a Person who is an arm's length third party made after the date of this Agreement: (i) to acquire all of the outstanding Company Shares not beneficially owned by such arm's length third party or all or substantially all of the assets of the Company on a consolidated basis; (ii) that complies with Securities Laws in all material respects and did not result from or involve a breach of Article 5 or any other agreement between the Person making the Company Acquisition Proposal and the Company or any of its Subsidiaries; (iii) that the Company Board determines, in its good faith judgment after receiving the advice of its outside legal counsel and financial advisors, is reasonably capable of being completed without undue delay relative to the Arrangement, taking into account all financial, legal, regulatory and other aspects of such proposal (including any required shareholder approvals and any minimum tender requirements) and the Person making such proposal; (iv) that is not subject to a financing condition and, in respect of which it has been demonstrated to the satisfaction of the Company Board, in its good-faith judgment, after receiving the advice of its outside legal counsel and financial advisors, that adequate arrangements have been made in respect of any financing, including any costs or expenses related thereto, required to complete such Company Acquisition Proposal; (v) that is not subject to any due diligence or access condition; (vi) in the event that the Company does not have the financial resources to pay the Termination Fee, the terms of such Company Acquisition Proposal provide that the Person making such Company Superior Proposal shall advance or otherwise provide the Company the cash required for the Company to pay the Termination Fee and such amount shall be advanced or provided on or before the date such Termination Fee becomes payable; and (vii) that the Company Board determines, in its good faith judgment, after receiving the advice of its outside legal and financial advisors and after taking into account all the terms and conditions of the Company Acquisition Proposal, including all legal, financial, regulatory and other aspects of such Company Acquisition Proposal and the party making such Company Acquisition Proposal, would, if consummated in accordance with its terms, but without assuming away the risk of non-completion, result in a transaction which is more favourable, from a financial point of view, to the Company Shareholders than the Arrangement (including any amendments to the terms and conditions of the Arrangement proposed by the Purchaser pursuant to Section 5.4(2)).

"**Company Superior Proposal Notice**" has the meaning specified in Section 5.4(1)(c).

"**Company Systems**" means all information technology and computer systems (including computer software, information technology and telecommunication hardware and other equipment) relating to the generation, transmission, storage, maintenance or processing of data and information, whether or not in electronic form, used in the conduct of the Company Business.

"**Company Termination Fee Event**" has the meaning specified in Section 7.3.

"**Company US Debentures**" means the outstanding unsecured debentures of the Company, denominated in U.S. dollars.

"**Company Voting Support and Lock-Up Agreements"** means each of the voting support and lock-up agreements dated the date hereof between the Purchaser and each of the Locked-Up Parties.

"**Company Warrantholders**" means the registered or beneficial holders of Company Warrants.

"**Company Warrants**" means the outstanding warrants of the Company to purchase Company Subordinate Voting Shares.

"**Confidentiality Agreement**" means the confidentiality agreement dated January 29, 2021 between the Purchaser and the Company.

"**Consideration**" means the consideration to be received by the Company Shareholders pursuant to the Plan of Arrangement as consideration for their Company Shares, consisting of 0.3001 of a Purchaser Share for each Company Share, subject to adjustment in the manner and in the circumstances contemplated in Section 2.12 of this Agreement, on the basis set out in the Plan of Arrangement.

"**Consideration Shares**" means the Purchaser Shares to be issued as the Consideration pursuant to the Arrangement.

"**Constating Documents**" means the articles or certificate of incorporation, formation, amalgamation, or continuation, as applicable, and the operating or limited liability company agreements, shareholders agreements, by-laws, or similar organizational documents, as applicable, and all amendments thereto.

"**Contract**" means any legally binding agreement, commitment, engagement, contract, franchise, licence, obligation or undertaking (written or oral), and any amendment, exhibit, schedule or appendix thereof, to which any Party or any of its Subsidiaries is a party or by which it or any of its Subsidiaries is bound or affected or to which any of their respective properties or assets is subject.

"**Court**" means the Ontario Superior Court of Justice (Commercial List) in the City of Toronto.

"**CSE**" means the Canadian Securities Exchange.

"**Depositary**" means such Person as the Purchaser may appoint to act as depositary for Company Shares in relation to the Arrangement, with the approval of the Company, acting reasonably.

"**Director**" means the Director appointed pursuant to Section 260 of the CBCA.

"**Dissent Rights**" means the rights of dissent of the Company Shareholders in respect of the Arrangement Resolution as described in the Plan of Arrangement.

"**Effective Date**" has the meaning specified in Section 2.10.

"**Effective Time**" has the meaning specified in the Plan of Arrangement.

"**Employee Plans**" means any "employee benefit plan" (as such term is defined in Section 3(3) of ERISA) and all other health, welfare, supplemental unemployment benefit, change of control, bonus, profit sharing, option, insurance, compensation, incentive, incentive compensation, deferred compensation, share purchase, share compensation, disability, pension, vacation, severance or termination pay, retirement or retirement savings plans, or other employee benefit plans, policies, trusts, funds, agreements, or arrangements for the benefit of employees, former employees, directors or former directors of a Party or any of its Subsidiaries, which are maintained by or binding upon such Party or any of its Subsidiaries or in respect of which such Party or any of its Subsidiaries has an actual or contingent liability excluding all obligations for severance and termination pursuant to a statute.

"**Environmental Laws**" means all United States and Canadian Laws relating to public health that is adversely affected by pollution and Hazardous Substances in the environment or the protection of the environment and all Authorizations issued pursuant to such United States and Canadian Laws.

"**ERISA**" means the Employee Retirement Income Security Act of 1974.

"**ERISA Affiliate**" with respect to an entity means any other entity that, together with such first entity, would (as of any relevant time) be treated as a single employer under Section 414 of the U.S. Tax Code.

"**Federal Cannabis Laws**" means any United States federal laws, civil, criminal or otherwise, as such relate, either directly or indirectly, to the cultivation, harvesting, production, distribution, sale and possession of cannabis, marijuana or related substances or products containing or relating to the same, including, without limitation, the prohibition on drug trafficking under 21 U.S.C. § 841(a), et seq., the conspiracy statute under 18 U.S.C. § 846, the bar against aiding and abetting the conduct of an offense under 18 U.S.C. § 2, the bar against misprision of a felony (concealing another's felonious conduct) under 18 U.S.C. § 4, the bar against being an accessory after the fact to criminal conduct under 18 U.S.C. § 3, and federal money laundering statutes under 18 U.S.C. §§ 1956, 1957, and 1960 and the regulations and rules promulgated under any of the foregoing.

"**Final Order**" means the final order of the Court made pursuant to Section 192 of the CBCA, after a hearing upon the fairness of the terms and conditions of the Arrangement, in a form acceptable to the Company and the Purchaser, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of both the Company and the Purchaser, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or dismissed, as affirmed or as amended (provided that any such amendment is acceptable to both the Company and the Purchaser, each acting reasonably) on appeal.

"**Financial Advisors**" means Clarus Securities Inc., independent financial advisor to the Company Board and Eight Capital, independent financial advisor to the Company Special Committee.

"**Governmental Entity**" means (i) any international, multinational, national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, commissioner, board, bureau, ministry, agency or instrumentality, domestic or foreign, including the U.S. Internal Revenue Service and the Canada Revenue Agency, (ii) any subdivision or authority of any of the above, (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing or (iv) any stock exchange, including the CSE.

"**Hazardous Substances**" means any material, substance, or waste that is regulated as toxic or hazardous, or as a pollutant or contaminant under Environmental Laws, including all petroleum and fractions thereof, asbestos-containing materials in any condition, polychlorinated biphenyls and per- and polyfluoroalkyl substances, but explicitly excludes cannabis and cannabis-containing products.

"**IFRS**" means International Financial Reporting Standards, as issued by the International Accounting Standards Board, applicable as at the date on which the calculation is made or required to be made, applied on a consistent basis.

"**Indemnified Persons**" has the meaning specified in [***].

"**Intellectual Property**" means domestic and foreign: (i) patents, applications for patents and reissues, divisions, continuations, renewals, extensions and continuations-in-part of patents or patent applications; (ii) proprietary and non-public business information, including inventions (whether patentable or not), invention disclosures, improvements, discoveries, trade secrets, confidential information, know-how, methods, processes, designs, technology, technical data, schematics, formulae and customer lists, and documentation relating to any of the foregoing; (iii) copyrights, copyright registrations and applications for copyright registration; (iv) mask works, mask work registrations and applications for mask work registrations; (v) designs, design registrations, design registration applications and integrated circuit topographies; (vi) trade names, business names, corporate names, domain names, website names and world wide web addresses, common law trade-marks, trade-mark registrations, trade-mark applications, trade dress and logos, and the goodwill associated with any of the foregoing; (vii) Software; and (viii) any other intellectual property and industrial property.

"**Interim Order**" means the interim order of the Court contemplated by Section 2.2 and made pursuant to Section 192 of the CBCA, in a form acceptable to the Company and the Purchaser, each acting reasonably, providing for, among other things, the calling and holding of the Company Meeting, as such order may be amended by the Court with the consent of the Company and the Purchaser, each acting reasonably.

"**Inventories**" means all inventories of stock-in-trade, point-of-sale materials and merchandise including materials, supplies, work-in-progress, finished goods, and purchased finished goods owned by the Company and any of its Subsidiaries (including those in possession of suppliers, customers and other third parties).

"**Key Authorizations**" means (i) the approval of the CSE with regard to the Arrangement and the issuance and listing of the Consideration Shares issuable pursuant thereto; and (ii) acceptance of a Subsidiary of the Purchaser as a 'supplemental applicant' in respect of any Licensed Operator whose ownership may not be transferred in accordance with the MIPA at the Effective Time.

"**Key Employees**" means such key Company employees, consultants or independent contractors specified in the Company Disclosure Letter.

"**Law**" means, with respect to any Person, any and all applicable law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, notice, judgment, decree, ruling or other similar requirement, whether domestic or foreign, enacted, adopted, promulgated or applied by a Governmental Entity that is binding upon or applicable to such Person or its business, undertaking, property or securities, and to the extent that they have the force of law, policies, guidelines, notices and protocols of any Governmental Entity, as amended.

"**Leases**" has the meaning ascribed thereto in Section (20)(b) of Schedule C.

"**Licensed Operators**" means those entities specified in the Company Disclosure Letter.

"**Lien**" means any mortgage, charge, pledge, hypothecation, security interest, prior claim, encroachments, option, right of first refusal or right of first offer, occupancy right, possessory right, covenant, assignment, lien (statutory, inchoate or otherwise), defect of title, restriction, adverse right or claim, or other third party interest or encumbrance of any kind, in each case, whether contingent or absolute.

"**Locked-Up Parties**" means the Persons who are party to the Company Voting Support and Lock-Up Agreements, as agreed to in writing by the Purchaser and the Company.

"**Losses**" has the meaning specified in Section 2.4(3).

"**Matching Period**" has the meaning specified in Section 5.4(1)(e).

"**Material Adverse Effect**" means, in respect of any Party, as applicable, any change, event, occurrence, effect, state of facts or circumstance that, individually or in the aggregate with other such changes, events, occurrences, effects, state of facts or circumstances, is or could reasonably be expected to be material and adverse to the business, operations, results of operations, assets, properties, capitalization, financial condition, liabilities (contingent or otherwise) or cash flows of a Party and its Subsidiaries, and as it relates to the Company and the Company Business, taken as a whole, except any such change, event, occurrence, effect, or circumstance resulting from:

(a) general conditions in the cannabis industry or markets in which the Party and its Subsidiaries operate;

(b) any change in global, national or regional political conditions (including military action and the outbreak or escalation of war or acts of terrorism) or in general economic, business, regulatory, political or market conditions or in national or global financial, banking or capital markets;

(c) any adoption, proposal, implementation or change in Law or any interpretation of Law by any Governmental Entity;

(d) any change in IFRS or U.S. GAAP, as applicable;

(e) any natural disaster or epidemic, pandemic or disease outbreak (including the COVID-19 virus or public health emergencies as declared by the World Health Organization);

(f) the failure of the Party to meet any internal or published projections, forecasts, guidance or estimates of revenues or earnings or other financial or operating metrics for any period (it being understood that the cause underlying any such failure may be taken into account in determining whether a Material Adverse Effect has occurred, to the extent not otherwise excepted by another clause of this definition);

(g) the announcement or disclosure of this Agreement;

(h) any action taken (or omitted to be taken) by the Party that is consented to by the other Party expressly in writing;

(i) any matter which has been disclosed by the Company in the Company Disclosure Letter;

(j) any action taken (or omitted to be taken) upon the written request of the Party; or

(k) any change in the market price or trading volume of any securities of the Party (it being understood that the causes underlying such change in market price may be taken into account in determining whether a Material Adverse Effect has occurred),

provided, however, that with respect to clauses (a) through to and including (e), such matter does not have a materially disproportionate effect on the Party and its Subsidiaries, taken as a whole, relative to other comparable companies and entities operating in the industry or markets in which the Party and/or its Subsidiaries operate, and unless expressly provided in any particular section of this Agreement, references in certain sections of this Agreement to dollar amounts are not intended to be, and shall not be deemed to be, illustrative or interpretive for purposes of determining whether a "Material Adverse Effect" has occurred.

"**Material Contract**" means any Contract: (i) that if terminated or modified or if it ceased to be in effect, would reasonably be expected to have a Material Adverse Effect on the Company; (ii) relating directly or indirectly to the guarantee of any liabilities or obligations or to indebtedness for borrowed money in excess of $250,000 in respect of the Company; (iii) restricting, or which may in the future restrict, the incurrence of indebtedness by the Company or any of its Subsidiaries (including by requiring the granting of an equal and rateable Lien) or the incurrence of any Liens on any properties or assets of the Company or any of its Subsidiaries, or restricting, or which may in the future restrict, the payment of dividends by the Company, in each case, in any material respect; (iv) relating to the purchase of materials, supplies, equipment or services involving payments, individually or in the aggregate, in excess of $250,000 annually or $750,000 over the life of the Contract by the Company or any of its Subsidiaries over the life of such Contract; (v) providing for the establishment, investment in, organization, formation, or governance of any joint venture, limited liability company, strategic alliance, partnership or sharing of profits, revenue or proprietary information or similar arrangement that creates an exclusive dealing arrangement or right of first offer or refusal that materially limits the Company's business or that of any Subsidiary; (vi) that contains any exclusivity or non-solicitation obligations of the Company or any of its Subsidiaries; (vii) providing for severance or change in control payments in excess of $100,000; (viii) providing for the purchase, sale or exchange of, or option to purchase, sell or exchange, any property or asset other than inventory in the Ordinary Course where the purchase or sale price or agreed value or fair market value of such property or asset exceeds $250,000 in respect of the Company; (ix) that limits or restricts in any material respect (A) the ability of the Company or any of its Subsidiaries to engage in any line of business or carry on business in any geographic area, (B) the ability of the Company or any of its Subsidiaries to solicit or hire any Person, or (C) the scope of Persons to whom the Company or any of its Subsidiaries may sell products or deliver services; (x) that gives another Person the right to purchase or license an unlimited quantity or volume of, or enterprise-wide scope of use of, that the Company's products or services (or licenses to that the Company's products or services) for a fixed aggregate price at no additional charge, or under which the Company grants most-favoured customer pricing, rights of first refusal or similar rights or terms to any Person; or (xi) that remains in full force and effect and has been filed by the Company with the applicable Securities Authorities as a Material Contract in accordance with applicable Securities Laws. For greater certainty, any Contract between the Company and any of its Subsidiaries and the Licensed Operators shall be a Material Contract.

"**Material Representations**" means the representations and warranties of the Company contained in Sections (2), (3), (4)(a), (22)(e) and (22)(f) of Schedule C hereto.

"MI 61-101" means Multilateral Instrument 61-101 – *Protection of Minority Shareholders in Special Transactions*.

"**Michigan Regulatory Laws**" means the Michigan Medical Marihuana Facilities Licensing Act (MMFLA), the Michigan Regulation and Taxation of Marihuana Act (MRTMA), the rules and regulations promulgated by the Michigan Marijuana Regulatory Agency (MRA), and any applicable municipal ordinances adopted pursuant to the MMFLA or MRTMA.

"**MIPA**" means the membership interest purchase agreement entered into by a Subsidiary of the Purchaser and the member of the Licensed Operators on the date hereof with respect to the Licensed Operators.

"**Misrepresentation**" means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

"**Money Laundering Laws**" has the meaning ascribed thereto in Section (25)(d) of Schedule C.

"**MRA**" means the Michigan Marijuana Regulatory Agency.

"**Notice**" has the meaning specified in [***].

"**OFAC**" has the meaning ascribed thereto in Section (26) of Schedule C.

"**officer**" has the meaning specified in the *Securities Act* (Ontario).

"**Ordinary Course**" means, with respect to an action taken by a Party or its Subsidiary, that such action is consistent with the past practices of such Party or such Subsidiary and is taken in the ordinary course of the normal day-to-day operations of the business of such Party or such Subsidiary but excludes non-arm's length transactions.

"**Outside Date**" means six (6) months from the date of this Agreement, or such later date as may be agreed to in writing by the Parties.

"**Parties**" means the Company and the Purchaser and "**Party**" means either of them.

"**Permitted Liens**" means, in respect of the Company or any of its Subsidiaries, any one or more of the following:

(a) Liens for Taxes which are not yet due or delinquent or that are being properly contested in good faith by appropriate proceedings and for which adequate provisions have been made in accordance with IFRS in the Company's most recent publicly filed financial statements;

(b) Liens of contractors, subcontractors, mechanics, workers, suppliers, materialmen, carriers and others in respect of the construction, maintenance, repair or operation of Company Business Assets provided that such Liens are related to obligations not past due or delinquent, are not registered against title to any Company Business Assets and in respect of which adequate holdbacks are being maintained as required by applicable Law;

(c) the right reserved to or vested in any Governmental Entity by any statutory provision or by the terms of any lease, licence, franchise, grant or permit of the Company or any of its Subsidiaries, to terminate any such lease, licence, franchise, grant or permit, or to require annual or other payments as a condition of their continuance;

(d) easements, servitudes, restrictions, restrictive covenants, rights of way, licenses, permits and other similar rights in real or immovable property that in each case do not materially detract from the value or materially interfere with the use of the real or immovable property subject thereto;

(e) zoning and building by-laws and ordinances, regulations made by public authorities that in each case do not materially detract from the value or materially interfere with the use of the real or immovable property subject thereto; and

(f) Liens listed and described in the Company Disclosure Letter.

"**Person**" includes any individual, partnership, association, body corporate, organization, trust, estate, trustee, executor, administrator, legal representative, government (including Governmental Entity), syndicate or other entity, whether or not having legal status.

"Personal Data" means any information that, alone or in combination with other information, allows the identification of a natural person, including name, street address, telephone number, e-mail address, photograph, social security number, driver's license number, passport number or customer or account number, IP address, and any persistent identifier or any other information that is otherwise considered personal information, personal data, protected health information, or other personally identifiable information under applicable Law.

"**Plan of Arrangement**" means the plan of arrangement, substantially in the form of Schedule A, subject to any amendments or variations to such plan made in accordance with Section 8.1 of this Agreement or Section 6.1 of the Plan of Arrangement, or made at the direction of the Court in the Final Order with the prior written consent of the Company and the Purchaser, each acting reasonably.

"**Privacy and Information Security Requirements**" means (i) all Laws that govern Processing of Personal Data, data privacy or information security in the State of Michigan; (ii) all United States and Michigan state Laws applicable to the information security of Company Systems; (iii) all Contracts that relate to the Processing of Personal Data and/or protecting the security or privacy of personally identifiable information or personal data as such terms are defined under applicable United States and Michigan Laws; (iv) all Privacy Notices; and (v) the Payment Card Information Data Security Standards.

"**Privacy Notices**" means any notices, policies, disclosures, or public representations by the Company or any of its Subsidiaries in respect of the Company or the respective Subsidiary's Processing of Personal Data or privacy practices.

"**Process**" **or** "**Processing**" means the collection, use, storage, processing, distribution, transfer, import, export, protection (including security measures), disposal or disclosure or other activity regarding data (whether electronically or in any other form or medium).

"**Purchaser**" has the meaning specified in the preamble.

"**Purchaser Acquisition Proposal**" means, other than the transactions contemplated by this Agreement, any offer, proposal or inquiry (written or oral) from any Person or group of Persons other than the Company (or any affiliate of the Company), after the date of this Agreement relating to:

(a) any sale or disposition (or any license, lease, long-term supply agreement or other arrangement having the same economic effect as a sale or disposition), direct or indirect, in a single transaction or a series of related transactions, of assets of the Purchaser or any of its Subsidiaries (including voting, equity or other securities of its Subsidiaries) or alliance, joint venture, partnership or similar transaction representing 20% or more of the consolidated assets or contributing 20% or more of the consolidated revenue of the Purchaser and its Subsidiaries, or of 20% or more of the voting or equity securities (or rights or interests in such voting or equity securities) of the Purchaser or any of its Subsidiaries;

(b) direct or indirect take-over bid, exchange offer, issuance of securities or other transaction that, if consummated, would result in such Person or group of Persons beneficially owning or having the right to acquire 20% or more of any class of voting, equity or other securities of the Purchaser or any of its Subsidiaries (including securities convertible or exercisable or exchangeable for voting, equity or other securities of the Purchaser or any of its Subsidiaries) on a fully-diluted basis;

(c) any plan of arrangement, merger, amalgamation, consolidation, share exchange, debt exchange, business combination, reorganization, joint venture, exclusive license, partnership or similar transaction, recapitalization, liquidation, dissolution or winding up or similar transaction involving the Purchaser or any of its Subsidiaries; or

any other similar transaction or series of transactions involving the Purchaser, any of its Subsidiaries, or any agreements entered into by the Purchaser or any of its Subsidiaries, the consummation of which would reasonably be expected to impede, interfere with, prevent a delay to the transactions contemplated herein.

"**Purchaser Board**" means the board of directors of the Purchaser as constituted from time to time.

"**Purchaser Board Recommendation**" has the meaning specified in Section 2.6(2).

"**Purchaser Change in Recommendation** " has the meaning specified in Section 7.2(1)(c)(ii).

"**Purchaser Circular**" means the notice of the Purchaser Meeting and accompanying management information circular, including all schedules, appendices and exhibits to, and information incorporated by reference in, such management information circular, to be sent to the Purchaser Shareholders in connection with the Purchaser Meeting, as amended, supplemented or otherwise modified from time to time in accordance with the terms of this Agreement.

"**Purchaser Disclosure Letter**" means the disclosure letter dated the date of this Agreement and delivered by the Purchaser to the Company in connection with this Agreement.

"**Purchaser Filings**" means all documents of the Purchaser publicly filed under the profile of the Purchaser on the System for Electronic Document Analysis Retrieval (SEDAR).

"**Purchaser Financial Statements**" has the meaning ascribed thereto in Section (9) of Schedule D.

"**Purchaser Interested Shareholders**" means, collectively, the Purchaser Shareholders whose votes are required to be excluded from the minority approval vote under Part 8 of MI 61-101 with respect to the Purchaser Shareholder Resolution.

"**Purchaser Meeting**" means the special meeting of Purchaser Shareholders, including any adjournment or postponement of such special meeting in accordance with the terms of this Agreement, to be called and held to consider the Purchaser Shareholder Resolution.

"**Purchaser Representatives**" means any officer, director, employee, representative (including any financial or other adviser engaged by the Purchaser to identify potential Purchaser Acquisition Proposals) or agent of the Purchaser or its Subsidiaries.

"**Purchaser Shareholders**" means the registered or beneficial holders of Purchaser Shares.

"**Purchaser Shares**" means the common shares in the authorized share structure of the Purchaser.

"**Purchaser Shareholder Resolution**" means the resolution of the Purchaser Shareholders approving the matters to be considered at the Purchaser Meeting.

"**Purchaser Superior Proposal**" means any unsolicited *bona fide* written Purchaser Acquisition Proposal from a Person who is an arm's length third party made after the date of this Agreement: (i) to acquire all of the outstanding Purchaser Shares not beneficially owned by such arm's length third party or all or substantially all of the assets of the Purchaser on a consolidated basis; (ii) that complies with Securities Laws in all material respects; (iii) that the Purchaser Board determines, in its good faith judgment after receiving the advice of its outside legal counsel and financial advisors, is reasonably capable of being completed without undue delay, taking into account all financial, legal, regulatory and other aspects of such proposal (including any required shareholder approvals and any minimum tender requirements) and the Person making such proposal; (iv) that is not subject to a financing condition and, in respect of which it has been demonstrated to the satisfaction of the Purchaser Board, in its good-faith judgment, after receiving the advice of its outside legal counsel and financial advisors, that adequate arrangements have been made in respect of any financing, including any costs or expenses related thereto, required to complete such Purchaser Acquisition Proposal; (v) that is not subject to any due diligence or access condition; (vi) that requires the termination of this Agreement in accordance with its term; (vii) in the event that the Purchaser does not have the financial resources to pay the Termination Fee, the terms of such Purchaser Acquisition Proposal provide that the Person making such Purchaser Superior Proposal shall advance or otherwise provide the Purchaser the cash required for the Purchaser to pay the Termination Fee and such amount shall be advanced or provided on or before the date such Termination Fee becomes payable; and (viii) that the Purchaser Board determines, in its good faith judgment, after receiving the advice of its outside legal and financial advisors and after taking into account all the terms and conditions of the Purchaser Acquisition Proposal, including all legal, financial, regulatory and other aspects of

such Purchaser Acquisition Proposal and the party making such Purchaser Acquisition Proposal, would, if consummated in accordance with its terms, but without assuming away the risk of non-completion, result in a transaction which is more favourable, from a financial point of view, to the Purchaser Shareholders than the Arrangement.

"**Purchaser Termination Fee Event**" has the meaning specified in Section 7.3(2).

"**Purchaser Voting Support Agreements**" means each of the voting support agreements entered into with the Voting Parties.

"**Regulatory Licenses**" means the Authorizations set forth in Section (23)(a) of the Company Disclosure Letter.

"**Replacement Option**" means an option or right to purchase or receive Purchaser Shares, as applicable, granted by the Purchaser in replacement of Company Stock Options on the basis set forth in Section 3.1.1(i) of the Plan of Arrangement.

"**Replacement Warrants**" means the warrants providing for the right to purchase Purchaser Shares issued by the Purchaser in replacement of the Company Warrants on the basis set forth in Section 3.1.1(j) of the Plan of Arrangement.

"**Required Purchaser Shareholder Approval"** has the meaning specified in Section 2.5(1)(k).

"**Representative**" has the meaning specified in Section 5.1(1).

"**Required Approval**" has the meaning specified in Section 2.2(1)(b).

"**Saleable**" means, Inventories that (i) can be reasonably delivered and sold within the applicable expiration of the code dates and (ii) have been stored and transported properly, (iii) and can be sold without discount to the sale price for such Inventories or credit (or similar other accommodation) granted or offered to the applicable customer.

"**Section 3(a)(10) Exemption**" means the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereof.

"**Securities Authorities**" means the Ontario Securities Commission, the Securities and Exchange Commission, any U.S. state securities authorities, commissions or regulators, and the applicable securities commission or securities regulatory authority of each of the other provinces and territories of Canada.

"**Securities Laws**" means (a) the *Securities Act* (Ontario) and any other applicable securities laws, securities commissions or securities regulatory authority of a province or territory of Canada, (b) the U.S. Securities Act and the U.S. Exchange Act, (c) U.S. state securities Laws, in each case, to the extent applicable, and (d) the policies, rules and regulations of the CSE.

"**Software**" means computer software and programs (both source code and object code form), all proprietary rights in the computer software and programs and all documentation and other materials related to the computer software and programs.

"**Subsidiary**" has the meaning specified in National Instrument 45-106 – *Prospectus Exemptions* as in effect on the date of this Agreement.

"**Succession Agreements**" means all membership interest transfer restriction and succession agreements between the Company or a Subsidiary of the Company and the equity owners of a Licensed Operator or any affiliate thereof, pursuant to which the Company or such Subsidiary has the right to acquire all or part of the equity interests of such Licensed Operator.

"**Support Agreement**" means that certain Support Agreement by and among the Purchaser, the Company, Spartan Partners Corporation, Spartan Partners Holdings, LLC and Michael Hermiz to be entered into on the Closing Date substantially in the form agreed to in writing by the Parties as of the date hereof.

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations promulgated thereunder, each as amended.

"**Tax Returns**" means any and all returns, reports, declarations, elections, notices, forms, designations, filings, and statements (including estimated tax returns and reports, withholding tax returns and reports, and information returns and reports) filed or required to be filed in respect of Taxes.

"**Taxes**" means (i) any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments in the nature of a tax imposed by any Governmental Entity, whether computed on a separate, consolidated, unitary, combined or other basis, including those levied on, or measured by, or described with respect to, income, gross receipts, profits, gains, windfalls, capital, capital stock, production, recapture, transfer, land transfer, license, gift, occupation, wealth, environment, net worth, indebtedness, surplus, sales, goods and services, harmonized sales, provincial sales, use, value-added, excise, special assessment, stamp, withholding, business, franchising, real or personal property, unclaimed property, escheat, health, employee health, payroll, workers' compensation, employment or unemployment, severance, social services, social security, education, utility, surtaxes, customs, import or export, and including all license and registration fees and all employment insurance, health insurance and government pension plan premiums or contributions; (ii) all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Entity on or in respect of amounts of the type described in clause (i) above or this clause (ii); (iii) any liability for the payment of any amounts of the type described in clauses (i) or (ii) as a result of being a member of an affiliated, consolidated, combined or unitary group for any period; and (iv) any liability for the payment of any amounts of the type described in clauses (i) or (ii) as a result of any express or implied obligation to indemnify any other Person or as a result or being a transferee or successor in interest to any party.

"**Terminating Party**" has the meaning specified in Section 4.7(3).

"**Termination Fee**" means $30 million.

"**Termination Notice**" has the meaning specified in Section 4.7(3).

"**Top Company Supplier**" has the meaning specified in Section (37) of Schedule C.

"**U.S. Exchange Act**" means the United States *Securities Exchange Act of 1934*, as amended, and the rules and regulations promulgated thereunder.

"**U.S. GAAP**" means the accounting principles generally accepted in the United States.

"**U.S. Securities Act"** means the United States *Securities Act of 1933*, as amended, and the rules and regulations promulgated thereunder.

"**U.S. Tax Code"** means the United Stated Internal Revenue Code of 1986, as amended.

"**U.S. Treasury Regulations"** means the treasury regulations promulgated under the U.S. Tax Code.

"**Voting Parties"** means the Persons entering into the Purchaser Voting Support Agreements as agreed to in writing by the Purchaser and the Company.

"**WARN Act**" has the meaning specified in Section 4.11.

Section 1.2 Certain Rules of Interpretation

(1) **Gender, etc.** In this Agreement, words signifying the singular number include the plural and vice versa, and words signifying gender include all genders.

(2) **Including.** Every use of the words "including" or "includes" in this Agreement is to be construed as meaning "including, without limitation" or "includes, without limitation", respectively.

(3) **Divisions and Headings.** The division of this Agreement into Articles and Sections, the insertion of headings and the inclusion of a table of contents are for convenience of reference only and do not affect the construction or interpretation of this Agreement.

(4) **Articles, Sections, etc.** References in this Agreement to an Article, Section or Schedule are to be construed as references to an Article, Section or Schedule of or to this Agreement unless otherwise specified.

(5) **Time Periods.** Unless otherwise specified in this Agreement, time periods within which or following which any calculation or payment is to be made, or action to be taken, will be calculated by excluding the day on which the period begins and including the day on which the period ends. If the last day of a time period is not a Business Day, the time period will end on the next Business Day.

(6) **Statutory Instruments.** Unless otherwise specified, any reference in this Agreement to any statute includes all regulations and subordinate legislation made under or in connection with that statute at any time, and is to be construed as a reference to that statute as amended, modified, restated, supplemented, extended, re-enacted, replaced or superseded at any time.

(7) **Knowledge.** Where any representation or warranty is expressly qualified by reference to the knowledge of the Company, it is deemed to refer to the actual knowledge, after making reasonable inquiries regarding the relevant matter, of Fabian Monaco, David Watza, Michael Finos, Michael Hermiz and Rami Reda. Where any representation or warranty is expressly qualified by reference to the knowledge of the Purchaser, it is deemed to refer to the actual knowledge, after making reasonable inquires regarding the relevant matter, of Jason Wild, and Keith Stauffer.

(8) **Time of Day.** Unless otherwise specified, references to time of day or date mean the local time or date in the City of Toronto, in the Province of Ontario.

(9) **Payment and Currency.** Unless otherwise specified, any money to be advanced, paid or tendered by a Party under this Agreement must be advanced, paid or tendered by bank draft, certified cheque or wire transfer of immediately available funds payable to the Person to whom the amount is due. Unless otherwise specified, the word "dollar" and the "$" sign refer to U.S. currency, and all amounts to be advanced, paid, tendered or calculated under this Agreement are to be advanced, paid, tendered or calculated in U.S. currency.

(10) **Capitalized Terms.** All capitalized terms used in any Schedule, in the Company Disclosure Letter or in the Purchaser Disclosure Letter have the meanings ascribed to them in this Agreement.

(11) **Accounting Terms.** Unless otherwise specified herein, all accounting terms are to be interpreted in accordance with IFRS and all determinations of an accounting nature in respect of the Company required to be made shall be made in a manner consistent with IFRS.

(12) **Consent**. If any provision requires approval or consent of a Party and such approval or consent is not delivered within the specified time limit, the Party whose consent or approval is required shall be conclusively deemed to have withheld its approval or consent.

(13) **Subsidiaries**. To the extent any covenants or agreements relate, directly or indirectly, to a Subsidiary of a Party, each such provision shall be construed as a covenant by the applicable Party to cause (to the fullest extent to which it is legally capable) such Subsidiary to perform the required action.

(14) **Licensed Operators.** To the extent any covenants or agreements relate, directly or indirectly, to a Material Contract among any of the Company's Subsidiaries and a Licensed Operator, each such provision shall be construed as a covenant by the Company and its Subsidiaries to cause (to the fullest extent to which it is legally capable under such Material Contract) such Licensed Operator to perform the required action.

Section 1.3 Schedules

(1) The schedules attached to this Agreement, the Company Disclosure Letter and the Purchaser Disclosure Letter form an integral part of this Agreement for all purposes of it.

(2) The Company Disclosure Letter itself and all information contained in it is confidential information and may not be disclosed except in accordance with the terms of the Confidentiality Agreement.

(3) The Purchaser Disclosure Letter itself and all information contained in it is confidential information and may not be disclosed except in accordance with the terms of the Confidentiality Agreement.

Section 1.4 MIPA

(1) The MIPA and the schedules to the MIPA form an integral part of this Agreement for all purposes of it.

ARTICLE 2
THE ARRANGEMENT

Section 2.1 Arrangement

The Company and the Purchaser agree that the Arrangement will be implemented in accordance with and subject to the terms and conditions of this Agreement and the Plan of Arrangement. Without limitation to the foregoing, at the Effective Time, the Plan of Arrangement shall become effective with the result that, among other things, the Purchaser shall become the holder of all of the outstanding Company Shares.

Section 2.2 Interim Order

(1) As soon as reasonably practicable after the date of this Agreement, but in any event on or before October 5, 2021, the Company shall apply to the Court in a manner reasonably acceptable to the Purchaser pursuant to Section 192 of the CBCA and, in cooperation with the Purchaser, prepare, file and diligently pursue an application for the Interim Order, which must provide, among other things:

(a) for the Persons and classes of Persons to whom notice is to be provided in respect of the Arrangement and the Company Meeting and for the manner in which such notice is to be provided;

(b) that the required level of approval (the '**Required Approval**") for the Arrangement Resolution shall be: (i) not less than 66 2/3% of the votes cast on the Arrangement Resolution by Company Shareholders present in person or by proxy at the Company Meeting voting together as a single class; (ii) if required under applicable Laws, a majority of the votes cast on the Arrangement Resolution by Company Shareholders (other than Company Interested Shareholders for the purpose of such vote) present in person or represented by proxy at the Company Meeting, voting in accordance with Part 8 of MI 61-101; and (iii) any other shareholder approvals required by the CSE.

(c) that, in all other respects, the terms, restrictions and conditions of the Company's Constating Documents relating to the holding of a meeting of Company Shareholders, including quorum requirements and all other matters, shall (unless varied by the Interim Order) apply in respect of the Company Meeting;

(d) for the grant of the Dissent Rights only to those Company Shareholders who are registered Company Shareholders as contemplated in the Plan of Arrangement;

(e) for the notice requirements with respect to the presentation of the application to the Court for the Final Order;

(f) that the Company Meeting may be adjourned or postponed from time to time by the Company in accordance with the terms of this Agreement without the need for additional approval of the Court;

(g) that the Company Meeting may be held in-person or be an entirely virtual meeting or hybrid meeting whereby Company Shareholders may join virtually;

(h) for confirmation of the record date for the Company Meeting referred to in Section 2.3(1)(d) for the purposes of determining the Company Shareholders entitled to notice of and to vote at the Company Meeting in accordance with the Interim Order;

(i) that the record date for Company Shareholders entitled to notice of and to vote at the Company Meeting will not change in respect of any adjournment(s) or postponement(s) of the Company Meeting, unless required by Securities Law;

(j) that the deadline for submission of proxies by the Company Shareholders for the Company Meeting shall be 48 hours (excluding Saturdays, Sundays and statutory holidays in Toronto, Ontario) prior to the Company Meeting, subject to waiver by the Company in accordance with the terms of this Agreement;

(k) for such other matters as either of the Parties may reasonably require, subject to obtaining the prior consent of the other Party, such consent not to be unreasonably withheld or delayed; and

(l) that it is the intention of the Parties to rely, by virtue of the Final Order, upon the Section 3(a)(10) Exemption and any exemption available under applicable Securities Laws, with respect to the issuance of the Consideration Shares, Replacement Options and Replacement Warrants to be issued pursuant to the Arrangement to the Company Shareholders in the United States, based on the Court's approval of the Arrangement.

Section 2.3 The Company Meeting

(1) Subject to the terms of this Agreement and the receipt of the Interim Order, the Company shall:

(a) convene and conduct the Company Meeting in accordance with the Interim Order, the Company's Constating Documents and applicable Laws as soon as reasonably practicable, and in any event on or before November 15, 2021 (or such later date as may be agreed to by the Parties in writing), for the purpose of considering the Arrangement Resolution and for any other proper purpose as may be set out in the Company Circular, and not adjourn, postpone or cancel (or propose the adjournment, postponement or cancellation of) the Company Meeting without the prior written consent of the Purchaser, acting reasonably, except:

(i) in the case of an adjournment, as required for quorum purposes (in which case the Company Meeting shall be adjourned and not cancelled);

(ii) as required by Law or by a Governmental Entity; or

(iii) as required or permitted under Section 4.7(3) or Section 5.4(5);

(b) solicit proxies in favour of the approval of the Arrangement Resolution and against any resolution submitted by any Company Shareholder that is inconsistent with the Arrangement Resolution and the completion of any of the transactions contemplated by this Agreement, including, if so requested by the Purchaser, acting reasonably:

(i) if requested by the Purchaser, retaining (at the Company's cost) dealer and proxy solicitation services firms to solicit proxies in favour of the approval of the Arrangement Resolution;

(ii) considering the input of the Purchaser with respect to the solicitation of proxies in respect of the Company Meeting;

(iii) permitting the Purchaser to assist and participate in all material interactions with such proxy solicitation agent;

(iv) providing the Purchaser with all material information distributions or updates from the proxy solicitation agent;

(v) consulting with, and considering any suggestions from the Purchaser with regards to the proxy solicitation agent; and

(vi) consulting with the Purchaser and keeping the Purchaser apprised, with respect to such solicitation and other actions.

(c) provide the Purchaser with copies of or access to information as requested from time to time by the Purchaser, acting reasonably, regarding the Company Meeting generated by any transfer agent or proxy solicitation services firm which has been retained by the Company;

(d) promptly advise Purchaser of any communication (written or oral) from or claims brought by (or threatened to be brought by) any Person in opposition to the transactions contemplated by this Agreement and, without limiting the foregoing, of any notice of dissent or purported exercise by any registered Company Shareholder of Dissent Rights received by the Company in relation to the Arrangement Resolution and any withdrawal of Dissent Rights received by Company and, subject to applicable Laws, any written communications sent by or on behalf of Company to any registered Company Shareholder exercising or purporting to exercise Dissent Rights in relation to the Arrangement Resolution (and Company shall provide Purchaser with an opportunity to review and comment on any such written communications);

(e) fix and publish a record date for the purposes of determining Company Shareholders entitled to receive notice of and vote at the Company Meeting in accordance with the Interim Order;

(f) consult with the Purchaser in fixing the record date for the date of the Company Meeting and the date of the Company Meeting, give notice to the Purchaser of the Company Meeting and allow the Purchaser's representatives and legal counsel to attend the Company Meeting;

(g) promptly advise the Purchaser, at such times as the Purchaser may reasonably request and at least on a daily basis on each of the last 10 Business Days prior to the date of the Company Meeting, as to the aggregate tally of the proxies received by the Company in respect of the Arrangement Resolution;

(h) not, except as set out in the Interim Order and only with the consent of the Purchaser, change the record date for the Company Shareholders entitled to vote at the Company Meeting in connection with any adjournment or postponement of the Company Meeting (unless required by Law);

(i) not without the consent of the Purchaser, waive or extend the deadline for the submission of proxies by the Company Shareholders for the Company Meeting; and

(j) at the request of the Purchaser from time to time, provide the Purchaser with a list (in both written and electronic form) of (i) the registered Company Shareholders, together with their addresses and respective holdings of Company Shares, (ii) the names, addresses and holdings of all Persons having rights issued by the Company to acquire Company Shares, and (iii) to the extent available to the Company, participants and book-based nominee registrants such as CDS & Co., CEDE & Co. and DTC, and non-objecting beneficial owners of Company Shares and other security holders of the Company, together with their addresses and respective holdings of Company Shares and other securities of the Company.

(2) Notwithstanding the receipt by the Company of a Company Superior Proposal in accordance with Article 5, unless otherwise agreed to in writing by the Purchaser, the Company shall continue to take all steps necessary to hold the Company Meeting and to cause the Arrangement to be voted on at the Company Meeting and not propose or adjourn or postpone the Company Meeting, other than:

(a) as contemplated by Section 2.3(1)(a);

(b) where there has been a material breach by the Purchaser of this Agreement which has not been cured in accordance with Section 4.7; or

(c) where this agreement has been terminated by the Company pursuant to Section 7.2(1)(c)(iii).

Section 2.4 The Company Circular

(1) The Company shall promptly prepare and complete, in consultation with the Purchaser, the Company Circular together with any other documents required by the CBCA and applicable Securities Laws in connection with the Company Meeting and the Arrangement, and the Company shall, promptly after obtaining the Interim Order, cause the Company Circular and such other documents to be filed and sent to each Company Shareholder and other Person as required by the Interim Order and applicable Securities Laws, in each case so as to permit the Company Meeting to be held by the date specified in Section 2.3(1)(a).

(2) The Company shall ensure that the Company Circular complies in all material respects with applicable Law and the Interim Order, does not contain any Misrepresentation regarding the Company and provides the Company Shareholders with sufficient information to permit them to form a reasoned judgment concerning the matters to be placed before the Company Meeting. Without limiting the generality of the foregoing, the Company Circular must include: (i) a copy of the Company Fairness Opinions; (ii) a statement that the Company Board and Company Special Committee have each received the Company Fairness Opinions, and have each unanimously determined (subject to the right of any conflicted directors, if any, to abstain from deciding upon the matter), after receiving advice of outside financial and legal counsel, that the execution, delivery and performance of this Agreement is in the best interests of the Company and that the Arrangement is fair, from a financial point of view, to the Company Shareholders and that the Company Board and Company Special Committee each unanimously recommends that the Company Shareholders vote in favour of the Arrangement Resolution (the "**Company Board Recommendation**"); (iii) a statement that each director and executive officer of the Company intends to vote all of such individual's Company Shares in favour of the Arrangement Resolution and against any resolution submitted by any Company Shareholder that is inconsistent with the Arrangement, the whole in accordance with their Company Voting Support and Lock-Up Agreements; and (iv) a statement that certain Company Shareholders have entered into Company Voting Support and Lock-Up Agreements and specifying the percentage of the issued and outstanding Company Shares covered by such Company Voting Support and Lock-Up Agreements and that such Company Shareholders have agreed to vote all their Company Shares in favour of the Arrangement Resolution and against any resolution submitted by any Company Shareholder that is contrary to the contemplated terms of the Arrangement.

(3) The Company shall indemnify and save harmless the Purchaser and each of its representatives from and against any and all liabilities, claims, demands, losses, costs, damages and expenses ("**Losses**") to which they may be subject or may suffer, in any way caused by, or arising, directly or indirectly, from or in consequence of:

(a) any Misrepresentation or alleged Misrepresentation in any information:

(i) included in the Company Circular, other than the information relating to the Purchaser (including information provided by the Purchaser in connection with the preparation of pro forma financial statements), its affiliates or the Consideration Shares furnished to the Company in writing by the Purchaser for inclusion in the Company Circular; and

(ii) relating to the Company or its Affiliates included in the Purchaser Circular that was provided by the Company or a Representative thereof expressly for inclusion in the Purchaser Circular pursuant to this Section 2.4(3);

(b) any order made, or any inquiry, investigation or proceeding by any Securities Authority or other Governmental Entity, to the extent based on any Misrepresentation or any alleged Misrepresentation in:

(i) the Company Circular, other than the information relating to the Purchaser, its affiliates or the Consideration Shares furnished to the Company in writing by the Purchaser for inclusion in the Company Circular; and

(ii) the Purchaser Circular that was provided by the Company or a Representative thereof expressly for inclusion in the Purchaser Circular pursuant to this Section 2.4(3).

(4) The Company shall not be responsible for any information in the Company Circular relating to the Purchaser, its affiliates or the Consideration Shares.

(5) Prior to the printing of the Company Circular, the Company shall give the Purchaser and its legal counsel a reasonable opportunity to review and comment on drafts of the Company Circular and other related documents, and shall give reasonable consideration to any comments made by the Purchaser and its legal counsel, and agrees that all information relating solely to the Purchaser, its affiliates and the Consideration Shares included in the Company Circular must be in a form and content satisfactory to them.

(6) The Purchaser shall provide the Company with all information regarding the Purchaser, its affiliates and the Consideration, as required by Law (and, in particular, Securities Laws) for inclusion in the Company Circular or in any amendments or supplements to such Company Circular. The Purchaser shall ensure that such information does not include any Misrepresentation concerning the Purchaser, its affiliates and the Consideration. The Purchaser shall not be responsible for any information in the Company Circular relating to the Company.

(7) The Purchaser shall indemnify and save harmless the Company and each of its representatives from and against any and all Losses to which they may be subject or may suffer, in any way caused by, or arising, directly or indirectly, from or in consequence of:

(a) any Misrepresentation or alleged Misrepresentation in any information:

(i) included in the Purchaser Circular, other than the information relating to the Company (including information provided by the Company in connection with the preparation of pro forma financial statements) or its affiliates furnished to the Purchaser in writing by the Company for inclusion in the Purchaser Circular; and

(ii) relating to the Purchaser or its Affiliates included in the Company Circular that was provided by the Purchaser or a Representative thereof expressly for inclusion in the Company Circular pursuant to this Section 2.4(7);

(b) any order made, or any inquiry, investigation or proceeding by any Securities Authority or other Governmental Entity, to the extent based on any Misrepresentation or any alleged Misrepresentation in:

(i) the Purchaser Circular, other than the information relating to the Company or its affiliates furnished to the Purchaser in writing by the Company for inclusion in the Purchaser Circular;

(ii) the Company Circular that was provided by the Purchaser or a Representative thereof expressly for inclusion in the Company Circular pursuant to this Section 2.4(7).

(8) Each Party shall also use its commercially reasonable efforts to obtain any necessary consents from its auditors and any other advisors to the use of any financial, technical or other expert information required to be included in the Company Circular and the Purchaser Circular and to the identification in the Company Circular and the Purchaser Circular of each such advisor.

(9) Each Party shall promptly notify the other Party if it becomes aware that the Company Circular contains a Misrepresentation, or otherwise requires an amendment or supplement. The Parties shall, in a manner consistent with this Section 2.4, cooperate in the preparation of any such amendment or supplement as required or appropriate, and the Company shall, in a manner provided in the Interim Order, promptly mail, file or otherwise publicly disseminate any such amendment or supplement to the Company Shareholders and, if required by the Court or by applicable Law, file the same with the Securities Authorities or any other Governmental Entity as required.

Section 2.5 Purchaser Meeting

(1) Subject to the terms of this Agreement, the Purchaser shall:

(a) use commercially reasonable efforts, within 10 Business Days of the date of this Agreement, to cause each of the Purchaser Shareholders disclosed in Section 2.5(1) of the Purchaser Disclosure Letter to enter into Purchaser Voting Support Agreements with the Company;

(b) convene and conduct the Purchaser Meeting in accordance with the Purchaser's Constating Documents and applicable Law as soon as reasonably practicable, and in any event on or before November 15, 2021 (or such later date as may be agreed to by the Parties in writing) for the purpose of obtaining approval of the Purchaser Shareholder Resolution and for any other proper purpose as may be set out in the Purchaser Circular, and not adjourn, postpone or cancel (or propose the adjournment, postponement or cancellation of) the Purchaser Meeting without the prior written consent of the Company, acting reasonably, except:

(i) in the case of an adjournment, as required for quorum purposes (in which case the Purchaser Meeting shall be adjourned and not cancelled);

(ii) as required by Law or by a Governmental Entity; or

(iii) as required or permitted under Section 4.7(3).

(c) subject to a Purchaser Change in Recommendation, solicit proxies in favour of the Purchaser Shareholder Resolution and against any resolution submitted by any Person that is inconsistent with the Purchaser Shareholder Resolution and the completion of the transactions contemplated by this Agreement, including, if so requested by the Company, acting reasonably:

(i) if requested by the Company, retaining (at the Purchaser's cost) dealer and proxy solicitation services firms to solicit proxies in favour of the approval of the Purchaser Shareholder Resolution;

(ii) considering the input of the Company with respect to the solicitation of proxies in respect of the Purchaser Meeting;

(iii) permitting the Company to assist and participate in all material interactions with such proxy solicitation agent;

(iv) providing the Company with all material information distributions or updates from the proxy solicitation agent;

(v) consulting with, and considering any suggestions from the Company with regards to the proxy solicitation agent; and

(vi) consulting with the Company and keeping the Company apprised, with respect to such solicitation and other actions.

(d) provide the Company with copies of or access to information as requested from time to time by the Company, acting reasonably, regarding the Purchaser Meeting generated by any transfer agent or proxy solicitation services firm which has been retained by the Purchaser;

(e) promptly advise the Company of any communication (written or oral) from or claims brought by (or threatened to be brought by) any Person in opposition to the transactions contemplated by this Agreement;

(f) consult with the Company in fixing the record date for the date of the Purchaser Meeting and the date of the Purchaser Meeting, give notice to the Company of the Purchaser Meeting and allow the Company's representatives and legal counsel to attend the Purchaser Meeting;

(g) promptly advise the Company, at such times as the Company may reasonably request and at least on a daily basis on each of the last 10 Business Days prior to the date of the Purchaser Meeting, as to the aggregate tally of the proxies received by the Purchaser in respect of the Purchaser Shareholder Resolution;

(h) not without the consent of the Company, change the record date for the Purchaser Shareholders entitled to vote at the Purchaser Meeting in connection with any adjournment or postponement of the Purchaser Meeting (unless required by Law);

(i) not without the consent of the Company, waive or extend the deadline for the submission of proxies by the Purchaser Shareholders for the Purchaser Meeting; and

(j) at the request of the Company from time to time, provide the Company with a list (in both written and electronic form) of (i) the registered Purchaser Shareholders, together with their addresses and respective holdings of Purchaser Shares, (ii) the names, addresses and holdings of all Persons having rights issued by the Purchaser to acquire Purchaser Shares, and (iii) to the extent available to the Purchaser, participants and book-based nominee registrants such as CDS & Co., CEDE & Co. and DTC, and non-objecting beneficial owners of Purchaser Shares and other security holders of the Purchaser, together with their addresses and respective holdings of Purchaser Shares and other securities of the Purchaser; and

(k) The required level of approval (the "**Required Purchaser Shareholder Approval**") for the Purchaser Shareholder Resolution related to the transactions contemplated under this Agreement shall be not less than a simple majority of the votes cast on the Purchaser Shareholder Resolution by Purchaser Shareholders present in person or represented by proxy at the Purchaser Meeting, excluding any votes attached to Purchaser Shares in accordance with Part 8 of MI 61-101.

(2) The Purchaser Board shall not change, modify, withdraw or otherwise qualify the Purchaser Board Recommendation at any time prior to the Purchaser Meeting and shall publicly reaffirm the Purchaser Board Recommendation promptly following receipt of a written request from the Company, acting reasonably; provided, however, that the Purchaser Board may effect a Purchaser Change in Recommendation solely in the context of authorizing the Purchaser to enter into an agreement with respect to a Purchaser Superior Proposal and to terminate this Agreement pursuant to Section 7.2(1)(d)(iii).

Section 2.6 The Purchaser Circular

(1) The Purchaser shall promptly prepare and complete, in consultation with the Company, the Purchaser Circular together with any other documents required by applicable Law in connection with the Purchaser Meeting, and the Purchaser shall cause the Purchaser Circular and such other documents to be filed and sent to each Purchaser Shareholder and other Person as required by applicable Law, in each case so as to permit the Purchaser Meeting to be held by the date specified in Section 2.5(1)(a).

(2) The Purchaser shall ensure that the Purchaser Circular complies in material respects with applicable Law, does not contain any Misrepresentation and provides the Purchaser Shareholders with sufficient information to permit them to form a reasoned judgment concerning the matters to be placed before them at the Purchaser Meeting. Without limiting the generality of the foregoing, the Purchaser Circular must include: (i) a copy of the opinions of the financial advisors to the Purchaser Board or the special committee of independent members of the Purchaser Board to the effect that, as of the date of such opinion, that the Consideration to be paid to the Company Shareholders by the Purchaser is fair, from a financial point of view, to the Purchaser; (ii) a statement that the Purchaser Board and/or the special committee of independent members of the Purchaser Board have received such fairness opinions, and have each unanimously determined (subject to the right of any conflicted directors, if any, to abstain from deciding upon the matter), after receiving advice of outside financial and legal counsel, that the execution, delivery and performance of this Agreement is in the best interests of the Purchaser and that the Consideration to be paid to the Company Shareholders by the Purchaser is fair, from a financial point of view, to the Purchaser and that the Purchaser Board and the special committee of independent members of the Purchaser Board each unanimously recommends that the Purchaser Shareholders vote in favour of the Purchaser Shareholder Resolution (the "**Purchaser Board Recommendation**"); (iii) a statement that each director (except those directors that are Purchaser Interested Parties) and executive officer of the Purchaser intends to vote all of such individual's Purchaser's Shares in favour of the Purchaser Shareholder Resolution in accordance with the Purchaser Voting Support Agreements; and (iv) a statement that certain Purchaser Shareholders have entered into Purchaser Voting Support Agreements and specifying the percentage of the issued and outstanding Purchaser Shares covered by such Purchaser Voting Support Agreements and that such Purchaser Shareholders have agreed to vote all their Purchaser in favour of the Purchaser Shareholder Resolution and against any resolution submitted by any Purchaser Shareholder that is contrary to the contemplated terms of the Arrangement.

(3) Prior to the printing of the Purchaser Circular, the Purchaser shall give the Company and its legal counsel a reasonable opportunity to review and comment on drafts of the Purchaser Circular and other related documents, and shall give reasonable consideration to any comments made by the Company and its legal counsel, and agrees that all information relating solely to the Company, its and its affiliates included in the Purchaser Circular must be in a form and content satisfactory to them.

(4) The Company shall provide the Purchaser with all information regarding the Company and its affiliates as required by Law (and, in particular, Securities Laws) for inclusion in the Purchaser Circular or in any amendments or supplements to such Purchaser Circular. The Company shall ensure that such information does not include any Misrepresentation concerning the Company or its affiliates. The Purchaser shall not be responsible for any information in the Company Circular relating to the Company.

(5) Each Party shall promptly notify the other Party if it becomes aware that the Purchaser Circular contains a Misrepresentation, or otherwise requires an amendment or supplement. The Parties shall, in a manner consistent with this Section 2.6, cooperate in the preparation of any such amendment or supplement as required or appropriate, and the Purchaser shall promptly mail, file or otherwise publicly disseminate any such amendment or supplement to the Purchaser Shareholders and, if required by applicable Law, file the same with the Securities Authorities or any other Governmental Entity as required.

Section 2.7 Final Order

(1) If (a) the Interim Order is obtained and, subject to obtaining the approvals contemplated by the Interim Order, (b) the Arrangement Resolution is passed at the Company Meeting by the Company Shareholders as provided for in the Interim Order and as required by applicable Law and (c) the Purchaser Shareholder Resolution is passed at the Purchaser Meeting by the Purchaser Shareholders, the Company shall take all steps necessary or desirable to submit the Arrangement to the Court and diligently pursue an application for the Final Order pursuant to Section 192 of the CBCA, as soon as reasonably practicable.

Section 2.8 Court Proceedings

(1) In connection with all Court proceedings relating to obtaining the Interim Order and the Final Order, the Company shall:

(a) diligently pursue, and co-operate with the Purchaser in diligently pursuing, the Interim Order and, subject to the approval of the Arrangement Resolution at the Company Meeting, the Final Order;

(b) provide legal counsel to the Purchaser with a reasonable opportunity to review and comment upon drafts of all material to be filed with the Court in connection with the Arrangement, and give reasonable consideration to all such comments;

(c) provide legal counsel to the Purchaser on a timely basis with copies of any notice of appearance, evidence or other documents served on the Company or its legal counsel in respect of the application for the Interim Order or the Final Order or any appeal from them, and any notice, written or oral, indicating the intention of any Person to appeal, or oppose the granting of, the Interim Order or the Final Order;

(d) ensure that all material filed with the Court in connection with the Arrangement is consistent with this Agreement and the Plan of Arrangement and that such material has been approved by the Purchaser, acting reasonably, for filing;

(e) not file any material with the Court in connection with the Arrangement or serve any such material, or agree to modify or amend any material so filed or served, except as contemplated by this Agreement or with the Purchaser's prior written consent, acting reasonably, provided the Purchaser may, in its sole discretion, withhold its consent with respect to any increase in or variation in the form of the Consideration or other modification or amendment to such filed or served materials that expands or increases the Purchaser's obligations, or diminishes or limits the Purchaser's rights, set forth in any such filed or served materials or under this Agreement or the Plan of Arrangement;

(f) oppose any proposal from any Person that the Final Order contain any provision inconsistent with this Agreement, and if required by the terms of the Final Order or by Law to return to Court with respect to the Final Order do so only after notice to, and in consultation and cooperation with, the Purchaser; and

(g) not object to legal counsel to the Purchaser appearing at and making such submissions on both the hearing of the application for the Interim Order and the application for the Final Order as such counsel considers appropriate, provided the Purchaser advises the Company and its legal counsel of the nature of any such submissions prior to the hearing and such submissions are consistent with this Agreement and the Plan of Arrangement.

Section 2.9 Other Securities

The Parties acknowledge and agree that all Company Stock Options, Company RSUs and Company Warrants that are not settled or exercised in accordance with their terms, whether conditionally or otherwise, and any other securities that represent the right to receive Company Shares that are not exchanged for Company Shares, prior to the Effective Time and that remain outstanding immediately prior to the Effective Time shall be treated in accordance with the provisions of the Plan of Arrangement, and the

Company and the Purchaser shall take all such reasonable steps as may be necessary or desirable to give effect to the foregoing. The Company hereby represents, warrants and confirms to the Purchaser that all Company Debentures shall be repaid immediately prior to the Effective Date in accordance with the terms of the applicable debentures.

Section 2.10 The Arrangement and Effective Date

The Arrangement shall be effective at the Effective Time on the earlier to occur of (a) the date which is five (5) Business Days after the date on which all conditions set forth in Section 6.1, Section 6.2 and Section 6.3 have been satisfied or waived (excluding conditions that, by their terms, cannot be satisfied until the Effective Date, but subject to the satisfaction or, where not prohibited, the waiver by the applicable Party or Parties in whose favour the condition is, of those conditions as of the Effective Date), and (b) the date that is the last Business Day prior to the Outside Date (provided that the conditions set forth in Section 6.1, Section 6.2 and Section 6.3 have been satisfied or waived), unless another time or date is agreed to in writing by the Parties (the "**Effective Date**"). From and after the Effective Time, the Plan of Arrangement will have all of the effects provided by applicable Law, including the CBCA.

Section 2.11 Payment of Consideration

The Purchaser will, provided that all conditions precedent to the obligations of the Purchaser and the Company in Article 6 have been satisfied or waived, other than those conditions that are only capable of satisfaction at the Effective Time, as soon as possible after the receipt by the Company of the Final Order and in any case no later than 24 hours prior to the Effective Time, (a) deposit in escrow with the Depositary (the terms and conditions of such escrow to be satisfactory to the Parties, acting reasonably) sufficient Purchaser Shares to satisfy the aggregate Consideration payable to Company Shareholders (other than Company Shareholders who have exercised Dissent Rights) pursuant to the Plan of Arrangement; and (b) take all actions to (i) have granted all of the Replacement Options and Replacement Warrants, which grant shall automatically, and without any further action, approval, notice or otherwise of any Person, be effective upon the Effective Date and (ii) have authorized and allotted for issuance sufficient Purchaser Shares to be issued pursuant to the Company Stock Options and Company Warrants upon the payment therefor.

Section 2.12 Adjustment of Consideration

Notwithstanding anything in this Agreement to the contrary, if, between the date of this Agreement and the Effective Time, the issued and outstanding Purchaser Shares shall have changed into a different number of shares or a different class by reason of any split, consolidation, dividend, reclassification, redenomination or the like, provided any such action is permitted by Section 4.2(2)(b), then the Consideration to be paid per Company Share shall be appropriately adjusted to provide to Company Shareholders the same economic effect as contemplated by this Agreement and the Plan of Arrangement prior to such action and as so adjusted shall, from and after the date of such event, be the Consideration to be paid per Company Share, subject to further adjustment in accordance with this Section 2.12.

Section 2.13 Dissenting Company Shareholders

The Company will give the Purchaser prompt notice of receipt of any written notice of any dissent or purported exercise by any Company Shareholder of Dissent Rights, any withdrawal of such notice, and any other instruments served pursuant to Dissent Rights and received by the Company. The Company shall not make any payment or settlement offer, or agree to any such settlement, or conduct any negotiations prior to the Effective Time with respect to any such dissent, notice or instrument unless the Purchaser, acting reasonably, shall have given its written consent. The Company shall promptly advise the Purchaser of any communication (written or oral) from any Person in opposition to the Arrangement, written notice of dissent, purported exercise or withdrawal of Dissent Rights, and provide the Purchaser with a reasonable opportunity to review and comment upon any written communications sent by or on behalf of the Company to any such Person and to participate in any discussions, negotiations or proceedings involving any such Person.

Section 2.14 Withholding Taxes

(1) The Purchaser, the Company and the Depositary, as applicable, shall be entitled to deduct or withhold from any consideration payable or otherwise deliverable to any Person, including Company Shareholders exercising Dissent Rights, pursuant to the Arrangement and from all dividends, other distributions or other amount otherwise payable to any former Company Shareholders, such Taxes or other amounts as the Purchaser, the Company or the Depositary are required, entitled or permitted to deduct or withhold with respect to such payment under the Tax Act, the U.S. Tax Code, or any other provisions of any applicable Law, in each case, as amended. To the extent that Taxes or other amounts are so deducted or withheld, such deducted or withheld Taxes or other amounts shall be treated for all purposes under this Agreement as having been paid to the Person in respect of which such deduction or withholding was made, provided that such deducted or withheld Taxes or other amounts are actually remitted to the appropriate taxing authority in accordance with applicable Law. To the extent necessary, such deductions and withholdings may be effected by selling any Purchaser Shares otherwise entitled under the Plan of Arrangement.

(2) Notwithstanding any representations and covenants set forth in this Agreement, it is understood and agreed that none of the Purchaser or the Company provides any assurances to any security holder of the Company regarding the income tax consequences of the Arrangement to any security holder of the Company, except as may otherwise be provided in the Company Circular.

Section 2.15 United States Securities Law Matters

(1) The Parties agree that the Arrangement will be carried out with the intention that, assuming the Final Order is granted by the Court, all Consideration Shares, Replacement Options and Replacement Warrants issued under the Arrangement to the holders of Company Shares, Company Stock Options and Company Warrants, respectively, will be issued by the Purchaser in reliance on the Section 3(a)(10) Exemption, and in compliance with any applicable Securities Laws. The Parties agree to use good faith efforts consistent with the intent of the Parties and the intended treatment of the Arrangement as set out in this Section 2.15. In order to ensure the availability of the exemption under the Section 3(a)(10) Exemption, the Parties agree that the Arrangement will be carried out on the following basis:

(a) the procedural and substantive fairness of the terms and conditions of the Arrangement will be subject to the approval of the Court, and such Court must be expressly authorized by applicable law to hold the required hearing and grant all required approvals;

(b) the Court will be advised as to the intention of the Parties to rely on the Section 3(a)(10) Exemption prior to the hearing required to approve the procedural and substantive fairness of the terms and conditions of the Arrangement;

(c) the Court will be required to satisfy itself as to the procedural and substantive fairness of the terms and conditions of the Arrangement to all Persons who are entitled to receive Consideration Shares, Replacement Options and Replacement Warrants, subject to the Arrangement;

(d) the Company will ensure that each Person entitled to receive Consideration Shares, Replacement Options and Replacement Warrants on completion of the Arrangement will be given adequate and appropriate notice in a timely manner advising them of their right to attend the hearing of, and appear before, the Court to give approval of the procedural and substantive fairness of the terms and conditions of the Arrangement and providing them with sufficient information necessary for them to exercise that right, and that there shall not be any improper impediments to the appearance at the hearing of any Company Shareholder;

(e) the Court will hold a hearing before approving the procedural and substantive fairness of the terms and conditions of the Arrangement;

(f) each Company Shareholder in the United States entitled to receive Consideration Shares will be advised that the Consideration Shares issued pursuant to the Arrangement have not been and will not be registered under the U.S. Securities Act and will be issued by the Purchaser in reliance on the Section 3(a)(10) Exemption and in compliance with any applicable Securities Laws, and may be subject to restrictions on resale under the applicable Securities Laws, including Rule 144 under the U.S. Securities Act with respect to affiliates of the Company and the Purchaser;

(g) Company Stock Optionholders entitled to receive Replacement Options pursuant to the Arrangement and Company Warrantholders entitled to receive Replacement Warrants pursuant to the Arrangement, will be advised that the Replacement Options or Replacement Warrants, as applicable, have not been registered under the U.S. Securities Act and will be issued and exchanged by the Purchaser in reliance on the Section 3(a)(10) Exemption, but that such exemption does not exempt the issuance of securities upon the exercise of such Replacement Options or Replacement Warrants, as applicable; therefore, the Purchaser Shares issuable upon exercise of the Replacement Options or Replacement Warrants, as applicable, cannot be issued in the United States or to a Person in the United States in reliance on the Section 3(a)(10) Exemption and the Replacement Options or Replacement Warrants, as applicable, may only be exercised and the underlying common shares of the Purchaser issued pursuant to a then-available exemption from the registration requirements of the U.S. Securities Act and applicable Securities Laws.

(h) the Company shall cause the Interim Order and Final Order to contain such information and statements as are necessary or advisable to secure the Section 3(a)(10) Exemption;

(i) the Company shall further ensure that any applicable Securities Laws, exemptions, rules and requirements, with respect to the issuance of the Consideration Shares, Replacement Options and Replacement Warrants to be issued pursuant to the Arrangement in the United States have been abided by;

(j) the Interim Order approving the Company Meeting will specify that each Company Shareholder will have the right to appear before the Court at the hearing of the Court to give approval of the Arrangement so long as they deliver a response to petition and any supporting materials within a reasonable time;

(k) the Final Order approving the terms and conditions of the Arrangement that is obtained from the Court will expressly state that the Arrangement is approved by the Court as being procedurally and substantively fair to all Persons entitled to receive Consideration Shares, Replacement Options and Replacement Warrants pursuant to the Arrangement. The Company shall request that the Final Order include a statement to substantially the following effect:

"This Order will serve as a basis of a claim to an exemption, pursuant to Section 3(a)(10) of the United States Securities Act of 1933, as amended, from the registration requirements otherwise imposed by that Act, regarding the issuance and distribution of securities of TerrAscend Corp., pursuant to the Plan of Arrangement."

Section 2.16 U.S. Tax Treatment

For U.S. federal income Tax purposes, it is intended that the transactions contemplated in Section 3.1.1 of the Plan of Arrangement shall constitute a single integrated transaction and the Merger, as defined in the Plan of Arrangement, shall qualify as a "reorganization" within the meaning of Sections 368(a(1)(A) and 368(a)(2)(E)) of the U.S. Tax Code (the "**Acquisition**") and that this Agreement and the Plan of Arrangement shall constitute a "plan of reorganization" within the meaning of Section 368(a) of the U.S. Tax Code and the Treasury Regulations thereunder. Each Party hereto shall treat the Acquisition as a reorganization within the meaning of Section 368(a) of the U.S. Tax Code for all U.S. federal income tax purposes, and shall not take any position on any Tax Return or otherwise take any Tax reporting position inconsistent with such treatment, unless required by Law (or the interpretation thereof by a Governmental Entity) or otherwise required by a "determination" within the meaning of Section 1313 of the U.S. Tax Code that such treatment is not correct.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES

Section 3.1 Representations and Warranties of the Company

(1) The Company represents and warrants to the Purchaser that the representations and warranties set forth in Schedule C are true and correct as of the date hereof and acknowledges and agrees that the Purchaser is relying upon such representations and warranties in connection with the entering into of this Agreement and agreeing to complete the Arrangement.

(2) The representations and warranties of the Company contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms.

Section 3.2 Representations and Warranties of the Purchaser

(1) The Purchaser represents and warrants to the Company that the representations and warranties set forth in Schedule D are true and correct as of the date hereof and acknowledges and agrees that the Company is relying upon such representations and warranties in connection with the entering into of this Agreement and agreeing to complete the Arrangement.

(2) The representations and warranties of the Purchaser contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms.

ARTICLE 4
COVENANTS

Section 4.1 Conduct of Business of the Company

(1) The Company covenants and agrees that, during the period from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, except (i) with the express prior written consent of the Purchaser, acting reasonably, (ii) as required by Law, (iii) as contemplated by the Company Disclosure Letter or the MIPA, or (iv) as required or permitted by this Agreement, the Company shall, and shall cause its Subsidiaries to, conduct their business in the Ordinary Course, and the Company shall use commercially reasonable efforts to maintain and preserve its and its Subsidiaries' business organization, properties, employees, assets (including, for greater certainty, Company Business Assets), goodwill and business relationships with customers, supplies, partners and other Persons with which the Company or any of its Subsidiaries have business relations.

(2) Without limiting the generality of Section 4.1(1), the Company covenants and agrees that, during the period from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, except (i) with the express prior written consent of the Purchaser, acting reasonably (ii) as required by Law; (iii) as contemplated by the Company Disclosure Letter or the MIPA, or (iv) as required or permitted by this Agreement, the Company shall not, and the Company shall not permit any of its Subsidiaries to, directly or indirectly:

(a) amend its Constating Documents or, in the case of any Subsidiary which is not a corporation, its similar organizational documents;

(b) split, combine, consolidate or reclassify any of the Company Shares or declare, set aside or pay any dividend or other distribution (whether in cash, stock or property or any combination thereof), or amend or modify any term of any outstanding debt security;

(c) redeem, purchase, or otherwise acquire or offer to redeem, purchase or otherwise acquire any of the Company Shares, any of its outstanding securities or the common shares of its Subsidiaries;

(d) issue, deliver, sell, pledge or otherwise encumber, or authorize the issuance, delivery, sale, pledge or other encumbrance of any Company Shares or other equity or voting interests in the Company or its Subsidiaries (including issued Company Shares held by the Company in treasury), or any options (including under the Company Stock Option Plan), or any Company RSUs (including under the Company RSU Plan), warrants or similar rights or convertible securities exercisable or exchangeable for or convertible into such common shares or other equity or voting interests, or any stock appreciation rights, phantom stock awards or other rights that are linked to the price or the value of the Company Shares, except for the issuance of Company Shares issuable upon the settlement or exercise, as applicable, of the currently outstanding Company Stock Options, Company RSUs, Company Warrants and Company Exchangeable Units;

(e) amend the terms of any of the securities of the Company or any of its Subsidiaries;

(f) reduce its stated capital or reorganize, arrange, restructure, amalgamate or merge with any Person;

(g) adopt a plan of liquidation or resolutions providing for the liquidation or dissolution of the Company or any of its Subsidiaries;

(h) except for inventory in the Ordinary Course, acquire (by merger, consolidation, acquisition of stock or assets or otherwise), directly or indirectly, in one transaction or in a series of related transactions, assets, securities, properties, interests or businesses or make any investment either by the purchase of securities, contribution of capital, property transfer, or purchase of any other property or assets of any other Person, or acquire any license rights having a value of an amount greater than $250,000;

(i) acquire (by merger, consolidation, lease, acquisition of stock or assets or otherwise), directly or indirectly, in one transaction or in a series of related transactions any right to a Regulatory License, other than in accordance with Section 4.4(10);

(j) sell, pledge, lease, transfer, dispose of, lose the right to use, mortgage, license, encumber (other than a Permitted Lien) or otherwise transfer any assets of the Company or of any of its Subsidiaries or any interest in any assets of the Company and its Subsidiaries having a value greater than $100,000 individually or $250,000 in the aggregate, other than assets (such as inventory) sold in the Ordinary Course;

(k) enter into any joint venture or similar agreement, arrangement or relationship;

(l) other than (i) as incurred in connection with this Agreement and the transactions contemplated herein, including the expenses contemplated in [***], or (ii) as set forth in the capital budget disclosed in Section 4.2(l) of the Company Disclosure Letter make any capital expenditure or commitment to do so which in the aggregate exceeds $250,000;

(m) amend or modify, or terminate or waive any right under, any Material Contract or enter into any Contract or agreement that would be a Material Contract if in effect on the date hereof, except in connection with the MIPA at the request of the Purchaser or as otherwise expressly permitted under this Agreement;

(n) in respect of any Company Business Assets, waive, release, surrender, abandon, let lapse, grant or transfer any material right or amend, modify or change, or agree to amend, modify or change, any existing material Authorization, right to use, lease or contract, other than as contemplated in connection with the MIPA at the request of the Purchaser;

(o) except as contemplated in Section 4.8 amend, modify or terminate, cancel or let lapse any material insurance (or re-insurance) policy of the Company or any Subsidiary in effect on the date of this Agreement, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance and re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the terminated, cancelled or lapsed policies are in full force and effect;

(p) prepay any indebtedness before its scheduled maturity, or increase, create, incur, assume or otherwise become liable for any indebtedness for borrowed money or guarantees thereof in each case in an amount exceeding $100,000 individually or $250,000 in the aggregate, except: (i) in connection with the repayment of the Company Debentures in accordance with their terms; and (ii) as set forth in the Disclosure Letter;

(q) make any loan or advance to, or any capital contribution or investment in, or assume, guarantee or otherwise become liable with respect to the liabilities or obligations of, any Person;

(r) enter into any interest rate, currency, equity or commodity swaps, hedges, derivatives, forward sales contracts or similar financial instruments;

(s) grant any Lien (other than Permitted Liens) on any assets of the Company or any of its Subsidiaries;

(t) amend or re-file any material Tax Returns, make, amend or rescind any material Tax election, settle or compromise any Tax claim, action, suit, litigation, proceeding, investigation, audit, controversy, assessment, reassessment or liability, enter into any agreement with a Governmental Entity with respect to Taxes, surrender any right to claim a Tax abatement, reduction, deduction, exemption, credit or refund, consent to the extension or waiver of the limitation period applicable to any Tax matter or amend or change any of its methods of reporting income, deductions or accounting for income Tax purposes except as may be required by Law;

(u) request from any taxing authority an advance Tax ruling or determination or enter into any arrangements to provide for an extension of time with respect to the assessment or reassessment of Taxes or the filing of any material Tax Returns, payment of Taxes by, or the levying of any governmental charge against, the Company, without the consent of the Purchaser, which consent shall not unreasonably be withheld;

(v) make any change in the Company's methods of accounting, except as required by concurrent changes in IFRS;

(w) grant any increase in the rate of wages, salaries, bonuses or other remuneration of any Company Employee (other than in the Ordinary Course to Company Employees who are not officers) or independent contractor or make any bonus or profit sharing distribution or similar payment of any kind;

(x) (i) adopt or materially amend any Employee Plan; (ii) pay any benefit to any director or officer of the Company or any of its Subsidiaries or to any Company Employee that is not required under the terms of any Employee Plan in effect on the date of this Agreement; (iii) pay, grant or increase any severance, change of control or termination pay (or improvements to notice or pay in lieu of notice) to (or amend any existing arrangement with) any current or former Company Employee or any current or former director of the Company or any of its Subsidiaries; (iv) increase the benefits payable under any existing severance or termination pay policies with any current or former Company Employee or any current or former director of the Company or any of its Subsidiaries; (v) grant, accelerate, increase or otherwise amend any payment, award or other benefit payable to, or for the benefit of, any director or officer of the Company or any of its Subsidiaries or to any Company Employee; (vi) make any determination under any Employee Plan that is not in the Ordinary Course, (vii) enter into any employment, deferred compensation or other similar agreement (or amend any such existing agreement) with any current or former Company Employee or any current or former director of the Company or any of its Subsidiaries; (viii) grant any equity, equity-based or similar awards; (ix) reduce the Company's or its Subsidiaries work force except in the Ordinary Course; (x) take any action described above with respect to any consultants or independent contractors of the Company or any of its Subsidiaries; or (x) take or propose any action to effect any of the foregoing;

(y) enter into any agreement or arrangement that limits or otherwise restricts in any material respect the Company or any successor thereto, or that would, after the Effective Time, limit or restrict in any material respect the Company or any of its affiliates from competing in any manner;

(z) the Company will not release any Company Shareholders from any share transfer restrictions, escrow, lock-up or similar trading or transfer restrictions or encumbrances in respect of the Company Shares or any Company Stock Options, Company RSUs, Company Warrants or Company Exchangeable Units;

(aa) cancel, waive, release, assign, settle or compromise any material claims or rights or take any action or fail to take any action that would result in termination of any material claims or rights, including relating to the Company Intellectual Property Rights;

(bb) commence, waive, release, assign, settle, compromise or settle any litigation, proceeding or governmental investigation relating to the assets or the Company Business (i) in excess of an aggregate amount of $250,000 other than amounts or liabilities disclosed in the Company Filings which are resolved for an amount equal to or less than the amount disclosed, or (ii) which could reasonably be expected to impede, prevent or delay the consummation of the transaction contemplated by this Agreement;

(cc) knowingly take any action or fail to take any action which action or failure to act would result in the material loss, expiration or surrender of, or the loss of any material benefit under, or reasonably be expected to cause any Governmental Entity to institute proceedings for the suspension, revocation or limitation of rights under, any material Authorization necessary to conduct its businesses as now conducted, or fail to prosecute with commercially reasonable due diligence any pending application to any Governmental Entities for material Regulatory Licenses or material Authorizations (including with respect to any material Regulatory Licenses or material Authorizations applicable to assets acquired after the date of this Agreement in accordance with the terms of this Agreement);

(dd) if such becomes necessary, abandon or fail to diligently pursue any application for any material Authorizations or take any action, or fail to take any action, that could lead to a material modification, suspension or revocation of any material Authorizations, including, but not limited to those material Authorizations held by the Licensed Operators;

(ee) grant or commit to grant an exclusive licence or otherwise transfer any Intellectual Property or exclusive rights in or in respect thereto that is material to the Company and its Subsidiaries taken as a whole, other than to wholly owned Subsidiaries;

(ff) materially change its business or regulatory strategy, unless required to do so by any Governmental Entities;

(gg) enter into any Contract with a Person (other than a wholly-owned Subsidiary of the Company or any entity that owns Regulatory Licenses) that does not deal at arm's length with the Company within the meaning of the Tax Act;

(hh) enter into or amend any Contract with any broker, finder or investment banker; or

(ii) authorize, agree, resolve or otherwise commit, whether or not in writing, to do any of the foregoing.

(3) The Company shall forthwith notify the Purchaser in writing of:

(a) any Material Adverse Effect relating to the Company; or

(b) any material penalty, filing, action, suit, claim, investigation, audit inquiry, assessment or proceeding commenced or, to its knowledge, threatened against, relating to or involving or otherwise affecting the Company or its Subsidiaries.

(4) The Company covenants and agrees that, during the period from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, the Company shall cause its Subsidiaries to perform all actions that may required of them in connection with the transactions contemplated by the MIPA, and to cause them to use their commercially reasonable efforts to take, or cause to be taken, all actions and to do or cause to be done all things required or advisable under applicable Laws to: (i) consummate and make effective, the transactions contemplated by the MIPA; and (ii) enter into, amend, restate, assign or terminate any Material Contracts identified by the Purchaser in advance of the Effective Date, in the sole judgment of the Purchaser, related to effecting the transactions contemplated by the MIPA; provided, in each case, that the Purchaser and any affiliate thereof complies with their respective obligations under the MIPA, including with respect to the execution and delivery of any Affiliate Agreements (as such term is defined in the MIPA) are required under the terms of the MIPA.

Section 4.2 Conduct of Business of the Purchaser.

(1) The Purchaser covenants and agrees that, during the period from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, except (i) with the express prior written consent of the Company, acting reasonably, or (ii) as required by Law, (iii) as contemplated by the Purchaser Disclosure Letter, or (iv) as required or permitted by this Agreement, the Purchaser shall, and shall cause its Subsidiaries to, conduct their business in the Ordinary Course, and the Purchaser shall use commercially reasonable efforts to maintain and preserve its and its Subsidiaries' business organization, properties, employees, assets (including, for greater certainty, Purchaser's assets), goodwill and business relationships with customers, supplies, partners and other Persons with which the Purchaser or any of its Subsidiaries have business relations.

(2) Without limiting the generality of Section 4.1(4), the Purchaser covenants and agrees that, during the period from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, except (i) with the express prior written consent of the Company, acting reasonably, or (ii) as required by Law, (iii) as contemplated by the Purchaser Disclosure Letter, or (iv) as required or permitted by this Agreement, the Purchaser shall not, and the Purchaser shall not permit any of its Subsidiaries to, directly or indirectly:

(a) amend its Constating Documents or, in the case of any Subsidiary which is not a corporation, its similar organizational documents, in any manner that would have a material and adverse impact on the value of the Consideration Shares;

(b) split, combine, consolidate or reclassify or amend the terms of the Purchaser Shares, declare, set aside or pay any dividend or other distribution thereon (whether in cash, stock or property or any combination thereof), or amend or modify any term of any outstanding debt security;

(c) redeem, purchase, or otherwise acquire or offer to redeem, purchase or otherwise acquire any of its common shares or any of its outstanding securities, other than the Purchaser Shares made in the public markets or off market at then prevailing market price;

(d) issue or authorize the issuance of any Purchaser Shares or other equity or voting interests in the Purchaser, or any options, warrants or similar rights or convertible securities exercisable or exchangeable for or convertible into such common shares or other equity or voting interests, or any stock appreciation rights, phantom stock awards or other rights that are linked to the price or the value of the Purchaser Shares, except (i) in the Ordinary Course; (ii) for the issuance of Purchaser Shares issuable upon the settlement or exercise, as applicable, of the currently outstanding options, warrants or similar rights or convertible securities; or (iii) in respect of matters set forth in the Purchaser Disclosure Letter;

(e) reduce the stated capital of any class or series of the Purchaser Shares or reorganize, arrange, restructure, amalgamate or merge with any Person, except where same would not adversely affect the ability of the Purchaser to consummate the transactions contemplated by this Agreement;

(f) adopt a plan of liquidation or resolutions providing for the liquidation or dissolution of the Purchaser;

(g) make any change in the Purchaser's methods of accounting, except as required by concurrent changes in IFRS or with respect to any conversion to U.S. GAAP; or

(h) amend or modify, or terminate or waive any right under, any material Contract of the Purchaser or any of its Subsidiaries if in effect on the date hereof, except where same would not individually or in the aggregate have a Material Adverse Effect on the Purchaser;

(i) in respect of any material asset of the Purchaser, waive, release, surrender, abandon, let lapse, grant or transfer any material right or amend, modify or change, or agree to amend, modify or change, any existing material Authorization, right to use, lease or contract other than in the Ordinary Course, as required by applicable Law, or where same would not individually or in the aggregate have a Material Adverse Effect on the Purchaser; or

(j) authorize, agree, resolve or otherwise commit, whether or not in writing, to do any of the foregoing.

Section 4.3 Covenants Regarding the Arrangement

(1) Subject to the terms and conditions of this Agreement, each of the Company and the Purchaser, and each shall cause its respective Subsidiaries to, perform all obligations required to be performed by such Party or any of its Subsidiaries under this Agreement, and use its commercially reasonable efforts to take, or cause to be taken, all actions and to do or cause to be done all things required or advisable under applicable Laws to consummate and make effective, as soon as reasonably practicable, the Arrangement and, without limiting the generality of the foregoing, the Parties shall and, where appropriate, shall cause each of its Subsidiaries to:

(a) use its commercially reasonable efforts to satisfy, or cause the satisfaction of, all conditions precedent to be fulfilled by it in this Agreement, including the steps contemplated in the MIPA, and take all steps set forth in the Interim Order and Final Order applicable to it and comply promptly with all requirements imposed by applicable Law on it or its Subsidiaries with respect to this Agreement or the Arrangement;

(b) use its commercially reasonable efforts to obtain and maintain all third party or other consents, waivers, permits, exemptions, orders, approvals, agreements, amendments or confirmations that are (i) necessary or advisable under its Material Contracts in connection with the Arrangement or (ii) required in order to maintain its Material Contracts in full force and effect following completion of the Arrangement (except as may be otherwise contemplated in the MIPA), in each case, on terms that are reasonably satisfactory to the other Party, acting reasonably, and without paying, and without committing the other Party to pay, any consideration or incur any liability or obligation without the prior written consent of the other Party, acting reasonably;

(c) use its commercially reasonable efforts to oppose, lift or rescind any injunction, restraining or other order, decree or ruling seeking to restrain, enjoin or otherwise prohibit or adversely affect the consummation of the Arrangement and use its commercially reasonable efforts to defend, or cause to be defended, any proceedings to which it is a party or brought against it or its directors or officers challenging the Arrangement or this Agreement;

(d) carry out the terms of the Interim Order and the Final Order applicable to it and comply promptly with all requirements imposed by Law on it or its Subsidiaries with respect to this Agreement or the Arrangement;

(e) not take any action, or refrain from taking any commercially reasonable action, or permit any action to be taken or not taken, which is inconsistent with this Agreement or which would reasonably be expected to prevent, delay or otherwise impede the consummation of the Arrangement; and

(f) comply with CSE requirements relevant to this Agreement.

(2) The Purchaser shall on or before the Effective Date reserve a sufficient number of Consideration Shares to be issued upon completion of the Arrangement and the Purchaser Shares to be issued upon exercise from time to time of the Replacement Options and Replacement Warrants.

(3) The Purchaser shall apply for and use commercially reasonable efforts to obtain written approvals from the CSE, in connection with the listing of the Consideration Shares to be issued in connection with the Arrangement and the Purchaser Shares to be issued upon the exercise from time to time of the Replacement Options and Replacement Warrants, subject only to the satisfaction of customary conditions required by the CSE.

(4) The Company will, in all material respects, conduct itself so as to keep the Purchaser fully informed as to the material decisions required to be made or actions required to be taken with respect to the operation of the Company Business, provided that such disclosure is not prohibited by applicable Law or otherwise prohibited by reason of confidentiality obligation owed to a third party for which a waiver could not be obtained.

(5) Each of the Parties shall promptly, and in any event within two (2) Business Days of each of the following, notify the other Party of:

(a) any notice or other communication from any Person alleging (i) that the consent (or waiver, permit, exemption, order, approval, agreement, amendment or confirmation) of such Person is required in connection with this Agreement or the Arrangement, or (ii) that such Person is terminating or may terminate or is otherwise materially adversely modifying or may materially adversely modify its relationship with the Party as a result of this Agreement or the Arrangement; and

(b) any notice or other communication from any Governmental Entity in connection with this Agreement (and such Party shall contemporaneously provide a copy of any such written notice or communication to the other Party).

Section 4.4 Authorizations

(1) The Parties shall co-operate to obtain all Authorizations required under the Michigan Regulatory Laws to acquire the Licensed Operators and facilitate the change of control of the Regulatory Licenses in compliance with the Michigan Regulatory Laws and as set forth in the MIPA.

(2) As soon as reasonably practicable after the date hereof, each Party, or where appropriate, both Parties jointly, shall (i) make or cause to be made all notifications, filings, applications and submissions with Governmental Entities required or advisable under Law, (ii) use commercially reasonable efforts to obtain and maintain, the Key Authorizations and such other Authorizations reasonably deemed by any of the Parties to be necessary to discharge their respective obligations under this Agreement or otherwise advisable under Laws in connection with the Arrangement and this Agreement, it being acknowledged and agreed that the Purchaser shall pay all filing fees in respect of the Key Authorizations.

(3) The Parties shall co-operate with one another in connection with obtaining the Authorizations required or desirable in connection herewith including by providing, submitting or exchanging on a timely basis all documentation and information that is required or, in the opinion of the Purchaser, advisable, to promptly and diligently prepare, file (after review and approval thereof by the Purchaser) and pursue any and all Authorizations with respect to the transaction contemplated by this Agreement and using their commercially reasonable efforts to ensure that such information provided, submitted or exchanged does not contain a Misrepresentation.

(4) In furtherance and not in limitation of the foregoing, upon receipt of written request from the Purchaser and within ten (10) Business Days of receipt from the Purchaser of all necessary information and materials, with the reasonable assistance of the Purchaser, the Company shall prepare the applications for the transfer of the Regulatory Licenses and/or the acquisitions of the Licensed Operators in accordance with the MIPA, as necessary under the Michigan Regulatory Laws, and shall provide complete copies of such applications to the Purchaser; provided, however, that the Company shall not make, or cause to be made, any filings or submissions with, or have any communications or discussions with, any Governmental Entity until the Purchaser and the Company have mutually agreed as to the form and substance of such filings, submissions, communications and discussions. Once mutually agreed with the Purchaser as to form and substance, so long as not inconsistent with the requirements of the Michigan Regulatory Laws, the Company shall submit such applications to the applicable Governmental Entity. The Parties further acknowledge and agree that they will cooperate as soon as reasonably practicable after the date hereof to provide the other with access to all online licensing systems, as necessary, related to the Regulatory Licenses and any regulatory approvals required under the Michigan Regulatory Laws, including but not limited to Accela and/or designation of "Authorized Contacts", as defined by the MRA. For avoidance of doubt, nothing contained in this Section 4.4(4) shall require the Purchaser to apprise the Company of any communications with any Governmental Entity which are not directly material to the consummation of the transactions contemplated by this Agreement and the MIPA.

(5) The Parties shall co-operate with and keep one another fully informed as to the status of and the processes and proceedings relating to obtaining the Authorizations, and shall promptly notify each other in writing of any communication from any Governmental Entity in respect of the Arrangement or this Agreement and shall provide copies of same, and shall not make any submissions or filings, participate in any meetings or any material conversations with any Governmental Entity in respect of any filings, investigations or other inquiries related to the Arrangement or this Agreement unless it consults with the other Party in advance and, to the extent not precluded by such Governmental Entity, gives the other Party the opportunity to review drafts of any submissions or filings, or attend and participate in any communications or meetings. Despite the foregoing, submissions, filings or other written communications with any Governmental Entity may be redacted as necessary before sharing with the other Party to address reasonable attorney-client or other privilege or confidentiality concerns, provided that a Party must provide external legal counsel to the other Party non-redacted versions of drafts or final submissions, filings or other written communications with any Governmental Entity on the basis that the redacted information will not be shared with its clients.

(6) Each Party shall promptly notify the other Party if it becomes aware that any (i) application, filing, document or other submission for an Authorization contains a Misrepresentation, or (ii) any Authorization contains, reflects or was obtained following the submission of any application, filing, document or other submission containing a Misrepresentation, such that an amendment or supplement may be necessary or advisable. In such case, the Company shall, in consultation with and subject to the prior approval of the Purchaser, co-operate in the preparation, filing and dissemination, as applicable, of any such amendment or supplement.

(7) The Parties shall request that the Authorizations be processed by the applicable Governmental Entity on an expedited basis and, to the extent that a public hearing is held, the Parties shall request the earliest possible hearing date for the consideration of the Authorizations.

(8) If any objections are asserted with respect to the transactions contemplated by this Agreement under any Law, or if any proceeding is instituted or threatened by any Governmental Entity challenging or which could lead to a challenge of any of the transactions contemplated by this Agreement as not in compliance with Law, the Parties shall use their commercially reasonable efforts consistent with the terms of this Agreement to resolve such proceeding so as to allow the Effective Time to occur on or prior to the Outside Date. Provided that nothing in this Agreement shall require the Purchaser to (i) propose, negotiate, effect or agree to (and the Company and its Subsidiaries, shall not, without the prior written consent of the Purchaser, propose, negotiate, effect or agree to), by consent decree, by consent agreement, hold separate order or otherwise, the sale, transfer, divestiture, license or other disposition of any assets or businesses of the Purchaser or its Subsidiaries or the Company Business or otherwise take any action that prohibits or limits the Purchaser's freedom of action with respect to, or the Purchaser's ability to own, retain, control, operate or exercise full rights of ownership with respect to any of the businesses or assets of the Purchaser, the Company or their respective Subsidiaries or (ii) initiate or defend any litigation, action or other proceeding, including a Civil Investigative Demand or other request for information.

(9) This Agreement is subject to strict requirements for ongoing regulatory compliance by the Parties, including, without limitation, requirements that the Parties take no action in violation of either any state cannabis laws, including the Michigan Regulatory Laws, or the guidance or instruction of the MRA (together with any successor or regulator with overlapping jurisdiction, the "**Regulator**"). The Parties acknowledge and understand that the Michigan Regulatory Laws and/or the requirements of the Regulator are subject to change and are evolving as the marketplace for state-compliant cannabis businesses continues to evolve. If necessary or desirable to comply with the requirements of the Michigan Regulatory Laws and/or the Regulator, the Parties hereby agree to (and to cause their respective affiliates and related parties and representatives to) use their respective commercially reasonable efforts to take all actions reasonably requested to ensure compliance with the Michigan Regulatory Laws and/or the Regulator, including, without limitation, negotiating in good faith to amend, restate, amend and restate, supplement, or otherwise modify this Agreement to reflect terms that most closely approximate the Parties original intentions but are responsive to and compliant with the requirements of the Michigan Regulatory Laws and/or the Regulator. In furtherance, not limitation of the foregoing, the Parties further agree to cooperate with the Regulator to promptly respond to any informational requests, supplemental disclosure requirements, or other correspondence from the Regulator and keep all other Parties hereto fully and promptly informed as to any such requests, requirements, or correspondence related to the transactions contemplated by this Agreement and the MIPA.

(10) The Company shall keep the Purchaser fully informed and shall consult and cooperate with the Purchaser with respect to any proposed acquisition of any right to a Regulatory License, and in no event will the Company take any step or steps with respect to such Regulatory Licenses that would result in a material or adverse impact on the transactions contemplated in the MIPA.

(11) The Company and the Purchaser will each collaborate and cooperate in good faith and use commercially reasonable efforts to, prior to the Effective Date, take all such actions as are reasonably required to complete the transactions in respect of Cookies Retail Canada Corp. as set forth in the Purchaser Disclosure Letter to the satisfaction of the Purchaser, acting reasonably.

Section 4.5 Access to Information; Confidentiality

(1) Subject to Law, each Party shall, and shall cause its Subsidiaries to: (a) give the other party and its representatives upon reasonable notice, reasonable access during normal business hours to their: (i) premises, (ii) property and assets (including all books and records, whether retained internally or otherwise), (iii) Contracts, and (iv) senior personnel, so long as the access does not unduly interfere with the Ordinary Course conduct of the Company Business or the business of the Purchaser or its Subsidiaries; and (b) give the other Party copies of all management reports, reports or presentations to its board of directors relating to its or its Subsidiaries' financial condition and operations, and such other financial and operating data or other information with respect to the assets or business of it or its Subsidiaries as such other Party from time to time reasonably requests, including (but not limited to) as may be required under the MIPA. The Company shall continue to afford the Purchaser and its representatives access to the Company Data Room. Without limiting the foregoing, and subject to the terms of any existing Contracts, the Company shall, upon the Purchaser's request, facilitate discussions between the Purchaser and any third party from whom consent may be required (provided that the Company shall be involved in any discussions or communications with any such third party).

(2) Investigations made by or on behalf of a Party, whether under this Section 4.5 or otherwise, will not waive, diminish the scope of, or otherwise affect any representation or warranty made by the other Party in this Agreement.

(3) The Parties acknowledge that the Confidentiality Agreement continues to apply and that any information provided under this Section 4.5 that is non-public and/or proprietary in nature shall be subject to the terms of the Confidentiality Agreement. If this Agreement is terminated in accordance with its terms, the obligations under the Confidentiality Agreement shall survive the termination of this Agreement.

Section 4.6 Public Communications

(1) The Parties shall consult with each other in issuing any press release or otherwise making any public announcement or statement concerning the transactions contemplated hereby and shall issue a joint press release promptly following the execution of this Agreement, the text and timing of the announcement to be approved by the other Party in advance, acting reasonably. The Parties acknowledge and agree that neither Party shall make a public announcement, statement or presentation regarding a Regulatory License, cannabis facility, or otherwise regulated permit with the MRA without approval of such announcement statement, or presentation by the applicable Governmental Entity, as required by the Michigan Regulatory Laws. The Parties shall co-operate in the preparation of presentations, if any, to Company Shareholders regarding the Arrangement. A Party must not issue any press release or make any other public statement or disclosure with respect to this Agreement or the Arrangement without the consent of the other Party (which consent shall not be unreasonably withheld or delayed), and a Party must not make any filing with any Governmental Entity with respect to this Agreement or the Arrangement without the consent of the other Party (which consent shall not be unreasonably withheld or delayed); provided that any Party that is required to make disclosure by Law shall use its commercially reasonable efforts to give the other Party prior oral or written notice and a reasonable opportunity to review or comment on the disclosure or filing (other than with respect to confidential information contained in such disclosure or filing). The Party making such disclosure shall give reasonable consideration to any comments made by the other Party or its counsel, and if such prior notice is not possible, shall give such notice immediately following the making of such disclosure or filing.

(2) Without limiting the generality of the foregoing and for greater certainty, each Party acknowledges and agrees that the other Party shall file, in accordance with Securities Laws, this Agreement and the MIPA (as applicable), together with a material change report related thereto, if applicable, under the other Party's profile on SEDAR (subject, in each case, to any redactions permitted by applicable Law).

Section 4.7 Notice and Cure Provisions

(1) Each Party shall promptly notify the other Party of the occurrence, or failure to occur, of any event or state of facts which occurrence or failure would, or would be reasonably likely to:

(a) cause any of the representations or warranties of such Party contained in this Agreement to be untrue or inaccurate in any respect at any time from the date of this Agreement to the Effective Time;

(b) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by such Party under this Agreement; or

(c) result in the failure to satisfy any of the conditions precedent in favour of the other Party hereto contained in Section 6.1, Section 6.2 and Section 6.3, as the case may be.

(2) Notification provided under this Section 4.7 will not affect the representations, warranties, covenants, agreements or obligations of the Parties (or remedies with respect thereto) or the conditions to the obligations of the Parties under this Agreement.

(3) The Purchaser may not elect to exercise its right to terminate this Agreement pursuant to Section 7.2(1)(d)(i) and the Company may not elect to exercise its right to terminate this Agreement pursuant to Section 7.2(1)(c)(i), unless the Party seeking to terminate the Agreement (the "**Terminating Party**") has delivered a written notice ("**Termination Notice**") to the other Party (the "**Breaching Party**") specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which the Terminating Party asserts as the basis for the non-fulfillment of the applicable condition precedent or for termination, as applicable. After delivering a Termination Notice, provided the Breaching Party is proceeding diligently to cure such matter and such matter is capable of being cured prior to the Outside Date (with any intentional breach being deemed to be incurable), the Terminating Party may not exercise such termination right until the earlier of (a) the Outside Date, and (b) if such matter has not been cured by the date that is twenty (20) Business Days following receipt of such Termination Notice by the Breaching Party, such date. If the Terminating Party delivers a Termination Notice prior to the date of the Company Meeting or the Purchaser Meeting, as applicable, unless the Parties agree otherwise, the Company or the Purchaser, as applicable, shall, to the extent permitted by Law, postpone or adjourn the Company Meeting or the Purchaser Meeting, as applicable, to the earlier of (a) five (5) Business Days prior to the Outside Date and (b) the date that is ten (10) Business Days following receipt of such Termination Notice by the Breaching Party. If such notice has been delivered prior to the making of the application for the Final Order, such application shall be postponed until the expiry of such period referenced in the sentence immediately prior.

Section 4.8 Insurance and Indemnification

(1) Prior to the Effective Date, the Company shall purchase customary "tail" policies of directors' and officers' liability insurance providing protection no less favourable in the aggregate to the protection provided by the policies maintained by the Company and its Subsidiaries which are in effect immediately prior to the Effective Date and on such terms as the Purchaser may request, acting reasonably, and providing protection in respect of claims arising from facts or events which occurred on or prior to the Effective Date and the Purchaser shall, or shall cause the Company and its Subsidiaries to maintain such tail policies in effect without any reduction in scope or coverage for two (2) years from the Effective Date; provided that the Purchaser shall not be required to pay any amounts in respect of such coverage prior to the Effective Time and provided further that the cost of such policies shall not exceed 250% of the Company's current annual aggregate premium for policies currently maintained by the Company or its Subsidiaries.

(2) The Purchaser shall, following the Effective Date, honour all rights to indemnification or exculpation now existing in favour of present and former employees, officers and directors of the Company and its Subsidiaries to the extent that they are (i) included in the Constating Documents of the Company or any of its Subsidiaries, or (ii) disclosed in the Company Data Room, and acknowledges that such rights, to the extent that they are disclosed in the Company Data Room under both (i) and (ii) shall survive the completion of the Plan of Arrangement and shall continue in full force and effect in accordance with their terms for a period of not less than six (6) years from the Effective Date.

(3) If the Company or any of its Subsidiaries or any of their respective successors or assigns (i) consolidates with or merges into any other Person and is not a continuing or surviving corporation or entity of such consolidation or merger, or (ii) transfers all or substantially all of its properties and assets to any Person, the Purchaser shall ensure that any such successor or assign (including, as applicable, any acquirer of substantially all of the properties and assets of the Company or its Subsidiaries) assumes all of the obligations set forth in this Section 4.8.

(4) The Purchaser shall act as agent and trustee of the benefits of the foregoing for the current and former directors and officers of the Company for the purpose of Section 4.8(2). This Section 4.8 shall survive the execution and delivery of this Agreement and the completion of the Arrangement and shall be enforceable against the Purchaser by the Persons described in Section 4.8(2).

Section 4.9 CSE Delisting

Subject to applicable Laws, the Purchaser and the Company shall use their commercially reasonable efforts promptly following the Effective Time to cause the Company Subordinate Voting Shares to be de-listed from the CSE with effect promptly following the acquisition by the Purchaser of the Company Shares pursuant to the Arrangement.

Section 4.10 Notification of Purchaser Acquisition Proposals

(1) If after the date of this Agreement, the Purchaser or any of its Subsidiaries or any of their respective Purchaser Representatives, receives or otherwise becomes aware of any Purchaser Acquisition Proposal that the Purchaser Board has determined constitutes or could reasonably be expected to constitute or lead to a Purchaser Superior Proposal, the Purchaser shall promptly notify the Company, at first orally, and then, and in any event within 24 hours in writing, of such Purchaser Acquisition Proposal, including a description of its material terms and conditions, the identity of all Persons making such Purchaser Acquisition Proposal, and details of such Purchaser Acquisition Proposal, as the Purchaser may reasonably request.

(2) The Purchaser shall keep the Company informed on a current basis of the status of developments and negotiations with respect to any such Purchaser Acquisition Proposal, including any changes, modifications or other amendments to any such Purchaser Acquisition Proposal that the Purchaser Board determines to pursue and that the Purchaser Board determines constitutes or could reasonably be expected to constitute or lead to a Purchaser Superior Proposal.

Section 4.11 WARN Act

The Purchaser and the Company shall cooperate to identify and address any event requiring notice, consultation or other employment obligations under the United States *Worker Adjustment and Retraining Notification Act* (the "**WARN Act**") or similar state or local law with respect to the transactions contemplated by this Agreement, including, without limitation, any notice and consultation requirements under the WARN Act or any similar state or local law. Since January 1, 2017, the Company has not had any plant closings or mass layoffs under the WARN Act.

ARTICLE 5
ADDITIONAL COVENANTS REGARDING NON-SOLICITATION

Section 5.1 Non-Solicitation

(1) Except as expressly provided in this Article 5, the Company and its Subsidiaries shall not, directly or indirectly, through any of their respective officers, directors, employees, representatives (including any financial or other adviser) or agents (collectively "**Representatives**"), or otherwise permit any such Representative to:

(a) make, solicit, assist, initiate, encourage or otherwise facilitate (including by way of furnishing or providing copies of, access to, or disclosure of, any confidential information, properties, facilities, books or records of the Company or any Subsidiary or entering into any form of agreement, arrangement or understanding) any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to, a Company Acquisition Proposal;

(b) enter into or otherwise engage or participate in any discussions or negotiations with any Person (other than the Purchaser) regarding any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to, a Company Acquisition Proposal, or otherwise co-operate with, assist or participate in or facilitate or encourage in any way any effort or attempt by any other Person to undertake or seek to undertake an alternative transaction;

(c) enter into any oral or written agreement, understanding, arrangement or letter of intent, with any other Person regarding a Company Acquisition Proposal; or

(d) make, or publicly propose to make, a Company Change in Recommendation.

(2) The Company shall, and shall cause its Subsidiaries and its Representatives to, immediately cease and terminate, and cause to be terminated, any solicitation, encouragement, discussion, negotiations, or other activities commenced prior to the date of this Agreement with any Person (other than the Purchaser) with respect to any inquiry, proposal or offer that constitutes, or may reasonably be expected to constitute or lead to, a Company Acquisition Proposal, and in connection therewith the Company shall:

(a) discontinue access to and disclosure of all information, including the Company Data Room and any confidential information, properties, facilities, books and records of the Company or any Subsidiary; and

(b) promptly following the date hereof, to the extent it is permitted to do so, request, and exercise all rights it has to require (i) the return or destruction of all copies of any confidential information regarding the Company or any Subsidiary provided to any such Person other than the Purchaser; and (ii) the destruction of all material including or incorporating or otherwise reflecting such confidential information regarding the Company or any Subsidiary, to the extent that such information has not previously been returned or destroyed, using its commercially reasonable efforts to ensure that such requests are fully complied with in accordance with the terms of such rights or entitlements.

(3) The Company represents and warrants that the Company has not waived any confidentiality, standstill, non-solicitation, use, business purpose or similar agreement or restriction to which the Company or any Subsidiary is a party, and covenants and agrees that (i) the Company shall take all necessary action to enforce each confidentiality, standstill, non-solicitation, use, business purpose or similar agreement or restriction to which the Company or any Subsidiary is a party relating to a Company Acquisition Proposal, and (ii) neither the Company, nor any Subsidiary nor any of their respective Representatives will, without the prior written consent of the Purchaser (which may be withheld or delayed in the Purchaser's sole and absolute discretion), release any Person from, or waive, amend, suspend or otherwise modify such Person's obligations respecting the Company, or any of its Subsidiaries, under any confidentiality, standstill, use, business purpose or similar agreement or restriction to which the Company or any Subsidiary is a party relating to a Company Acquisition Proposal, it being acknowledged and agreed that the automatic termination of any standstill provisions of any such agreement or restriction as a result of entering into and announcing this Agreement by the Company pursuant to the express terms of any such agreement or restriction, shall not be a violation of this Section 5.1.

Section 5.2 Notification of Company Acquisition Proposals

(1) If after the date of this Agreement, the Company or any of its Subsidiaries or any of their respective Representatives, receives or otherwise becomes aware of any inquiry, proposal or offer that constitutes or could reasonably be expected to constitute or lead to a Company Acquisition Proposal, or any request for copies of, access to, or disclosure of, confidential information relating to the Company or any Subsidiary, including but not limited to information, access, or disclosure relating to the properties, facilities, books or records of the Company or any Subsidiary, the Company (a) shall immediately notify the Purchaser, at first orally, and then, and in any event within 24 hours in writing, of such Company Acquisition Proposal, inquiry, proposal, offer or request, including a description of its material terms and conditions, the identity of all Persons making the Company Acquisition Proposal, inquiry, proposal, offer or request, and shall provide the Purchaser with copies of all documents, correspondence or other material received in respect of, from or on behalf of any such Person and such other details of such Company Acquisition Proposal, inquiry, proposal, offer or request as the Purchaser may reasonably request; and (b) may contact the Person making such Company Acquisition Proposal, inquiry, proposal, offer or request and its Representatives solely for the purpose of clarifying the terms and conditions of such Company Acquisition Proposal, inquiry, proposal, offer or request so as to determine whether such Company Acquisition Proposal, inquiry, proposal, offer or request is, or would reasonably be expected to lead to, a Company Superior Proposal.

(2) The Company shall keep the Purchaser informed on a current basis of the status of developments and negotiations with respect to any Company Acquisition Proposal, inquiry, proposal, offer or request, including any changes, modifications or other amendments to any such Company Acquisition Proposal, inquiry, proposal, offer or request and shall provide to the Purchaser copies of all material or substantive correspondence if in writing or electronic form, and if not in writing or electronic form, a description of the material terms of such correspondence sent or communicated to the Company by or on behalf of any Person making such Company Acquisition Proposal, inquiry, proposal, offer or request.

Section 5.3 Responding to a Company Acquisition Proposal

(1) If at any time, prior to obtaining the Required Approval, the Company receives a Company Acquisition Proposal, inquiry, proposal, offer or request, the Company may engage in or participate in discussions or negotiations with such Person regarding such Company Acquisition Proposal, inquiry, proposal, offer or request and may provide copies of, access to or disclosure of confidential information, properties, facilities, books or records of the Company or its Subsidiaries, if and only if:

(a) the Company Board first determines in good faith, after consultation with its financial advisors and its outside legal counsel, that such Company Acquisition Proposal constitutes or could reasonably be expected to constitute or lead to a Company Superior Proposal, and, after consultation with its outside legal counsel, that the failure to engage in such discussions or negotiations would be inconsistent with its fiduciary duties;

(b) such Person was not restricted from making such Company Acquisition Proposal pursuant to an existing confidentiality, standstill, non-disclosure, use, business purpose or similar restriction with the Company or its Subsidiaries;

(c) the Company Acquisition Proposal, inquiry, proposal, offer or request did not arise, directly or indirectly, as a result of a violation by the Company of this Article 5;

(d) the Company enters into a confidentiality and standstill agreement with such Person having terms that are not less onerous than those set out in the Confidentiality Agreement, provided that such confidentiality and standstill agreement may allow such Person to make an Company Acquisition Proposal confidentially to the Company Board that constitutes, or could reasonably be expected to constitute or lead to, a Company Superior Proposal; and

(e) the Company promptly provides the Purchaser with:

(i) prior written notice stating the Company's intention to participate in such discussions or negotiations and to provide such copies, access or disclosure;

(ii) prior to providing any such copies, access or disclosure, a true, complete and final executed copy of the confidentiality and standstill agreement referred to in Section 5.3(1)(d); and

(iii) any non-public information concerning the Company and its Subsidiaries provided to such other Person which was not previously provided to the Purchaser.

Section 5.4 Right to Match

(1) If the Company receives an Company Acquisition Proposal that constitutes a Company Superior Proposal prior to obtaining the Required Approval, the Company Board may make a Company Change in Recommendation and approve, recommend or enter into a definitive agreement with respect to such Company Superior Proposal, if and only if:

(a) the Person making the Company Superior Proposal was not restricted from making such Company Superior Proposal pursuant to an existing confidentiality, standstill use, business purpose or similar restriction;

(b) the Company Acquisition Proposal, inquiry, proposal, offer or request did not arise, directly or indirectly, as a result of a violation by the Company of this Article 5;

(c) the Company has delivered to the Purchaser a written notice of the determination of the Company Board that such Company Acquisition Proposal constitutes a Company Superior Proposal and of the intention of the Company Board to make a Company Change in Recommendation and/or enter into such definitive agreement promptly following the making of such determination, together with a written notice from the Company Board regarding the value and financial terms that the Company Board, in consultation with its financial advisors, has determined should be ascribed to any non-cash consideration offered under such Company Acquisition Proposal (the "**Company Superior Proposal Notice**");

(d) the Company or its Representatives has provided the Purchaser a copy of the proposed definitive agreement for the Company Superior Proposal and all supporting materials (including any financing documents, subject to customary confidentiality provisions with respect to fee letters or similar information) provided to the Company in connection therewith);

(e) at least five (5) Business Days (the "**Matching Period**") have elapsed from the date that is the later of the date on which the Purchaser received the Company Superior Proposal Notice from the Company and the date on which the Purchaser received a copy of the proposed definitive agreement for the Company Superior Proposal from the Company;

(f) during any Matching Period, the Purchaser has had the opportunity (but not the obligation), in accordance with Section 5.4(2), to offer to the Company to amend this Agreement and the Arrangement in order for such Company Acquisition Proposal to cease to be a Company Superior Proposal; and

(g) the Company Board has determined, in good faith, after consultation with the Company's financial advisors and outside legal counsel, that such Company Acquisition Proposal remains a Company Superior Proposal as compared to the Arrangement as proposed to be amended by the Purchaser and that it is necessary for the Company Board to cause the Company to enter into a definitive agreement with respect to such Company Superior Proposal in order to satisfy their fiduciary duties to the Company;

(h) such Superior Proposal does not require the Company or any other Person to seek to interfere with the attempted successful completion of the Arrangement or any alternative transaction pursued by the Purchaser pursuant to the terms of the Voting Support and Lock-Up Agreements (including requiring the Company to delay, adjourn, postpone or cancel the Company Meeting) or provide for the payment of any break, termination or other fees or expenses or confer any rights or options to acquire assets or securities of the Company or any of its Subsidiaries to any Person in the event that the Company or any of its Subsidiaries completes the Arrangement or any other similar transaction with the Purchaser agreed to prior to the termination of this Agreement or pursuant to the Voting Support and Lock-Up Agreements; and

(i) the Company concurrently terminates this Agreement pursuant to Section 7.2(1)(c)(iii).

(2) During the Matching Period, or such longer period as the Company may approve in writing for such purpose: (a) the Company Board shall review any offer made by the Purchaser under Section 5.4(1)(f) to amend the terms of this Agreement and the Arrangement in good faith in order to determine whether such proposal would, upon acceptance, result in the Company Acquisition Proposal previously constituting a Company Superior Proposal ceasing to be a Company Superior Proposal; and (b) the Company shall, and shall cause its Representatives to, negotiate in good faith with the Purchaser to make such amendments to the terms of this Agreement and the Arrangement as would enable the Purchaser to proceed with the transactions contemplated by this Agreement on such amended terms. The Company agrees that, subject to the Company's disclosure obligations under applicable Securities Laws, the fact of the making of, and each of the terms of, any such proposed amendments shall be kept strictly confidential and shall not be disclosed to any Person (including without limitation, the Person having made the Company Superior Proposal), other than the Company's Representatives, without the Purchaser's prior written consent. If the Company Board determines that such Company Acquisition Proposal would cease to be a Company Superior Proposal, the Company shall promptly so advise the Purchaser and the Company and the Purchaser shall amend this Agreement to reflect such offer made by the Purchaser, and shall take and cause to be taken all such actions as are necessary to give effect to the foregoing.

(3) Each successive amendment or modification to any Company Acquisition Proposal that results in an increase in, or modification of, the consideration (or value of such consideration) to be received by the Company Shareholders or other material terms or conditions thereof shall constitute a new Company Acquisition Proposal for the purposes of this Section 5.4, and the Purchaser shall be afforded a new five (5) Business Day Matching Period from the later of the date on which the Purchaser received the Company Superior Proposal Notice and a copy of the proposed definitive agreement for the new Company Superior Proposal from the Company.

(4) The Company Board shall promptly reaffirm the Company Board Recommendation by press release after any Company Acquisition Proposal which is not determined to be a Company Superior Proposal is publicly announced or the Company Board determines that a proposed amendment to the terms of this Agreement as contemplated under Section 5.4(2) would result in an Company Acquisition Proposal no longer being a Company Superior Proposal. The Company shall provide the Purchaser and its outside legal counsel with a reasonable opportunity to review the form and content of any such press release and shall make all reasonable amendments to such press release as requested by the Purchaser and its counsel.

(5) If the Company provides a Company Superior Proposal Notice to the Purchaser after a date that is less than ten (10) Business Days before the Company Meeting, the Company shall either proceed with or shall postpone or adjourn the Company Meeting, as directed by the Purchaser acting reasonably, to a date that is not more than ten (10) Business Days after the scheduled date of the Company Meeting, but in any event to a date that is not less than five (5) Business Days prior to the Outside Date.

(6) Nothing contained in this Section 5.4 shall limit in any way the obligation of the Company to convene and hold the Company Meeting in accordance with Section 2.3 of this Agreement while this Agreement remains in force.

(7) Nothing contained in this Agreement shall prevent the Company Board from (i) complying with Section 2.17 of National Instrument 62-104 – *Takeover Bids and Issuer Bids* and similar provisions under Securities Laws relating to the provision of a directors' circular in respect of a Company Acquisition Proposal that is not a Company Superior Proposal, or (ii) making any public disclosure to the Company Shareholders if the Company Board, acting in good faith and after consultation with its outside legal advisors, shall have first determined that the failure to make such disclosure would be inconsistent with the fiduciary duties of the Company Board, provided however, in each case that, notwithstanding that the Company Board shall be permitted to make such disclosure, the Company Board shall not be permitted to make a Company Change in Recommendation, other than as permitted by Section 5.4(1).

Section 5.5 Breach by Subsidiaries and Representatives

Without limiting the generality of the foregoing, the Company shall advise its Subsidiaries and their respective Representatives of the prohibitions set out in this Article 5 and any violation of the restrictions set forth in this Article 5 by the Company, its Subsidiaries or their respective Representatives is deemed to be a breach of this Article 5 by the Company.

ARTICLE 6
CONDITIONS

Section 6.1 Mutual Conditions Precedent

(1) The Parties are not required to complete the Arrangement unless each of the following conditions is satisfied, which conditions may only be waived, in whole or in part, by the mutual consent of each of the Parties:

(a) **Arrangement Resolution.** The Arrangement Resolution has been approved and adopted by the Company Shareholders at the Company Meeting in accordance with the Interim Order.

(b) **Required Purchaser Shareholder Resolution.** The Required Purchaser Shareholders Approval shall have been obtained at the Purchaser Meeting.

(c) **Interim and Final Order.** The Interim Order and the Final Order have both been obtained on terms consistent with this Agreement, and have not been set aside or modified in a manner unacceptable to either the Company or the Purchaser, each acting reasonably, on appeal or otherwise.

(d) **Key Authorizations**. Each of the Key Authorizations has been made, given or obtained on terms acceptable to the Purchaser and the Company, each acting reasonably, and each such Key Authorization is in force and has not been modified or rescinded. With regard to the approval of the CSE, the Consideration Shares to be issued upon completion of the Arrangement shall, subject only to the satisfaction of customary conditions required by the CSE, have been approved for listing on the CSE, as of the Effective Date and the CSE, shall have, if required, accepted notice for filing of all transactions of the Parties contemplated herein or necessary to complete the Arrangement, subject only to compliance with the customary conditions of the CSE.

(e) **United States Securities Laws**. The issuance and distribution of the Consideration Shares, Replacement Options and Replacement Warrants will be exempt from the registration requirements of (i) the U.S. Securities Act pursuant to the Section 3(a)(10) Exemption and (ii) all applicable U.S. state securities Laws; provided, however, that the Company shall be not entitled to the benefit of the conditions in this Section 6.1(1)(e), and shall be deemed to have waived such condition in the event that the Company fails to use good faith efforts in accordance with Section 2.15, including, but not limited to, the failure to advise the Court prior to the hearing in respect of the Interim Order that the Parties intend to rely on the Section 3(a)(10) Exemption based on the Court's approval of the Arrangement and comply with the requirements set forth in Section 2.2.

(f) **Illegality.** With the exception of the Federal Cannabis Laws, no Law is in effect that makes the consummation of the Arrangement illegal or otherwise prohibits or enjoins the Company or the Purchaser from consummating the Arrangement.

(g) **Securities Laws**. The distribution of the Consideration Shares pursuant to the Arrangement shall be exempt from the prospectus and registration requirements of applicable Securities Laws either by virtue of exemptive relief from the securities regulatory authorities of each of the provinces of Canada or by virtue of exemptions under applicable Securities Laws and shall not be subject to resale restrictions under applicable Securities Laws (other than as applicable to control persons or pursuant to Section 2.6 of National Instrument 45-102 – *Resale of Securities).*

Section 6.2 Additional Conditions Precedent to the Obligations of the Purchaser

(1) The Purchaser is not required to complete the Arrangement unless each of the following conditions is satisfied, which conditions are for the exclusive benefit of the Purchaser and may only be waived, in whole or in part, by the Purchaser in its sole discretion:

(a) **Representations and Warranties.** (i) All Material Representations (other than those set out in clause (ii) below) shall be true and correct in all material respects (disregarding for purposes of this Section 6.2(1) any materiality qualification contained in any such representations or warranty) as of the Effective Time as if made as at and as of such time (except that any such representation and warranty that by its terms speaks as of the date of this Agreement or another date shall be true and correct as of such date); (ii) any Material Representations that contain a Material Adverse Effect qualification shall be true and correct in all respects as of the Effective Time as if made as at and as of such time (except that any such representation and warranty that by its terms speaks as of the date of this Agreement or another date shall be true and correct as of such date); (iii) the representations and warranties of the Company set forth in Section 6(a) and (b) *[Capitalization]* of Schedule C shall be true and correct in all respects as of the Effective Time, except for any failures to be so true and correct that, individually or in the aggregate, are de minimis in nature and amount and for failures that are not de minimis and which are not adjusted pursuant to Section 2.12; (iv) all other representations and warranties of the Company set forth in this Agreement shall be true and correct in all respects (disregarding for purposes of this Section 6.2(1) any materiality or Material Adverse Effect qualification contained in any such representation or warranty) as of the Effective Time as if made at and as of such time (except that any such representation and warranty that by its terms speaks specifically as of the date of this Agreement or another date shall be true and correct in all respects as of such date), except, in the case of this clause, where the failure to be so true and correct in all respects, individually and in the aggregate, has not had or would not reasonably be expected to have a Material Adverse Effect on the Company; and (v) the Company has delivered a certificate confirming same to the Purchaser, executed by two (2) senior officers or directors of the Company (in each case without personal liability) addressed to the Purchaser and dated the Effective Date.

(b) **Performance of Covenants**. The Company has fulfilled or complied in all material respects with each of its covenants contained in this Agreement to be fulfilled or complied with by it on or prior to the Effective Date, and has delivered a certificate confirming same to the Purchaser, executed by two (2) senior officers or directors of the Company (in each case without personal liability) addressed to the Purchaser and dated the Effective Date.

(c) **No Legal Action.** There is no action or proceeding pending or threatened by any Person (other than the Purchaser or its affiliates) in any jurisdiction that is reasonably likely to:

(i) cease trade, enjoin, prohibit, or impose any limitations, damages or conditions on, the Purchaser's ability to acquire, hold, or exercise full rights of ownership over, any Company Shares, including the right to vote Company Shares;

(ii) prohibit or restrict the Arrangement, or the ownership or operation by the Purchaser of a material portion of the business or assets of the Purchaser or any of the Purchaser's Subsidiaries, the Company or any of the Company's Subsidiaries, or compel the Purchaser to dispose of or hold separate any material portion of the business or assets of the Purchaser or any of the Purchaser's Subsidiaries, the Company or any of the Company's Subsidiaries as a result of the Arrangement; or

(iii) prevent or materially delay the consummation of the Arrangement, or if the Arrangement is consummated, have or be reasonably expected to have a Material Adverse Effect.

(d) **Material Adverse Effect.** There shall not have been or occurred a Material Adverse Effect with respect to the Company and the Company has delivered a certificate confirming same to the Purchaser, executed by two (2) senior officers or directors of the Company (in each case without personal liability) addressed to the Purchaser and dated the Effective Date;

(e) **Dissent Rights.** Dissent Rights have not been exercised (excluding any Dissent Rights that have been exercised and subsequently withdrawn) with respect to more than 5% of the issued and outstanding Company Shares (on an as converted basis).

(f) **Key Employees.** The Key Employees shall have (i) entered into new employment or consulting agreements with respect to their roles with the Purchaser and/or a Subsidiary, in the forms agreed to by the Parties at the time of entering into this Agreement; and (ii) terminated any existing employment agreements or consulting agreements entered, directly or indirectly, by the Key Employees.

(g) **Services Agreements**. Any services agreements to be entered into with the Licensed Operators shall have been amended or entered into to the satisfaction of the Purchaser with effect as of the Effective Time, acting reasonably, in accordance or in connection with the MIPA.

(h) **Completion of the MIPA**. The closing conditions for a First Closing (as defined in the MIPA) as set out in the MIPA has been achieved to the satisfaction of the Purchaser.

(i) **Exchangeable Units**. The Support Agreement and the Amended Operating Agreement will have been entered into with respect to the Company Exchangeable Units substantially on the terms agreed to by the Parties at the time of entering into this Agreement.

(j) **Third Party Consents, Estoppels and Waivers.** The Company shall have received or obtained all third party consents, approvals and waivers identified in Section 6.2(1)(j) of the Company Disclosure Letter, in each case on terms and condition reasonably satisfactory to the Purchaser.

(k) **Repayment of Company Debentures**. The Company shall have effected the repayment of the Company Debentures in full.

(l) **FIRPTA Certificate.** Purchaser shall have received from Spartan Partners Corporation, a Michigan corporation ("**SPC**"), a certificate and notice, dated as of the Effective Date, that complies with Sections 897 and 1445 of the U.S. Tax Code and the U.S, Treasury Regulations promulgated thereunder, certifying that an interest in SPC is not a "United States real property interest" within the meaning of and in accordance with Sections 897 and 1445 of the U.S Tax Code and the U.S. Treasury Regulations promulgated thereunder, including that SPC is not and has not been a "United States real property holding corporation" (as defined in Section 897(c)(2) of the U.S. Tax Code) during the applicable period specified in Section 897(c)(1)(A)(ii) of the U.S. Tax Code.

Section 6.3 Additional Conditions Precedent to the Obligations of the Company

(1) The Company is not required to complete the Arrangement unless each of the following conditions is satisfied, which conditions are for the exclusive benefit of the Company and may only be waived, in whole or in part, by the Company in its sole discretion:

(a) **Representations and Warranties.** The representations and warranties of the Purchaser set forth in: (i) Sections 1 *[Organization and Qualification],* 2 *[Authority Relative to this Agreement]* and 3 *[No Violation]*, 5 *[Capitalization]* and 18 *[No Broker]* of Schedule D shall be true and correct in all material respects as of the Effective Time as if made as at and as of such time; and (ii) all other representations and warranties of the Purchaser set forth in this Agreement shall be true and correct in all respects (disregarding for purposes of this Section 6.3 any materiality or Material Adverse Effect qualification contained in any such representation or warranty) as of the Effective Time as if made at and as of such time (except that any such representation and warranty that by its terms speaks specifically as of the date of this Agreement or another date shall be true and correct in all respects as of such date), except in the case of this clause (ii) where the failure to be so true and correct in all respects, individually and in the aggregate, has not had or would not reasonably be expected to have a Material Adverse Effect on the Purchaser, and the Purchaser has delivered a certificate confirming same to the Company, executed by two (2) senior officers thereof (in each case without personal liability) addressed to the Company and dated the Effective Date.

(b) **Performance of Covenants.** The Purchaser has fulfilled or complied in all material respects with each of its covenants contained in this Agreement to be fulfilled or complied with by it on or prior to the Effective Date, and has delivered a certificate confirming same to the Company, executed by two (2) senior officers of the Purchaser (in each case without personal liability) addressed to the Company and dated the Effective Date.

(c) **No Legal Action.** There is no action or proceeding pending or threatened by any Person (other than the Company) in any jurisdiction that is reasonably likely to:

(i) cease trade, enjoin, prohibit, or impose any limitations, damages or conditions on, the Purchaser's ability to issue the Consideration Shares or the Purchaser Shares to be issued upon exercise from time to time of the Replacement Options or Replacement Warrants, as the case may be; or

(ii) prevent or materially delay the consummation of the Arrangement, or if the Arrangement is consummated, have or be reasonably expected to have a Material Adverse Effect.

(d) **Material Adverse Effect.** There shall not have been or occurred a Material Adverse Effect with respect to the Purchaser and the Purchaser has delivered a certificate confirming same to the Company, executed by two (2) senior officers or directors of the Purchaser (in each case without personal liability) addressed to the Company and dated the Effective Date.

Section 6.4 Satisfaction of Conditions

The conditions precedent set out in Section 6.1, Section 6.2 and Section 6.3 will be conclusively deemed to have been satisfied, waived or released when the Certificate of Arrangement is issued by the Director.

ARTICLE 7
TERM AND TERMINATION

Section 7.1 Term

This Agreement shall be effective from the date hereof until the earlier of the Effective Date and the termination of this Agreement in accordance with its terms.

Section 7.2 Termination

(1) This Agreement may be terminated prior to the Effective Time by:

(a) the mutual written agreement of the Parties; or

(b) either the Company or the Purchaser:

(i) if the Required Approval is not obtained at the Company Meeting in accordance with the Interim Order; provided that a Party may not terminate this Agreement pursuant to this Section 7.2(1)(b)(i) if the failure to obtain the Required Approval has been caused by, or is a result of, a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of its covenants or agreements under this Agreement;

(ii) if the Required Purchaser Shareholder Approval is not obtained at the Purchaser Meeting; provided that a Party may not terminate this Agreement pursuant to this Section 7.2(1)(b)(ii) if the failure to obtain such approval has been caused by, or is a result of, a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of its covenants or agreements under this Agreement;

(iii) if, after the date of this Agreement, any Law is enacted, made, enforced or amended, as applicable, that makes the consummation of the Arrangement illegal or otherwise permanently prohibits or enjoins the Company or the Purchaser from consummating the Arrangement, and such Law has, if applicable, become final and non-appealable, provided the Party seeking to terminate this Agreement pursuant to this Section 7.2(1)(b)(iii) has used its commercially reasonable efforts to, as applicable, appeal or overturn such Law or otherwise have it lifted or rendered non-applicable in respect of the Arrangement; or

(iv) if the Effective Time has not occurred by the Outside Date, provided that a Party may not terminate this Agreement pursuant to this Section 7.2(1)(b)(iv) if the failure of the Effective Time to so occur has been caused by, or is a result of, a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of its covenants or agreements under this Agreement;

(c) the Company if:

(i) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Purchaser under this Agreement occurs that would cause any condition in Section 6.3(1)(a) *[Purchaser Reps and Warranties Condition]* or Section 6.3(1)(b) *[Purchaser Covenants Condition]* not to be satisfied, and such breach or failure is incapable of being cured or is not cured on or prior to the Outside Date in accordance with the terms of Section 4.7(3); provided that the Company is not then in breach of this Agreement so as to directly or indirectly cause any condition in Section 6.2(1)(a) *[Company Reps and Warranties Condition]* or Section 6.2(1)(b) *[Company Covenants Condition]* not to be satisfied;

(ii) the Purchaser Board or any committee of the Purchaser Board (A) fails to unanimously recommend or withdraws, amends, modifies or qualifies, or publicly proposes or states an intention to withdraw, amend, modify or qualify, the Purchaser Board Recommendation; (B) accepts, approves, endorses or recommends, or publicly proposes to accept, approve, endorse or recommend or takes no position or a neutral position, in each case with respect to a publicly announced, or otherwise publicly disclosed, Purchaser Acquisition Proposal that constitutes or would reasonably be expected to constitute or lead to a Purchaser Superior Proposal; or (C) fails to publicly reaffirm the Purchaser Board Recommendation (without qualification) within five Business Days after having been requested in writing by the Company to do so (collectively, a "**Purchaser Change in Recommendation**");

(iii) subject to the Company having complied with the terms of this Agreement, the Company Board authorizes the Company to enter into a definitive agreement with respect to a Company Superior Proposal; provided that concurrently with such termination, the Company pays the Termination Fee payable pursuant to Section 7.3; or

(iv) since the date of this Agreement, there has occurred a Material Adverse Effect, in relation to the Purchaser, which is incapable of being cured on or prior to the Outside Date.

(d) the Purchaser if:

(i) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Company under this Agreement occurs that would cause any condition in Section 6.2(1)(a) *[Company Reps and Warranties Condition]* or Section 6.2(1)(b) *[Company Covenants Condition]* not to be satisfied, and such breach or failure is incapable of being cured on or prior to the Outside Date or is not cured in accordance with the terms of Section 4.7(3); provided that the Purchaser is not then in breach of this Agreement so as to directly or indirectly cause any condition in Section 6.3(1)(a) *[Purchaser Reps and Warranties Condition]* or Section 6.3(1)(b) *[Purchaser Covenants Condition]* not to be satisfied;

(ii) the Company Board or any committee of the Company Board (A) fails to unanimously recommend or withdraws, amends, modifies or qualifies, or publicly proposes or states an intention to withdraw, amend, modify or qualify, the Company Board Recommendation, (B) accepts, approves, endorses or recommends, or publicly proposes to accept, approve, endorse or recommend or takes no position or a neutral position, in each case with respect to a publicly announced, or otherwise publicly disclosed, Company Acquisition Proposal for more than five Business Days, (C) accepts, approves, endorses, recommends or executes or enters into (other than a confidentiality and standstill agreement permitted by and in accordance with Section 5.3(1)(d)) or publicly proposes to accept, approve, endorse, recommend or execute or enter into any agreement, letter of intent, understanding or arrangement relating to a Company Acquisition Proposal or any proposal or offer that could reasonably be expected to lead to a Company Acquisition Proposal; (D) fails to publicly reaffirm the Company Board Recommendation (without qualification) within five Business Days after having been requested in writing by the Purchaser to do so (collectively, a "**Company Change in Recommendation**"); or (E) the Company breaches Article 5 in any material respect;

(iii) the Purchaser Board authorizes the Purchaser to enter into an agreement with respect to a Purchaser Superior Proposal; provided that concurrently with such termination, the Purchaser pays the Termination Fee payable pursuant to Section 7.3;

(iv) any of the conditions set forth in Section 6.2(1)(e) *[Dissent Rights]*, Section 6.2(1)(h) *[Completion of the MIPA]*, Section 6.2(1)(i) *[Exchangeable Units]* and Section 6.2(1)(j) *[Third Party Consents]* are not capable of being satisfied by the Outside Date; or

(v) since the date of this Agreement, there has occurred, in relation to the Company, a Material Adverse Effect which is not capable of being cured on or prior to the Outside Date.

(2) The Party desiring to terminate this Agreement pursuant to this Section 7.2 (other than pursuant to Section 7.2(1)(a)) shall give written notice of such termination to the other Party, specifying in reasonable detail the basis for such Party's exercise of its termination right.

Section 7.3 Termination Fee

(1) The Purchaser shall be entitled to the Termination Fee upon the occurrence of the following events (each a "**Company Termination Fee Event**") which shall be paid by the Company within the time specified in respect of each such Company Termination Fee Event:

(a) this Agreement is terminated by the Purchaser pursuant to Section 7.2(1)(d)(ii) *[Company Change in Recommendation* (but not including a termination by the Purchaser pursuant to Section 7.2(1)(d)(ii) in circumstances where the Company Change in Recommendation resulted from the occurrence of a Material Adverse Effect in respect of the Purchaser) in which case the Termination Fee shall be paid on the first Business Day following such termination;

(b) this Agreement is terminated by the Company pursuant to Section 7.2(1)(c)(iii) *[to enter into a Company Superior Proposal]*, in which case the Termination Fee shall be paid concurrent with such termination; or

(c) this Agreement is terminated by either the Purchaser or the Company pursuant to Section 7.2(1)(b)(i), and a Company Superior Proposal that was made to the Company (including the announcement of the intention to make a Company Superior Proposal) prior to the termination of this Agreement is within nine months following the date of such termination (a) consummated by the Company or (b) the Company and/or one or more of the Company's Subsidiaries enters into a definitive agreement in respect of a Company Superior Proposal, in which case the Termination Fee shall be payable within two Business Days following the closing of such transaction.

(2) The Company shall be entitled to the Termination Fee upon the occurrence of any of the following events (each a "**Purchaser Termination Fee Event**") which shall be paid by the Purchaser within the time specified in respect of each such Purchaser Termination Fee Event:

(a) this Agreement is terminated by the Company pursuant to Section 7.2(1)(c)(ii) *[Purchaser Change in Recommendation]* (but not including a termination by the Company pursuant to Section 7.2(1)(c)(ii) in circumstances where the Purchaser Change in Recommendation resulted from the occurrence of a Material Adverse Effect in respect of the Company), in which case the Termination Fee shall be paid on the first Business Day following the consummation of any transaction arising from the Purchaser Change in Recommendation;

(b) this Agreement is terminated by the Purchaser pursuant to Section 7.2(1)(d)(iii) *[to enter into a Purchaser Superior Proposal]*, in which case the Termination Fee shall be paid concurrent with such termination; or

(c) this Agreement is terminated by either the Purchaser or the Company pursuant to Section 7.2(1)(b)(ii), and a Purchaser Superior Proposal that was made to the Purchaser (including the announcement of the intention to make a Purchaser Superior Proposal) prior to the termination of this Agreement is within nine months following the date of such termination (a) consummated by the Purchaser or (b) the Purchaser and/or one or more of the Purchaser's Subsidiaries enters into a definitive agreement in respect of a Purchaser Superior Proposal, in which case the Termination Fee shall be payable within two Business Days following the closing of such transaction.

(3) The Termination Fee shall be payable by the Party required to pay such fee by wire transfer in immediately available funds to an account specified by the Party to whom such fee is payable.

(4) Each of the Parties acknowledges that the agreements contained in this Section 7.3 are an integral part of the transactions contemplated in this Agreement and that, without those agreements, the Parties would not enter into this Agreement. The Parties further acknowledge and agree that the Termination Fee is a payment of liquidated monetary damages which are a genuine pre-estimate of the damages which the Party entitled to receive such fee will suffer or incur as a result of the cancellation and termination of all rights and obligations with respect to the direct or indirect acquisition of the Company by the Purchaser in the circumstances in which the Termination Fee is payable, that such payment is not for lost profits or a penalty, and that no Party shall take any position inconsistent with the foregoing. Each of the Parties irrevocably waives any right it may have to raise as a defense that any such liquidated damages are excessive or punitive. Each of the Parties hereby acknowledges and agrees that, upon any termination of this Agreement as permitted under Section 7.2 under circumstances where a Party is entitled to the Termination Fee and such Termination Fee is paid in full to such Party, the Party to whom such fee has been paid shall be precluded from any other remedy against the other Party at law or in equity or otherwise and in any such case it shall not seek to obtain any recovery, judgment, or damages of any kind, including consequential, indirect, or punitive damages, against the Party who has paid such fee or any of its subsidiaries or any of their respective directors, officers, employees, partners, managers, members, shareholders or affiliates in connection with this Agreement or the transactions contemplated hereby.

(5) Subject to the last sentence of Section 7.3(4), nothing in this Section 7.3 shall preclude a Party from seeking injunctive relief to restrain any breach or threatened breach of the covenants or agreements set forth in this Agreement or otherwise to obtain specific performance of any such covenants or agreement, and any requirement for securing or posting of any bond in connection with the obtaining of any such injunction or specific performance is hereby being waived.

Section 7.4 Effect of Termination/Survival

If this Agreement is terminated pursuant to Section 7.1 or Section 7.2, this Agreement shall become void and of no further force or effect without liability of any Party (or any shareholder, director, officer, employee, agent, consultant or representative of such Party) to any other Party to this Agreement, except that: (a) in the event of termination under Section 7.1, Section 4.8 shall survive for a period of six (6) years following such termination; and (b) in the event of termination under Section 7.2, Section 4.5(3), Section 7.3, this Section 7.4 and [***] through to and including [***] shall survive, and provided further that no Party shall be relieved of any liability for any wilful and material breach or fraud by it of this Agreement.

ARTICLE 8
GENERAL PROVISIONS

Section 8.1 Amendments

This Agreement and the Plan of Arrangement may, at any time and from time to time before or after the holding of the Company Meeting and the Purchaser Meeting but not later than the Effective Time, be amended by mutual written agreement of the Parties, and any such amendment may, subject to the Interim Order and the Final Order and applicable Law, without limitation:

(a) change the time for performance of any of the obligations or acts of the Parties;

(b) modify any representation or warranty contained in this Agreement or in any document delivered pursuant to this Agreement;

(c) waive compliance with or modify any inaccuracies or any of the covenants contained in this Agreement and waive or modify performance of any of the obligations of the Parties; and/or

(d) waive compliance with or modify any mutual conditions contained in this Agreement.

Section 8.2 Expenses

(1) All out-of-pocket third party transaction expenses incurred in connection with this Agreement and the Plan of Arrangement, including all costs, expenses and fees of the Company incurred prior to or after the Effective Date in connection with, or incidental to, the Plan of Arrangement and the MIPA (including any consideration to be paid in accordance with the terms thereof), shall be paid by the Party incurring such expenses, whether or not the Arrangement or the MIPA is consummated, provided that the costs and expenses of the MIPA shall be borne by the Purchaser.

(2) The Company confirms that no broker, finder or investment banker is or will be entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement.

(3) The Purchaser confirms that no broker, finder or investment banker is or will be entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement.

Section 8.3 Notices

(1) Any notice, direction or other communication given pursuant to this Agreement (each a "**Notice**") must be in writing, sent by hand delivery, courier or email and is deemed to be given and received: (i) on the date of delivery by hand or courier if it is a Business Day and the delivery was made prior to 4:00 p.m. (local time in the place of receipt), and otherwise on the next Business Day; or (ii) if sent by email on the date of transmission if it is a Business Day and transmission was made prior to 5:00 p.m. (local time in the place of receipt) and otherwise on the next Business Day, in each case to the Parties at the following addresses (or such other address for a Party as specified by like Notice):

(a) to the Company at:

c/o Dentons Canada LLP
77 King Street West, Suite 400
Toronto, ON M5K 0A1 Canada

Attention: [***]
E-mail: [***]

with a copy to:

Dentons Canada LLP
77 King Street West, Suite 400
Toronto, ON M5K 0A1 Canada

Attention: [***]
E-mail: [***]

(b) to the Purchaser at:

P.O. Box 43125
Mississauga, ON L5C 1W2

Attention: [***]
E-mail: [***]

with a copy to:

Norton Rose Fulbright Canada LLP
222 Bay Street – Suite 3000
P.O. Box 53
Toronto, ON M5K 1E7

Attention: [***]
E-mail: [***]

Rejection or other refusal to accept, or inability to deliver because of changed address of which no Notice was given, shall be deemed to be receipt of the Notice as of the date of such rejection, refusal or inability to deliver. Sending a copy of a Notice to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the Notice to that Party. The failure to send a copy of a Notice to legal counsel does not invalidate delivery of that Notice to a Party.

Section 8.4 Time of the Essence

Time is of the essence in this Agreement.

Section 8.5 Injunctive Relief

The Parties agree that irreparable harm would occur for which money damages would not be an adequate remedy at Law in the event that any of the provisions of this Agreement were not performed by a Party in accordance with their specific terms or were otherwise breached by a Party. It is accordingly agreed that each Party shall be entitled to specific performance, injunctive and other equitable relief to prevent breaches of this Agreement, and to enforce compliance with the terms of this Agreement against the other Party without any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief, this being in addition to any other remedy to which a Party may be entitled at Law or in equity.

Section 8.6 Third Party Beneficiaries

(1) Except as provided in Section 4.8, which, without limiting its terms, is intended as stipulations for the benefit of the third parties mentioned in such provisions (such third parties referred to in this [***] as the "**Indemnified Persons**"), the Parties intend that this Agreement will not benefit or create any right or cause of action in favour of any Person, other than the Parties and that no Person, other than the Parties, shall be entitled to rely on the provisions of this Agreement in any action, suit, proceeding, hearing or other forum.

(2) Despite the foregoing, the Purchaser acknowledges to each of the Indemnified Persons their direct rights against it under Section 4.8 of this Agreement, which is intended for the benefit of, and shall be enforceable by, each Indemnified Person, his or her heirs and his or her legal representatives, and for such purpose, the Company confirms that it is acting as trustee on their behalf, and agrees to enforce such provision on their behalf. The Parties reserve their right to vary or rescind the rights at any time and in any way whatsoever, if any, granted by or under this Agreement to any Person who is not a Party, without notice to or consent of that Person, including any Indemnified Person.

Section 8.7 Waiver

No waiver of any of the provisions of this Agreement will constitute a waiver of any other provision (whether or not similar). No waiver will be binding unless executed in writing by the Party to be bound by the waiver. A Party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a Party from any other or further exercise of that right or the exercise of any other right.

Section 8.8 Entire Agreement

This Agreement, together with the Confidentiality Agreement, constitutes the entire agreement between the Company, on one hand, and the Purchaser, on the other hand, with respect to the transactions contemplated by this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, between the Company, on one hand, and the Purchaser, on the other hand. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, between the Company, on one hand, and the Purchaser, on the other hand in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement. the Company, on one hand, and the Purchaser, on the other hand, have not relied and are not relying on any other information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement.

Section 8.9 Successors and Assigns

(1) This Agreement becomes effective only when executed by the Company and the Purchaser. After that time, it will be binding upon and enure to the benefit of the Company and the Purchaser and their respective successors and permitted assigns.

(2) Neither this Agreement nor any of the rights or obligations under this Agreement are assignable or transferable by any Party without the prior written consent of the other Party, provided however that the Purchaser (or any permitted assign of the Purchaser) may, at any time, assign its rights and obligations under this Agreement without such consent to an affiliate of the Purchaser if such assignee delivers an instrument in writing confirming that it is bound by and shall perform all of the obligations of the assigning party under this Agreement as if it were an original signatory and provided further that the assigning party shall not be relieved of its obligations hereunder.

Section 8.10 Severability

If any provision of this Agreement is determined to be illegal, invalid or unenforceable by an arbitrator or any court of competent jurisdiction, that provision will be severed from this Agreement and the remaining provisions shall remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

Section 8.11 Governing Law

(1) This Agreement will be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

(2) Each Party irrevocably attorns and submits to the non-exclusive jurisdiction of the courts situated in the City of Toronto and waives objection to the venue of any proceeding in such court or that such court provides an inconvenient forum.

Section 8.12 Rules of Construction

The Parties to this Agreement waive the application of any Law or rule of construction providing that ambiguities in any agreement or other document shall be construed against the party drafting such agreement or other document.

Section 8.13 No Personal Liability

No director or officer of the Purchaser or any of its Subsidiaries shall have any personal liability whatsoever to the Company under this Agreement or any other document delivered on behalf of the Purchaser or any of its Subsidiaries under this Agreement. No director or officer of the Company or any of its Subsidiaries shall have any personal liability whatsoever to the Purchaser under this Agreement or any other document delivered on behalf of the Company or any of its Subsidiaries under this Agreement.

Section 8.14 Counterparts

This Agreement may be executed in any number of counterparts (including counterparts by facsimile) and all such counterparts taken together shall be deemed to constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed facsimile or similar executed electronic copy of this Agreement, and such facsimile or similar executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

[Remainder of page intentionally blank; signature page follows]

IN WITNESS WHEREOF the Parties have executed this Arrangement Agreement.

TERRASCEND CORP.

By: /s/ *Keith Stauffer*
Name: Keith Stauffer
Title: Chief Financial Officer

GAGE GROWTH CORP.

By: /s/ *Fabian Monaco*
Name: Fabian Monaco
Title: Chief Executive Officer

SCHEDULE "A"

PLAN OF ARRANGEMENT

UNDER SECTION 192

OF THE CANADA BUSINESS CORPORATIONS ACT

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Definitions

1.1.1 In this Plan of Arrangement, any capitalized term used herein and not defined in this Section 1.1.1 will have the meaning ascribed thereto in the Arrangement Agreement. Unless the context otherwise requires, the following words and phrases used in this Plan of Arrangement will have the meanings hereinafter set out:

"**Affected Person**" has the meaning ascribed thereto in Section 7.1.1.

"**Arrangement**" means an arrangement under Section 192 of the CBCA, on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations to this Plan of Arrangement made in accordance with the terms of the Arrangement Agreement or the provisions of this Plan of Arrangement or made at the direction of the Court in the Final Order with the prior written consent of the Company and the Purchaser, each acting reasonably.

"**Arrangement Agreement**" means the arrangement agreement dated as of August 31, 2021 between the Purchaser and the Company, together with the Schedules attached thereto and the Company Disclosure Letter and the Purchaser Disclosure Letter, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

"**Arrangement Resolution**" means the special resolution of the Company Shareholders approving this Plan of Arrangement to be considered at the Company Meeting.

"**Articles of Arrangement**" means the articles of arrangement of the Company in respect of the Arrangement that are required by the CBCA to be sent to the Director after the Final Order is made, which shall include this Plan of Arrangement and otherwise be in a form and content satisfactory to the Company and the Purchaser, each acting reasonably.

"**Broker**" has the meaning ascribed thereto in Section 7.1.2(a).

"**Business Day**" means any day of the year, other than a Saturday, Sunday or any day on which major banks are closed for business in Toronto, Ontario.

"**CBCA**" means the *Canada Business Corporations Act* and the regulations made thereunder, as now in effect and as they may be promulgated or amended from time to time.

"**Certificate of Arrangement**" means the certificate of arrangement giving effect to the Arrangement, issued pursuant to subsection 192(7) of the CBCA after the Articles of Arrangement have been filed.

"**Company**" means Gage Growth Corp., a company existing under the laws of Canada.

"**Company Circular**" means the notice of the Company Meeting and accompanying management information circular, including all schedules, appendices and exhibits to, and information incorporated by reference in, such management information circular, to be sent to the Company Shareholders in connection with the Company Meeting, as amended, supplemented or otherwise modified from time to time in accordance with the terms of the Arrangement Agreement.

"**Company Meeting**" means the special meeting of Company Shareholders, including any adjournment or postponement of such special meeting in accordance with the terms of the Arrangement Agreement, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution and for any other purpose as may be set out in the Company Circular and agreed to in writing by the Purchaser, acting reasonably.

"Company Proportionate Voting Shares" means the shares in the capital of the Company designated as proportionate voting shares, each entitling the holder thereof to fifty (50) votes per share at shareholder meetings of the Company, and which are convertible, at any time at the option of the holder, into Company Subordinate Voting Shares at a ratio of fifty (50) Company Subordinate Voting Shares for each Company Proportionate Voting Share.

"**Company RSU Plan**" means the restricted share unit plan approved by the Company Board on January 26, 2021.

"**Company RSUs**" means the outstanding restricted share units of the Company issued pursuant to the Company RSU Plan.

"**Company Shareholders**" means the registered or beneficial holders of Company Shares, as the context requires.

"**Company Shares**" means a share in the capital of the Company, and includes the Company Subordinate Voting Shares, the Company Super Voting Shares and the Company Proportionate Voting Shares.

"**Company Stock Option Plan**" means the amended and restated stock option plan approved by the Company Board on June 3, 2019.

"**Company Stock Options**" means stock options to purchase Company Subordinate Voting Shares issued pursuant to the Company Stock Option Plan.

"**Company Subordinate Voting Shares**" means the shares in the capital of the Company designated as subordinate voting shares, each entitling the holder thereof to one vote per share at shareholder meetings of the Company.

"**Company Super Voting Shares**" means the shares in the capital of the Company designated as super voting shares, each entitling the holder thereof to fifty (50) votes per share at shareholder meetings of the Company.

"**Company Warrants**" means the outstanding warrants of the Company to purchase Company Subordinate Voting Shares.

"**Consideration**" means the consideration to be received by non-Dissenting Shareholders pursuant to this Plan of Arrangement as consideration for their Company Shares, consisting of 0.3001 of a Purchaser Share for each Company Subordinate Voting Share, subject to adjustment in the manner and in the circumstances contemplated in Section 2.10 of the Arrangement Agreement, on the basis set out in this Plan of Arrangement.

"**Court**" means the Ontario Superior Court of Justice (commercial list) in the city of Toronto.

"**Depositary**" means such Person as the Company may appoint to act as depositary for Company Shares in relation to the Arrangement, with the approval of the Purchaser, acting reasonably.

"**Director**" means the Director appointed pursuant to section 260 of the CBCA.

"**Dissent Procedures**" has the meaning ascribed thereto in Section 4.1.1.

"**Dissent Rights**" means the rights of dissent of the registered Company Shareholders in respect of the Arrangement Resolution as described in Section 4.1.1 hereto.

"**Dissenting Shareholder**" means a registered Company Shareholder who has validly exercised a Dissent Right and who is ultimately entitled to be paid the fair value of the Company Shares held by such registered Company Shareholder, but such Company Shareholder will only be a Dissenting Shareholder in respect of the Company Shares in respect of which Dissent Rights are validly exercised by such holder in strict compliance with the terms of the Dissent Rights.

"**Dissenting Shares**" has the meaning ascribed thereto in Section 4.1.2.

"**Effective Date**" means the date upon which the Arrangement becomes effective as shown on the Certificate of Arrangement.

"**Effective Time**" means 12:01 a.m. (Toronto Time) on the Effective Date, or such other time as the Parties agree to in writing before the Effective Date.

"**Exchange Ratio**" means 0.3001 of a Purchaser Share to be issued by the Purchaser for each one Company Subordinate Voting Share exchanged pursuant to the Arrangement.

"**Final Order**" means the final order of the Court in a form acceptable to the Company and the Purchaser, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of both the Company and the Purchaser, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both the Company and the Purchaser, each acting reasonably) on appeal.

"**Governmental Entity**" means (i) any international, multinational, national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, commissioner, board, bureau, ministry, agency or instrumentality, domestic or foreign, including the U.S. Internal Revenue Service and the Canada Revenue Agency, (ii) any subdivision or authority of any of the above, (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing or (iv) any stock exchange, including the CSE.

"Hermiz Exchangeable Units" means the 900,000 exchangeable units issued by Spartan Partners Holding, LLC, an indirect subsidiary of the Company, which are exchangeable for either 45,000,000 Company Subordinate Voting Shares or 900,000 Company Proportionate Voting Shares in accordance with their terms.

"**Interim Order**" means the interim order of the Court in a form acceptable to the Company and the Purchaser, each acting reasonably, providing for, among other things, the calling and holding of the Company Meeting, as such order may be amended by the Court with the consent of the Company and the Purchaser, each acting reasonably.

"**Law**" means, with respect to any Person, any and all applicable law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, notice, judgment, decree, ruling or other similar requirement, whether domestic or foreign, enacted, adopted, promulgated or applied by a Governmental Entity that is binding upon or applicable to such Person or its business, undertaking, property or securities, and to the extent that they have the force of law, policies, guidelines, notices and protocols of any Governmental Entity, as amended.

"**Letter of Transmittal**" means the letter of transmittal to be delivered by the Company to the Company Shareholders for use in connection with the Arrangement.

"**Lien**" means any mortgage, charge, pledge, hypothec, security interest, prior claim, encroachments, option, right of first refusal or first offer, occupancy right, covenant, assignment, lien (statutory, inchoate or otherwise), defect of title, or restriction or adverse right or claim, or other third party interest or encumbrance of any

kind, in each case, whether contingent or absolute.

"**Mayde**" means Mayde Inc.

"Mayde Exchangeable Shares" means the 600,000 Class B exchangeable shares issued by Spartan Partners Corporation, a subsidiary of the Company.

"**Merger**" has the meaning specified in Section 3.1.1(f).

"**Mergerco**" has the meaning ascribed thereto in Section 3.1.1(f);

"**Parties**" means the Company and the Purchaser, and "**Party**" means either of them.

"**Person**" includes any individual, partnership, association, body corporate, organization, trust, estate, trustee, executor, administrator, legal representative, government (including Governmental Entity), syndicate or other entity, whether or not having legal status.

"**Plan of Arrangement**" means this plan of arrangement, subject to any amendments or variations hereto made in accordance with Section 8.1 of the Arrangement Agreement or Section 6.1 hereto, or made at the direction of the Court in the Final Order with the prior written consent of the Company and the Purchaser, each acting reasonably.

"**Purchaser**" means TerrAscend Corp., a corporation existing under the laws of the Province of Ontario.

"**Purchaser Shares**" means the common shares in the authorized share capital of the Purchaser.

"**Purchaser Subco**" means 13283941 Canada Inc., a corporation continued under the CBCA and a wholly-owned subsidiary of the Purchaser.

"**Replacement Option**" means an option or right to purchase or receive Purchaser Shares, as applicable, granted by the Purchaser in replacement of Company Stock Options on the basis set forth in Section 3.1.1(i).

"**Replacement Warrant**" means the warrants providing for the right to purchase Purchaser Shares issued by the Purchaser in replacement of the Company Warrants on the basis set forth in Section 3.1.1(j).

"**Section 3(a)(10) Exemption**" means the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereof.

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations promulgated thereunder, each as amended.

"**U.S. Securities Act**" means the United States *Securities Act of 1933*, as amended, and the rules and regulations promulgated thereunder.

"**U.S. Tax Code**" means the United States Internal Revenue Code of 1986, as amended.

"**Withholding Obligation**" has the meaning ascribed thereto in Section 7.1.1.

1.2 Interpretation Not Affected by Headings

The headings contained in this Plan of Arrangement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Plan of Arrangement. The terms "this Plan of Arrangement", "hereof", "herein", "hereto", "hereunder" and similar expressions refer to this Plan of Arrangement and not to any particular Article, Section or Subsection hereof and include any agreement or instrument supplementary or ancillary hereto.

1.3 Date for any Action

If the date on which any action is required to be taken hereunder is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

1.4 Number and Gender

In this Plan of Arrangement, unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing gender include all genders and neuter.

1.5 References to Persons and Statutes

A reference to a Person includes any successor to that Person. Any reference to a statute or to a rule of a self-regulatory organization, including any stock exchange, refers to such statute or rule, and all rules and regulations, administrative policy statements, instruments, blanket orders, notices, directions and rulings issued or adopted under it, as it or they may have been or may from time to time be amended or re-enacted, unless stated otherwise.

1.6 Currency

Unless otherwise stated in this Plan of Arrangement, all references herein to amounts of money are expressed in lawful money of Canada.

1.7 Computation of Time

A period of time is to be computed as beginning on the day following the event that began the period and ending at 4:30 p.m. on the last day of the period, if the last day of the period is a Business Day, or at 4:30 p.m. on the next Business Day if the last day of the period is not a Business Day.

1.8 Time References

Time shall be of the essence in every matter or action contemplated hereunder. References to time are to Toronto time.

1.9 Including

The word "including" means "including, without limiting the generality of the foregoing".

ARTICLE 2
ARRANGEMENT AGREEMENT; EFFECTIVENESS

2.1 Effectiveness

2.1.1 This Plan of Arrangement is made pursuant to and subject to the provisions of the Arrangement Agreement and constitutes an arrangement as referred to in Section 192 of the CBCA.

2.1.2 This Plan of Arrangement will become effective as at the Effective Time and will be binding (without any further authorization, act or formality on the part of the Court, the Registrar, or any other Person) from and after the Effective Time on:

(a) the Company,

(b) the Purchaser,

(c) all Company Shareholders,

(d) Mergerco,

(e) Purchaser Subco,

(f) Spartan Partners Corporation,

(g) Spartan Partners Holdings, LLC,

(h) holders of Company RSUs, Company Warrants, Company Stock Options, Hermiz Exchangeable Units, or Mayde Exchangeable Shares, and

(i) the Depositary.

ARTICLE 3
THE ARRANGEMENT

3.1 Arrangement

3.1.1 At the Effective Time each of the following events shall occur and shall be deemed to occur sequentially as set out below without any further authorization, act or formality, in each case, unless stated otherwise, effective as at one minute intervals starting at the Effective Time:

(a) each Company RSU, whether vested or unvested, shall be deemed to be vested to the fullest extent, and such Company RSU shall be, and shall be deemed to be, surrendered to the Company by the holder of Company RSUs at a ratio of one RSU for one Company Subordinate Voting Share, less any amounts required to be withheld pursuant to Article 7 and the Company Subordinate Voting Shares issuable in connection therewith shall be deemed to be issued to such holder of Company RSUs as fully paid and non-assessable shares in the capital of the Company, provided that no share certificates shall be issued with respect to such shares;

(b) each Company Share outstanding immediately prior to the Effective Time held by a Company Shareholder in respect of which Dissent Rights have been validly exercised will be deemed to have been transferred without any further act or formality to the Purchaser by the holder thereof for cancellation, free and clear of any Liens, and such Company Shareholder will cease to be the registered holder of such Dissenting Shares and will cease to have any rights as a registered holder of such Company Shares other than the right to be paid fair value for such Dissenting Shares as set out in Section 4.1.2, and such Company Shareholder's name will be removed as the registered holder of such Dissenting Shares from the register of holders of Company Shares maintained by or on behalf of the Company, and the Dissenting Shares shall be cancelled;

(c) each Mayde Exchangeable Share outstanding immediately prior to the Effective Time shall be transferred without any further act or formality to the Purchaser in exchange for 15.005 Purchaser Shares, and upon such transfer:

(i) the holder of the Mayde Exchangeable Shares will cease to be the registered holder of such Mayde Exchangeable Shares on the register of Spartan Partners Corporation and will cease to have any rights as a holder of such Mayde Exchangeable Shares;

(ii) such holder of the Mayde Exchangeable Shares shall be entered into the securities register of the Purchaser as the holder of such Purchaser Shares;

(d) concurrently with the transfer of Mayde Exchangeable Shares pursuant to Section 3.1.1(c), there shall be added to the stated capital of the Purchaser Shares, an amount equal to the cost (within the meaning of the Tax Act, including, if applicable, as determined under Section 85 of the Tax Act) of the Mayde Exchangeable Shares acquired by the Purchaser pursuant to Section 3.1.1(c);

(e) each Company Super Voting Share outstanding immediately prior to the Effective Time shall be transferred for no payment, and without any further act or formality, to the Purchaser, and the holder of such transferred Company Super Voting Share shall be removed from the Company's securities register for the Company Super Voting Shares**;**

(f) concurrently with the transfer of Company Super Voting Shares pursuant to Section 3.1.1(d), the stated capital of the Company Super Voting Shares shall be reduced to nil, and there shall be added to the stated capital of the Company Subordinate Voting Shares, an amount equal to the paid-up capital (within the meaning of the Tax Act) of the Company Super Voting Shares immediately prior to the Effective Time;

(g) immediately following the preceding steps, Purchaser Subco shall amalgamate and merge with and into the Company (the "**Merger**") under Section 181 of the CBCA and be one corporate entity ("**Mergerco**") and upon the Merger being effective:

(i) Survival. The legal existence of the Company shall not cease and the Company shall survive the Merger as Mergerco.

(ii) Name. The name of Mergerco shall be "Gage Growth Corp.", being the name of the Company.

(iii) Registered Office. The registered office of Mergerco shall continue to be the registered office of the Company.

(iv) Authorized Shares. The classes and maximum number of shares that Mergerco is authorized to issue shall be the same as the Company was authorized to issue immediately prior to the Merger.

(v) Restrictions on Share Transfer. The restrictions on share transfer shall be the same as the restrictions applicable to the transfer of shares of the Company contained in the Articles of the Company immediately prior to the Merger, if any.

(vi) Number of Directors. The minimum and maximum number of directors of Mergerco shall be the same minimum and maximum number of directors of the Company immediately prior to the Merger.

(vii) Restrictions on Business. The restrictions on business of Mergerco shall be the same as the restrictions on business of the Company contained in the Articles of the Company immediately prior to the Merger, if any.

(viii) Directors. The directors of Mergerco immediately after the Merger shall be Lisa Swartzman and Keith Stauffer.

(ix) Shares. The Purchaser shall receive on the Merger and amalgamation one Mergerco common share in exchange for each Purchaser Subco common share previously held and each Company Share (other than Dissenting Shares held by Dissenting Shareholders who are ultimately determined to be entitled to be paid fair value for their Dissenting Shares in accordance with Article 4) shall entitle the holder thereof to the Consideration.

(x) Stated Capital. The stated capital account maintained for the common shares of Mergerco will be equal to the aggregate of the paid-up capital, for purposes of the Tax Act, of the Purchaser Subco shares held by the Purchaser and the Company Shares, immediately prior to the Merger.

(xi) By-laws. The by-laws of Mergerco shall be the by-laws of the Company.

(xii) Effect of the Merger. The provisions of subsection 186(a) to (g) of the CBCA shall apply to the Merger with the result that:

i) the amalgamation of the amalgamating corporations and their continuance as one corporation becomes effective;

ii) the property of each amalgamating corporation continues to be the property of Mergerco;

iii) Mergerco continues to be liable for the obligations of each amalgamating corporation;

iv) the separate legal existence of Purchaser Subco shall cease without Purchaser Subco being liquidated or wound up, and the property, rights and interests of Purchaser Subco shall become the property, rights and interests and obligations of Mergerco;

v) an existing cause of action, claim or liability to prosecution is unaffected;

vi) a civil, criminal or administrative action or proceeding pending by or against an amalgamating corporation may be continued to be prosecuted by or against the amalgamated corporation;

vii) a conviction against, or ruling, order or judgment in favour of or against, an amalgamating corporation may be enforced by or against the amalgamated corporation; and

viii) the Articles of Arrangement are deemed to be the articles of incorporation of the amalgamated corporation and the Certificate of Arrangement is deemed to be the certificate of incorporation of the amalgamated corporation; and

(h) for greater certainty:

(i) immediately following the Merger, Purchaser Subco and the Company shall be one corporation;

(ii) the properties, rights, interests and obligations of the Company shall continue to be the properties, rights, interests and obligations of Mergerco, and the Merger shall not constitute an assignment by operation of law, a transfer or any other disposition of the property, rights, interests and obligations of the Company to Mergerco;

(iii) the legal existence of the Company shall not cease and the Company shall survive the Merger as Mergerco, notwithstanding the issue by the Registrar of a certificate of amalgamation and the assignment of a new incorporation number to Mergerco;

(i) each Company Stock Option outstanding at the Effective Time (whether vested or unvested) will be exchanged for a Replacement Option to acquire such number of Purchaser Shares as is equal to: (A) that number of Company Subordinate Voting Shares that were issuable upon exercise of such Company Stock Option immediately prior to the Effective Time, multiplied by (B) the Exchange Ratio, rounded down to the nearest whole number of Purchaser Shares, at an exercise price per Purchaser Share equal to the greater of (i) the quotient determined by dividing: (X) the exercise price per Company Subordinate Voting Share at which such Company Stock Option was exercisable immediately prior to the Effective Time, by (Y) the Exchange Ratio, rounded up to the nearest whole cent, and (ii) such minimum amount that meets the requirements of paragraph 7(1.4)(c) of the Tax Act. All terms and conditions of a Replacement Option, including the term to expiry, vesting, conditions to and manner of exercising, shall be the same as the Company Stock Option for which it was exchanged, and any certificate or option agreement previously evidencing the Company Stock Option shall thereafter evidence and be deemed to evidence such Replacement Option;

(j) each Company Warrant outstanding at the Effective Time will be exchanged for a Replacement Warrant evidencing a right to purchase such number of Purchaser Shares as is equal to: (A) that number of Company Subordinate Voting Shares that were issuable upon exercise of such Company Warrant immediately prior to the Effective Time, multiplied by (B) the Exchange Ratio, rounded down to the nearest whole number of Purchaser Shares, at an exercise price per Purchaser Share equal to the greater of (i) the quotient determined by dividing: (X) the exercise price per Company Subordinate Voting Share at which such Company Warrant was exercisable immediately prior to the Effective Time, by (Y) the Exchange Ratio, rounded up to the nearest whole cent, and (ii) such minimum amount that meets the requirements of paragraph 7(1.4)(c) of the Tax Act. All terms and conditions of a Replacement Warrant, including the term to expiry, conditions to and manner of exercising, shall be the same as set out in the warrant certificate for which it was exchanged, and the warrant certificate previously evidencing the Company Warrant shall thereafter evidence and be deemed to evidence such Replacement Warrant. Notwithstanding anything to the contrary contained herein, the assumption of warrants provided for in this Section 3.1(m) will be performed in a manner that complies with Sections 424(a) and 409A U.S. Tax Code (and the regulations promulgated thereunder);

3.1.2 The Consideration and the Exchange Ratio shall be adjusted to reflect fully the effect of any stock split, reverse split, stock dividend (including any dividend or distribution of securities convertible into Purchaser Shares or Company Shares, other than stock dividends paid in lieu of ordinary course dividends), consolidation, reorganization, recapitalization or other like change with respect to Purchaser Shares or the Company Shares occurring after the date of the Arrangement Agreement and prior to the Effective Time.

3.2 U.S. Securities Laws

3.2.1 Notwithstanding any provision herein to the contrary, the Purchaser and the Company agree that the Plan of Arrangement will be carried out with the intention that all Consideration to be issued in connection with the Arrangement shall be exempt from registration requirements of the U.S. Securities Act pursuant to the Section 3(a)(10) Exemption thereunder, and may be subject to restrictions on resale under the applicable securities laws of the United States, including Rule 144 under the U.S. Securities Act with respect to affiliates of the Company and the Purchaser.

3.3 U.S. Tax Treatment

3.3.1 The Company and Purchaser intend that for U.S. federal income tax purposes (and applicable state and local Tax purposes), (i) the Merger, together with the transactions described in Section 3.1.1, will qualify as a reorganization within the meaning of Sections 368(a)(1)(A) and 368(a)(2)(E) of the U.S. Tax Code and (ii) the Company will be considered to be the survivor of the Merger and Purchaser Subco will be considered to have ceased to exist as a result of the Merger.

ARTICLE 4
RIGHTS OF DISSENT

4.1 Dissent Rights

4.1.1 Registered holders of Company Shares may exercise rights of dissent (the "**Dissent Rights**") in connection with the Arrangement pursuant to the Interim Order and in the manner set forth in Sections 190 of the CBCA, as modified by the Interim Order, the Final Order and this Section 4.1 (collectively, the "**Dissent Procedures**"), provided that the written notice setting forth the objection of such registered Company Shareholder to the Arrangement contemplated by Section 190(5) of the CBCA must be received by the Company not later than 5:00 p.m. (Toronto time) on the Business Day that is two (2) Business Days before the Company Meeting.

4.1.2 Company Shareholders who duly and validly exercise Dissent Rights with respect to their Company Shares ("**Dissenting Shares**") and who:

(a) are ultimately determined to be entitled to be paid fair value for their Dissenting Shares shall be entitled to be paid the fair value by the Purchaser for the Dissenting Shares and will be deemed to have irrevocably transferred such Dissenting Shares to the Company (free and clear of all Liens) pursuant to Section 3.1.1(a); or

(b) for any reason, are ultimately not entitled to be paid fair value for their Dissenting Shares, will be deemed to have participated in the Arrangement on the same basis as a non-dissenting Company Shareholder and will receive Purchaser Shares on the same basis as every other non-dissenting Company Shareholder,

but in no case will the Company or the Purchaser be required to recognize such Persons as holding Company Shares on or after the Effective Date. For greater certainty, in no case shall the Company, the Purchaser or any other Person be required to recognize Dissenting Shareholders as Company Shareholders after the Effective Time, and the names of such Dissenting Shareholders shall be deleted from the central securities register of holders of Company Shares as of the Effective Time.

4.1.3 In addition to any other restrictions set forth in the CBCA, none of the following shall be entitled to exercise Dissent Rights:

(a) Company Shareholders who vote, or who have instructed a proxyholder to vote, in favour of the Arrangement Resolution; and

(b) holders of Company RSUs, Company Warrants, Company Stock Options, Hermiz Exchangeable Units and Mayde Exchangeable Shares.

ARTICLE 5
DELIVERY OF CONSIDERATION

5.1 Delivery of Consideration

5.1.1 Following receipt of the Final Order and prior to the Effective Date in accordance with the terms of the Arrangement Agreement, the Purchaser shall deposit with the Depositary such number of Purchaser Shares as is necessary in order to effect the exchange or settlement under Section 3.1 of this Plan of Arrangement. In addition, the Purchaser will (i) on the Effective Date, issue to the holders of Company Options and Company Warrants certificates representing the Replacement Options and Replacement Warrants required to be issued pursuant to Section 3.1 and reflect such holders as the registered holders of Replacement Options and/or Replacement Warrants, as applicable, on the registers of options and warrants maintained by the Purchaser, and (ii) deliver (or caused to be delivered) such certificates to the holders of the Company Options and Company Warrants as soon as reasonably practicable thereafter (and in any event not later than five Business Days following the Effective Date).

5.1.2 Subject to surrender to the Depositary of a certificate which immediately prior to the Effective Time represented outstanding Company Shares, together with a duly completed and executed Letter of Transmittal and such additional documents and instruments as the Depositary may reasonably require, following the Effective Time the holder of such surrendered certificate shall be entitled to receive in exchange therefor, and the Depositary shall deliver to such holder, the Purchaser Shares which such holder has the right to receive under Section 3.1 of this Plan of Arrangement, less any amounts withheld pursuant to Section 7.1 and any certificate so surrendered shall forthwith be cancelled.

5.1.3 Until surrendered as contemplated by this Section 5.1, each certificate that immediately prior to the Effective Time represented Company Shares shall be deemed after the Effective Time to represent only the right to receive, upon such surrender, the Purchaser Shares to which the holder thereof is entitled in lieu of such certificate as contemplated by Section 3.1 and this Section 5.1, less any amounts withheld pursuant to Section 7.1. Any such certificate formerly representing Company Shares not duly surrendered on or before the sixth anniversary of the Effective Date shall:

(a) cease to represent a claim by, or interest of, any former holder of Company Shares of any kind or nature against or in the Company or the Purchaser (or any successor to any of the foregoing); and

(b) be deemed to have been surrendered to the Purchaser and shall be cancelled.

5.1.4 No Company Shareholder or holder of Company RSUs, Company Warrants, Company Stock Options, or Mayde Exchangeable Shares shall be entitled to receive any consideration with respect to such Company Shares, Company RSUs, Company Warrants, Company Stock Options, or Mayde Exchangeable Shares other than the consideration to which such holder is entitled in accordance with Section 3.1 and, for greater certainty, no such holder will be entitled to receive any interest, dividends, premium or other payment in connection therewith.

5.2 Distributions with Respect to Unsurrendered Certificates

No dividend or other distribution declared or paid after the Effective Time with respect to Purchaser Shares shall be delivered to the holder of any certificate formerly representing Company Shares unless and until the holder of such certificate shall have complied with the provisions of Section 5.1. Subject to applicable Law, at the time of such compliance, there shall, in addition to the delivery of a certificate representing the Purchaser Shares to which such holder is thereby entitled, be delivered to such holder, without interest, the amount of the dividend or other distribution with a record date after the Effective Time theretofore paid with respect to such Purchaser Shares.

5.3 No Fractional Shares

No fractional Purchaser Shares shall be issued to any Person pursuant to this Plan of Arrangement. The number of Purchaser Shares, to be issued to any Person pursuant to this Plan of Arrangement shall, without additional compensation, be rounded down to the nearest whole Purchaser Share.

5.4 Lost Certificates

5.4.1 In the event any certificate, which immediately before the Effective Time represented one or more outstanding Company Shares that was exchanged pursuant to this Plan of Arrangement, is lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such certificate to be lost, stolen or destroyed, the Depositary will issue in exchange for such lost, stolen or destroyed certificate, the Consideration to which such Person is entitled in respect of the Company Shares represented by such lost, stolen, or destroyed certificate pursuant to this Plan of Arrangement deliverable in accordance with such Person's Letter of Transmittal.

5.4.2 When authorizing such delivery of Purchaser Shares that such holder is entitled to receive in exchange for any lost, stolen or destroyed certificate, the Person to whom such Purchaser Shares are to be delivered shall, as a condition precedent to the delivery of such Purchaser Shares, give a bond satisfactory to the Purchaser and the Depositary in such sum as the Purchaser and the Depositary may direct and indemnify the Purchaser and the Depositary in a manner satisfactory to the Purchaser and the Depositary, against any claim that may be made against the Purchaser or the Depositary with respect to the certificate alleged to have been lost, stolen or destroyed.

5.5 Calculations

All calculations and determinations made by the Purchaser, the Company or the Depositary, as applicable, for the purposes of this Plan of Arrangement shall be conclusive, final and binding.

ARTICLE 6
AMENDMENT

6.1 Amendments to Plan of Arrangement

6.1.1 The Company and the Purchaser may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment, modification and/or supplement must (i) be set out in writing, (ii) be approved by the Purchaser and the Company in writing (subject to the Arrangement Agreement), each acting reasonably, (iii) be filed with the Court and, if made following the Company Meeting, approved by the Court, and (iv) communicated to Company Shareholders if and as required by the Court.

6.1.2 Any amendment, modification or supplement to this Plan of Arrangement may be proposed by the Company or the Purchaser at any time prior to the Company Meeting (provided that the Purchaser or the Company (subject to the Arrangement Agreement), as applicable, shall have consented thereto) with or without any other prior notice or communication, and if so proposed and accepted by the Persons voting at the Company Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

6.1.3 Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the Company Meeting shall be effective only if (i) it is consented to in writing by each of the Company and the Purchaser (in each case, acting reasonably), and (ii) if required by the Court, it is consented to by some or all of the Company Shareholders voting in the manner directed by the Court.

6.1.4 Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date unilaterally by the Purchaser, provided that it concerns a matter which, in the reasonable opinion of the Purchaser, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the economic interest of any former Company Shareholder.

6.1.5 This Plan of Arrangement may be withdrawn prior to the Effective Time in accordance with the terms of the Arrangement Agreement.

ARTICLE 7
WITHHOLDING TAX

7.1 Withholding Tax

7.1.1 The Purchaser, the Company and the Depositary, as the case may be, shall be entitled to deduct or withhold from any amounts contemplated to be payable to any Person under this Plan of Arrangement (an "**Affected Person**") such amounts as are required, entitled or permitted to be deducted or withheld with respect to such payment (a "**Withholding Obligation**") under the Tax Act, the U.S. Tax Code or any other provision of federal, provincial, territorial, state, local or foreign tax Law, in each case, as amended, and shall remit or cause to be remitted the amount so deducted or withheld to the appropriate Governmental Entity. To the extent that amounts are so deducted or withheld, such deducted or withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of which such deduction or withholding was made, provided that such deducted or withheld amounts are actually remitted in accordance with applicable Law to the appropriate taxing authority.

7.1.2 Each of the Company, the Purchaser and the Depositary shall also have the right to:

(a) deduct, withhold and sell, or direct the Purchaser, the Company or the Depositary to deduct, withhold and sell through a broker (the "**Broker**"), and on behalf of any Affected Person; or

(b) require the Affected Person to irrevocably direct the sale through a Broker and irrevocably direct the Broker pay the proceeds of such sale to the Purchaser, the Company or the Depositary as appropriate (and, in the absence of such irrevocable direction, the Affected Person shall be deemed to have provided such irrevocable direction),

such number of Purchaser Shares delivered or deliverable to such Affected Person pursuant to this Plan of Arrangement as is necessary to produce sale proceeds (after deducting commissions payable to the Broker and other costs and expenses) sufficient to fund any Withholding Obligations. Any such sale of Purchaser Shares shall be effected on a public market and as soon as practicable following the Effective Date. None of the Purchaser, the Company, the Depositary or the Broker will be liable for any loss arising out of any sale of such Purchaser Shares, including any loss relating to the manner or timing of such sales, the prices at which the Purchaser Shares are sold or otherwise.

ARTICLE 8
PARAMOUNTCY

8.1 Paramountcy

8.1.1 From and after the Effective Time:

(a) this Plan of Arrangement shall take precedence and priority over any and all rights related to the Company RSUs, Company Warrants, Company Stock Options, or Mayde Exchangeable Shares and Company Shares issued and outstanding prior to the Effective Time;

(b) the rights and obligations of Company Shareholders and holders of the Company RSUs, Company Warrants, Company Stock Options or Mayde Exchangeable Shares, the Depositary and any trustee and transfer agent therefor, shall be solely as provided for in this Plan of Arrangement; and

(c) all actions, causes of action, claims or proceedings (actual or contingent and whether or not previously asserted) based on or in any way relating to the Company Shares, Company RSUs, Company Warrants, Company Stock Options or Mayde Exchangeable Shares shall be deemed to have been settled, compromised, released and determined without liability except as set forth in this Plan of Arrangement.

ARTICLE 9
FURTHER ASSURANCES

9.1 Further Assurances

9.1.1 Notwithstanding that the transactions and events set out in this Plan of Arrangement shall occur and be deemed to have occurred in the order set out herein without any further authorization, act or formality, each of the Parties shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order to implement this Plan of Arrangement and to further document or evidence any of the transactions or events set out herein.

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SCHEDULE B
ARRANGEMENT RESOLUTION

The text of the Arrangement Resolution which the Company Shareholders will be asked to pass at the Company Meeting is as follows:

1. The arrangement (the "**Arrangement**") under Section 192 of the *Canada Business Corporations Act* (the "**CBCA**") involving Gage Growth Corp. ("**Gage**") and certain of its security holders, pursuant to the arrangement agreement between Gage and TerrAscend Corp., a corporation existing pursuant to the *Business Corporations Act* (Ontario), dated August 31, 2021, as it may be modified, supplemented or amended from time to time in accordance with its terms (the "**Arrangement Agreement**"), as more particularly described and set forth in the management information circular of Gage dated **[•]**, (the "**Circular**"), and all transactions contemplated thereby, are hereby authorized, approved and adopted.

2. The plan of arrangement of Gage and certain of its security holders, and implementing the Arrangement, as it has been or may be modified, supplemented or amended in accordance with the Arrangement Agreement and its terms (the "**Plan of Arrangement**"), the full text of which is set out as Appendix **[•]** to the Circular, is hereby authorized, approved and adopted.

3. The: (i) Arrangement Agreement and all the transactions contemplated therein; (ii) actions of the directors of Gage in approving the Arrangement and the Arrangement Agreement; and (iii) actions of the directors and officers of Gage in executing and delivering the Arrangement Agreement and any modifications, supplements or amendments thereto, and causing the performance by Gage of its obligations thereunder, are hereby ratified, authorized and approved.

4. Gage is hereby authorized and directed to apply for a final order from the Ontario Superior Court of Justice (the "**Court**") to approve the Arrangement on the terms set forth in the Arrangement Agreement and the Plan of Arrangement (as they may be amended, modified or supplemented and as described in the Circular).

5. Notwithstanding that this resolution has been passed (and the Arrangement adopted) by the holders of common shares of Gage (the "**Gage Shareholders**") or that the Arrangement has been approved by the Court, the directors of Gage are hereby authorized and empowered, without further notice to or approval of Gage Shareholders: (i) to amend, modify or supplement the Arrangement Agreement or the Plan of Arrangement to the extent permitted by their terms; and (ii) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement and any related transactions.

6. Any officer or director of Gage is hereby authorized and directed, for and on behalf of Gage, to execute, whether under corporate seal of Gage or otherwise, and to deliver or cause to be delivered, for filing with the Director under the CBCA, articles of arrangement and such other documents as are necessary or desirable to give effect to the Arrangement in accordance with the Arrangement Agreement, such determination to be conclusively evidenced by the execution and delivery of articles of arrangement or other such documents.

7. Any officer or director of Gage is hereby authorized and directed, for and on behalf of Gage, to execute or cause to be executed, whether under corporate seal of Gage or otherwise, and to deliver or cause to be delivered, all such other documents and instruments and to perform or cause to be performed all such other acts and things as, in such person's opinion, may be necessary or desirable to give full force and effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of any such other document or instrument or the doing of any such other act or thing.

SCHEDULE C
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

(1) Fairness Opinion and Directors' Approvals. As of the date hereof:

(a) The Financial Advisors have delivered an oral opinion to the Company Special Committee and the Company Board that to the effect that, as of the date hereof, and subject to the assumptions, qualifications and limitations set out therein, the Consideration to be received under the Arrangement is fair, from a financial point of view, to the Company Shareholders;

(b) the Company has been authorized by the Financial Advisors to permit inclusion of the Company Fairness Opinions and references thereto and summaries thereof in the Company Circular; and

(c) the Company Board has unanimously (with directors abstaining or recusing themselves as required by Law or the Company's Constating Documents) (i) determined that the Arrangement is in the best interests of the Company and is fair, from a financial point of view, to the Company Shareholders, (ii) resolved to recommend to the Company Shareholders that they vote in favour of the Arrangement Resolution and (iii) approved the Arrangement pursuant to the Plan of Arrangement and the execution and performance of this Agreement.

(2) Organization and Qualification. The Company is a company duly continued and validly existing under the applicable Laws of its jurisdiction of incorporation, continuance or creation and has all necessary corporate power and capacity to own its property and assets as now owned and to carry on its business as it is now being conducted. With the exception of the Federal Cannabis Laws, each Subsidiary has all necessary corporate power and capacity to own its respective property and assets as now owned and to carry on its respective business as it is now being conducted. With the exception of Federal Cannabis Laws, the Company and each of its Subsidiaries is duly qualified to do business and is in good standing in each jurisdiction in which the character of its properties, owned, leased, licensed or otherwise held, or the nature of its activities, makes such qualification necessary.

(3) Authority Relative to this Agreement. The Company has all necessary corporate power and capacity to enter into this Agreement and all other agreements and instruments to be executed by the Company as contemplated by this Agreement, and to perform its obligations hereunder and under such agreements and instruments. The execution and delivery of this Agreement by the Company and the performance by the Company of its obligations under this Agreement have been duly authorized by the Company Board and, except for obtaining the Required Approval, the Interim Order and the Final Order in the manner contemplated herein and filing the Articles of Arrangement with the Director, no other corporate proceedings on its part are necessary to authorize this Agreement or the Arrangement, other than, with respect to the Company Circular and other matters relating thereto, the approval of the Company Board. This Agreement has been duly executed by a duly authorized officer of the Company and delivered by the Company, and constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, reorganization or other laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.

(4) No Violation. Neither the authorization, execution and delivery of this Agreement by the Company nor the completion of the transactions contemplated by this Agreement or the Arrangement, nor the performance of its obligations hereunder or thereunder, nor compliance by the Company with any of the provisions hereof or thereof will result in a violation or breach of, constitute a default (or an event which, with notice or lapse of time or both, would become a default), require any consent or approval to be obtained or notice to be given under, or give rise to any third party right of termination, cancellation, suspension, acceleration, penalty or payment obligation or right to purchase or sale under, any provision of:

(a) its Constating Documents;

(b) except as set forth in Section (4)(b) of the Company Disclosure Letter, an Authorization or Material Contract to which:

(i) the Company or any of its Subsidiaries is a party; or

(ii) the Company's or any of its Subsidiaries' properties or assets are bound; or

(c) any Laws, regulation, order, judgment or decree applicable to the Company or any of its Subsidiaries or any of their respective properties or assets;

except in the case of (c) above for such breaches, defaults, consents, terminations, cancellations, suspensions, accelerations, penalties, payment obligations or rights which would not reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect on the Company.

(5) Governmental Approvals. The execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the Arrangement requires no consent, waiver or approval or any action by or in respect of, or filing with, or notification to, any Governmental Entity other than: (i) the Interim Order and any approvals required by the Interim Order; (ii) the Final Order; (iii) compliance with any applicable Securities Laws and CSE policies, rules and regulations; (iv) receipt of the Key Authorizations; and (v) any actions, filings or notifications the absence of which would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company.

(6) Capitalization.

(a) The authorized share structure of the Company consists of an unlimited number of Company Subordinate Voting Shares, an unlimited number of Company Proportionate Voting Shares and an unlimited number of Company Super Voting Shares. As of the close of business on day before date of this Agreement, there were issued and outstanding 138,413,363 Company Subordinate Voting Shares, nil Company Proportionate Voting Shares and 1,500,000 Company Super Voting Shares.

(b) As of the close of business on day before date of this Agreement, the Company has i) an aggregate amount of 160,000 Company Subordinate Voting Shares are issuable upon the settlement of Company RSUs, the terms of which are set forth in Section (6)(b) of the Company Disclosure Letter, ii) aggregate principal amount of Company Canadian Debentures of C$2,300,000 as described in Section (6)(b) of the Company Disclosure Letter, iii) aggregate principal amount of Company US Debentures of $750,000 as described in Section (6)(b) of the Company Disclosure Letter, iv) 15,734,962 Company Subordinate Voting Shares that are issuable upon the exercise of Company Stock Options, v) 29,179,222 Company Subordinate Voting Shares that will be issuable upon the exercise of the Company Warrants, and vi) 75,000,000 Company Subordinate Voting Shares or 1,500,000 Company Proportionate Voting Shares, or a combination thereof, that will be issuable upon the exercise of the Company Exchangeable Units. The Company has included in the Company Data Room true and complete copies of the Company Stock Option Plan, the Company RSU Plan, each of the Company Debentures, the Company Warrants and the agreements governing the Company Exchangeable Units and true and complete registers of the holders of such securities.

(c) Except for the Company RSUs, the Company Warrants, the Company Stock Options and the Company Exchangeable Units and the Company Exchangeable Shares or as disclosed in Section (6)(c) of the Company Disclosure Letter, there are no options, warrants, stock appreciation rights, restricted stock units, conversion privileges or other rights, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) of any character whatsoever requiring or which may require the issuance, sale or transfer by the Company of any securities of Company (including Company Shares), or any securities or obligations convertible into, or exchangeable or exercisable for, or otherwise evidencing a right or obligation to acquire, any securities of the Company (including Company Shares) or its Subsidiaries.

(d) All outstanding Company Shares have been duly authorized and validly issued, are fully paid and non-assessable, and all Company Shares issuable upon the settlement or exercise, as applicable, of the Company RSUs, the Company Warrants, the Company Stock Options and the Company Exchangeable Units in accordance with their respective terms have been duly authorized and, upon issuance, will be validly issued as fully paid and non-assessable, and are not and will not be subject to, or issued in violation of, any pre-emptive rights. All securities of the Company (including the Company Shares, Company RSUs, Company Warrants, Company Stock Options and the Company Debentures) have been issued in compliance with all applicable Laws and Securities Laws.

(e) Except for the Company Super Voting Shares, there are no securities of the Company or of any of its Subsidiaries outstanding which have the right to vote generally (or are convertible into or exchangeable for securities having the right to vote generally) with the holders of the outstanding Company Shares on any matter. Except as set forth in Section (6)(e) of the Company Disclosure Letter, there are no outstanding contractual or other obligations of the Company or any of its Subsidiaries to repurchase, redeem or otherwise acquire any of its securities or with respect to the voting or disposition of any outstanding securities of any of its Subsidiaries. There are no outstanding bonds, debentures or other evidences of indebtedness of the Company or any of its Subsidiaries having the right to vote with the holders of the outstanding Company Shares on any matters.

(f) The Company has disclosed to the Purchaser a true and complete list of the Licensed Operators, each Licensed Operator's jurisdiction of incorporation or formation, each jurisdiction in which such Licensed Operator is qualified to do business and the record ownership (by name and number and percentage of equity interests) as of the date hereof of all equity interests issued by such Licensed Operator in the Disclosure Letter The Company or a Subsidiary of the Company has, upon the occurrence of specified events detailed within such agreement, the right to purchase 100% of the equity of each Licensed Operator pursuant to duly executed and enforceable Succession Agreement, subject to certain limits disclosed to the Purchaser. The Company has included in the Company Data Room true and complete copies of all Succession Agreements related to the Licensed Operators.

(7) Ownership of Subsidiaries. Section (7) of the Company Disclosure Letter includes complete and accurate lists of all Subsidiaries owned, directly or indirectly, by the Company. All of the issued and outstanding shares and other ownership interests in the Subsidiaries of the Company are duly authorized, validly issued, fully paid and, where the concept exists, non-assessable. All of the shares and other ownership interests of the Subsidiaries held directly or indirectly by the Company are legally and beneficially owned free and clear of all Liens (other than Permitted Liens), and there are no outstanding options, profit interests, warrants, rights, entitlements, understandings or commitments (pre-emptive, contingent or otherwise) or outstanding or other obligations of the Company or any of its Subsidiaries regarding the right to purchase or acquire, or securities convertible into or exchangeable for, any such shares or other ownership interests of any of the Subsidiaries of the Company, except as disclosed in Section (7) of the Company Disclosure Letter. Except as disclosed in Section (7) of the Company Disclosure Letter, there are no Contracts, commitments, understandings or restrictions which require any Subsidiaries of the Company to issue, sell or deliver any shares or other ownership interests, profit interests or any securities or obligations convertible into or exchangeable for, any shares or other ownership interests. Except as disclosed in Section (7) of the Company Disclosure Letter, the Company, directly or indirectly through any of its Subsidiaries or otherwise, does not own any equity interest of any kind in any other Person.

(8) Reporting Status and Securities Laws Matters. The Company is a "reporting issuer" or the equivalent and not on the list of reporting issuers in default under applicable Canadian provincial Securities Laws of the provinces of British Columbia and Ontario. The Company is in compliance, in all material respects, with all applicable Securities Laws and there are no current, pending or, to the knowledge of the Company, threatened proceedings before any Securities Authority or other Governmental Entity relating to any alleged non-compliance with any Securities Laws. The Company Subordinate Voting Shares are listed on, and the Company is in compliance, in all material respects, with the rules and policies of, the CSE, and no delisting, suspension of trading in or cease trading order with respect to any securities of the Company is in effect and, to the knowledge of the Company, no inquiry or investigation (formal or informal) of any Securities Authority or the CSE is in effect or ongoing or expected to be implemented or undertaken.

(9) Company Filings. The Company has timely filed or furnished all documents required to be filed by it in accordance with applicable Securities Laws with the Securities Authorities and/or the CSE. Each of the Company Filings complied as filed in all material respects with applicable Securities Laws and did not, as of the date filed (or, if amended or superseded by a subsequent filing prior to the date of this Agreement, on the date of such filing), contain any Misrepresentation. The Company has not filed any confidential material change report which at the date of this Agreement remains confidential.

(10) Financial Statements. The consolidated annual audited financial statements of the Company as at and for the fiscal years ended December 31, 2020 and December 31, 2019 (including the notes thereto), and the consolidated interim unaudited financial statements of the Company as at and for the three-month periods ended June 30, 2021 and June 30, 2020 and any related MD&A, and the financial statements and MD&A included as schedules A and B inclusive of the Company's listing statement dated March 26, 2021 (collectively, the "**Company Financial Statements**") were prepared in accordance with IFRS consistently applied (except (a) as otherwise indicated in such financial statements and the notes thereto or, in the case of audited statements, in the related report of the Company's independent auditors, or (b) in the case of unaudited interim statements, are subject to normal period-end adjustments and may omit notes which are not required by applicable Laws in the unaudited statements) and present fairly, in all material respects, the consolidated financial position, financial performance and cash flows of the Company for the dates and periods indicated therein (subject, in the case of any unaudited interim financial statements, to normal period-end adjustments). There has been no material change in the Company's accounting policies, except as described in the Company Financial Statements, since June 30, 2021.

(11) Internal Controls over Financial Reporting. The Company maintains a system of internal accounting controls that provide reasonable assurance that: (a) transactions are executed in accordance with management's general or specific authorization; (b) transactions are recorded as necessary to permit preparation of financial statements in conformity with IFRS and to maintain accountability for assets; (c) access to assets is permitted only in accordance with management's general or specific authorization; and (d) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences. To the knowledge of the Company, as of the date of this Agreement:

(a) there are no material weaknesses in, the internal controls over financial reporting of the Company that could reasonably be expected to adversely affect the Company's ability to record, process, summarize and report financial information;

(b) there is and has been no fraud, whether or not material, involving management or any other Company Employees who have a significant role in the internal control over financial reporting of the Company. Since January 1, 2019, the Company has received no complaints from any source regarding accounting, internal accounting controls or auditing matters; and

(c) no independent auditor or accountant of a Subsidiary, or director, officer, member, employee, consultant or independent contractor of such Subsidiary, has identified or been made aware of fraud, whether or not material, involving management or any other employees who have a significant role in the internal control over financial reporting of such Subsidiary.

(12) Books and Records; Disclosure. The financial books, records and accounts of the Company and its Subsidiaries: (i) have been in all material respects maintained in accordance with applicable Laws and IFRS on a basis consistent with prior years; (ii) are stated in reasonable detail and accurately and fairly reflect the material transactions, acquisitions and dispositions of the assets of the Company and its Subsidiaries; and (iii) accurately and fairly reflect the basis for the Company Financial Statements. The financial books, records and accounts of the Licensed Operators have been in all material respects maintained in accordance with applicable Laws and IFRS or U.S. generally accepted accounting principles, as the case may be, on a basis consistent with prior years.

(13) Independent Auditors. The Company's current auditors are independent with respect to the Company within the meaning of the rules of professional conduct applicable to auditors in Canada and there has never been a "reportable event" (within the meaning of National Instrument 51-102) with the current or, to the best knowledge of the Company, any predecessor auditors of the Company, for the years ended December 31, 2020, December 31, 2019 and December 31, 2018.

(14) Minute Books. The corporate minute books of the Company and its Subsidiaries contain minutes of all meetings and resolutions of the Company Board and committees of the Company Board, other than those portions of minutes of meetings reflecting discussions of the Arrangement, and shareholders or members, as applicable, held according to applicable Laws and are complete and accurate in all material respects.

(15) No Undisclosed Liabilities. The Company and its Subsidiaries have no material outstanding indebtedness, liabilities or obligations, whether accrued, absolute, contingent or otherwise, and are not party to or bound by any suretyship, guarantee, indemnification or assumption agreement, or endorsement of, or any other similar commitment with respect to the obligations, liabilities or indebtedness of any Person, other than (i) those specifically identified in the Company Financial Statements, (ii) incurred in the Ordinary Course since the date of the most recent Company Financial Statements, or (iii) incurred in connection with this Agreement.

(16) No Material Change. Except as disclosed in Section (16) of the Company Disclosure Letter, since June 30, 2021:

(a) the Company and each of its Subsidiaries has conducted the Company Business only in the Ordinary Course, excluding matters relating to the proposed Arrangement;

(b) there has not occurred any event, occurrence or development or a state of circumstances or facts which has had or would, individually or in the aggregate, reasonably be expected to have any Material Adverse Effect on the Company;

(c) there has not been any acquisition or sale by the Company or its Subsidiaries of any material property or assets;

(d) there has not been any incurrence, assumption or guarantee by the Company or its Subsidiaries of any material debt for borrowed money, any creation or assumption by the Company or its Subsidiaries of any Lien or any making by the Company or its Subsidiaries of any material loan, advance or capital contribution to or investment in any other Person, except as disclosed in the Company Financial Statements;

(e) there has been no dividend or distribution of any kind declared, paid or made by the Company on any Company Shares;

(f) the Company has not effected or passed any resolution to approve a split, consolidation or reclassification of any of the outstanding Company Shares;

(g) there has not been any increase in or modification of the compensation payable to or to become payable by the Company or its Subsidiaries to any of their respective directors, officers, employees, independent contractors or consultants or any grant to any such director, officer, employee, independent contractor or consultant of any increase in severance, change in control or termination pay or any increase or modification of any Employee Plans of the Company (including the granting of Company Stock Options) made to, for or with any of such directors, officers, employees, independent contractors or consultants; and

(h) the Company has not removed any auditor or director or terminated any senior officer.

(17) Litigation. Except as disclosed in Section (17) of the Company Disclosure Letter, there is no claim, action, suit, grievance, complaint, proceeding, arbitration, charge, audit, indictment or investigation that is pending or has been commenced or, to the knowledge of the Company, is threatened affecting the Company or its Subsidiaries or affecting any of their property or assets (whether owned or leased) at law or in equity, which, individually or in the aggregate, if determined adversely to the Company or its Subsidiaries, has or could reasonably be expected to result in liability to the Company or its Subsidiaries in excess of $250,000. Neither the Company, its Subsidiaries nor any their respective assets or properties is subject to any outstanding judgment, order, writ, injunction or decree material to the Company and its Subsidiaries on a consolidated basis.

(18) Taxes.

(a) The Company and each of its Subsidiaries has duly and timely filed all material income and other Tax Returns required to be filed prior to the date hereof with the appropriate Governmental Entities. The Company and each of its Subsidiaries has reported all income and all other amounts and information required by applicable Law to be reported on such Tax Returns, and all such Tax Returns are true and correct in all material respects.

(b) The Company and each of its Subsidiaries has duly and timely paid all Taxes, including all instalments on account of Taxes for the current year that are due and payable by it whether or not assessed by the appropriate Governmental Entity. No deficiency with respect to the payment of any Taxes or Tax instalments has been asserted against the Company or its Subsidiaries by any Tax authority.

(c) The Company and its Subsidiaries have provided adequate accruals in accordance with applicable accounting standards in its books and records and in the most recently published consolidated financial statements of the Company for any Taxes of the Company and each of its Subsidiaries for the period covered by such financial statements that have not been paid whether or not shown as being due on any Tax Returns. Since such publication date, no liability in respect of Taxes not reflected in such statements or otherwise provided for has been assessed, proposed to be assessed, incurred or accrued, other than in the Ordinary Course.

(d) The Company and each of its Subsidiaries has duly and timely collected all Taxes required to be collected and has duly and timely paid and remitted the same to the appropriate Governmental Entity.

(e) There are no proceedings, investigations, audits or claims now pending against the Company or its Subsidiaries in respect of any Taxes and no Governmental Entity has asserted in writing, or to the knowledge of the Company, has threatened to assert against the Company or any of its Subsidiaries any deficiency or claim for Taxes or interest thereon or penalties in connection therewith. There are no matters under discussion, audit or appeal with any taxing authority relating to Taxes.

(f) No written claim to the Company or any of its Subsidiaries has been made by any Governmental Entity in a jurisdiction where the Company and any of its Subsidiaries does not file Tax Returns that the Company or any of its Subsidiaries is or may be subject to Tax by or in that jurisdiction.

(g) Neither the Company nor any of its Subsidiaries has been a party to any transaction or other arrangement to which subsection 247(2) or (3) of the Tax Act may reasonably be expected to apply.

(h) There are no outstanding agreements, arrangements, waivers or objections extending the statutory period or providing for an extension of time with respect to the assessment, reassessment or collection of Taxes or the filing of any Tax Return, election, designation or similar filing relating to Taxes by, or any payment or remittance of Taxes or amounts on accounts of Taxes by, the Company or any of its Subsidiaries. Neither the Company nor any of its Subsidiaries is the beneficiary of time within which to file any Tax Return that is currently in effect, other than routine extensions obtained in the Ordinary Course.

(i) There are no Liens for Taxes upon any property or assets of the Company and its Subsidiaries (whether owned or leased), except Liens for current Taxes not yet due.

(j) Neither the Company nor any of its Subsidiaries is a party to any agreement, understanding, or arrangement relating to allocating or sharing of Taxes and neither the Company nor any of its Subsidiaries has any liability for Taxes of any other Person (other than the Company and its Subsidiaries) (i) under section 1.1502-6 of the U.S. Treasury Regulations (or any similar provision of state, local or non-U.S. law), (ii) as a transferee or successor, or (iii) by contract or indemnity or otherwise.

(k) The Company and each of its Subsidiaries has duly and timely withheld from any amount paid or credited by it to or for the account or benefit of any Person, including any Company Employees and any non-resident Person, the amount of all Taxes and other deductions required by any Laws to be withheld from any such amount and has duly and timely remitted the same to the appropriate Governmental Entity.

(l) The Company is a “taxable Canadian corporation” for the purposes of the Tax Act. The Company is not treated as a U.S. corporation for U.S. federal income tax purposes and is not treated as a “surrogate foreign corporation” pursuant to Section 7874 of the U.S. Tax Code.

(m) The Company is not and has never been a “controlled foreign corporation” within the meaning of Section 957 of the U.S. Tax Code.

(n) There are no circumstances existing which could result in the application of section 17 or sections 78 to 80.04 of the Tax Act, or any equivalent provincial Law, to the Company or any of its Subsidiaries. None of the Company or its Subsidiaries has claimed, nor will any of them claim any reserve for tax purposes if any amount could be included in the income of the Company or its Subsidiaries for any period ending after the Effective Time.

(o) Neither the Company nor any of its Subsidiaries has requested, received or entered into any advance Tax rulings, advance pricing agreements or similar rulings or agreements or rulings with any Governmental Entity.

(p) Neither the Company nor any of its Subsidiaries has participated in any "reportable transaction" within the meaning of section 6707A(c) of the U.S. Tax Code or section 1.6011-4(b) of the U.S. Treasury Regulations.

(q) Neither the Company nor any of its Subsidiaries will be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Effective Date as a result of any (i) change in method of accounting (or improper use of an accounting method) for a taxable period ending on or prior to the Effective Date; (ii) "closing agreement" as described in section 7121 of the U.S. Tax Code (or any corresponding provision of state, local or non-U.S. Tax law) entered into on or prior to the Effective Date, (iii) instalment sale or open transaction disposition made on or prior to the Effective Date or (iv) prepaid amount received on or prior to the Effective Date.

(r) Neither the Company nor any of its Subsidiaries has taken any Tax deduction that is not permitted under Section 280E of the U.S. Tax Code.

(s) Neither the Company nor any of its Subsidiaries has (i) elected to defer the payment of any "applicable employment taxes" (as defined in section 2302(d)(1) of the United States *Coronavirus Aid, Relief and Economic Security Act* (the "**CARES Act**")) pursuant to the CARES Act or (ii) claimed any "employee retention credit" pursuant to section 2301 of the CARES Act.

(t) Neither the Company nor any of its Subsidiaries has taken any action or knowingly failed to take any action that would prevent the Acquisition from qualifying as a reorganization within the meaning of Section 368(a)(1)(A) and Section 368(a)(2)(E) of the U.S. Tax Code.

(u) The Company has not taken or agreed to take any action (other than actions contemplated by this Agreement) that would cause it to be treated as not possessing "substantially all" of its assets immediately after the Acquisition within the meaning of Section 368(a)(2)(E) of the U.S. Tax Code.

(v) Neither the Company nor any of its Subsidiaries is or has been a "United States real property holding corporation" (as defined in Section 897(c)(2) of the U.S. Tax Code) during the applicable period specified in Section 897(c)(1)(A)(ii) of the U.S. Tax Code.

(19) Data Privacy and Security.

(a) The Company and each of its Subsidiaries complies, and during the past twelve (12) months has complied in all material respects with all Privacy and Information Security Requirements. Neither the Company nor any of its Subsidiaries have been notified in writing of, or is the subject of, any complaint, regulatory investigation or proceeding related to Processing of Personal Data by any Governmental Entity or payment card association, regarding any violations of any Privacy and Information Security Requirement by or with respect to the Company or any of its Subsidiaries.

(b) The Company and each of its Subsidiaries employs commercially reasonable organizational, administrative, physical and technical safeguards that comply with all Privacy and Information Security Requirements to protect Personal Data within its custody or control and requires the same of all vendors under contract with the Company that Process Personal Data on its behalf. The Company and each of its Subsidiaries have provided all requisite notices and obtained all required consents or otherwise identified legal basis for Personal Data, and satisfied all other requirements (including but not limited to notification to Governmental Entities), necessary for the Processing (including international and onward transfer) of all Personal Data in connection with the conduct of the Company Business as currently conducted and in connection with the consummation of the transactions contemplated hereunder, except in each case, as would not be reasonably expected to have a Material Adverse Effect with respect to the Company.

(c) Neither the Company nor any of its Subsidiaries, to the Company's knowledge, has suffered a security breach with respect to any of the Personal Data and, to the Company's knowledge, there has been no unauthorized or illegal use of or access to any Personal Data. Neither the Company nor any of its Subsidiaries has notified, or been required to notify, any Person of any information security breach involving Personal Data. To the Company's knowledge, the Company Systems have had no material errors or defects that have not been fully remedied and contain no code designed to disrupt, disable, harm, distort, or otherwise impede in any manner the legitimate operation of such Company Systems (including what are sometimes referred to as "viruses," "worms," "time bombs," or "back doors") that have not been removed or fully remedied. To the Company's knowledge, neither it nor any of its Subsidiaries, have experienced within the past twelve (12) months any material disruption to, or material interruption in, the conduct of its business that effected the business for more than one calendar week, and attributable to a defect, bug, breakdown, ransomware event, unauthorized access, introduction of a virus or other malicious programming, or other failure or deficiency on the part of any computer Software or the Company Systems.

(20) Title to Assets.

(a) The Company and/or its Subsidiaries (as applicable) have good and marketable title to the owned real property set out in Section 20(a) of the Company Disclosure Letter (the "**Company Owned Property**"), together with all buildings, improvements and fixtures thereon, all easements and other appurtenances and rights serving or benefiting the Company Owned Property, together with any rights, privileges or interests of the Company and/or its Subsidiaries in any adjacent streets, rights-of-way or drainage areas serving the Company Owned Property, except for Permitted Liens.

(b) The Company and/or its Subsidiaries (as applicable), pursuant to certain real property leases ("**Leases**") and subject to the Permitted Liens, have a good, valid and enforceable leasehold interest in the leased real property set out in Section (20)(b) of the Company Disclosure Letter (the "**Company Leased Property**" and together with the Company Owned Property, the "**Company Properties**"), which Company Disclosure Letter describes the parties to each Lease, the date of each Lease and any amendments thereto, and the applicable Permitted Liens affecting each Lease. There are no agreements or amendments, oral or written, to which the Company and/or its Subsidiaries are bound pertaining to any Lease, other than as set forth in the Leases and related Lease documents provided for Purchaser's review. Other than Permitted Liens, there are no other possessory or occupancy rights of the Company or its Subsidiaries other than the Leases, and no third parties have any possessory or occupancy rights with respect to the Company Properties.

(c) The Company and its Subsidiaries have good and valid title to, or a valid and enforceable leasehold interest in, as applicable, all material personal property owned or leased by it, free and clear of any encumbrances, except for Permitted Liens.

(21) Real Property.

(a) Section 20 of the Company Disclosure Letter lists all Company Owned Property and sets forth the legal descriptions thereof. Except as disclosed in Section (21)(a) of the Company Disclosure Letter, there are no existing oral or written contracts, agreements, options, rights of first refusal, rights of first offer, Leases, licenses, or otherwise, to sell, transfer, lease, possess, occupy, use, or otherwise dispose of any Company Owned Property, or to purchase or acquire any Company Owned Property and, except as disclosed in Section (21)(a) of the Company Disclosure Letter, the Company does not have knowledge of any circumstances which would result in any sale or disposal, whether by sale, lease or otherwise, of any of the Company Owned Property including power of sale, foreclosure, expropriation or judicial proceedings. The Company Properties constitute all of the interests in real property that are necessary for the conduct of each of the Company Business and/or the business of any of its Subsidiaries as currently conducted.

(b) To the knowledge of the Company:

(i) neither the Company and its Subsidiaries (as owner of any Company Owned Property or tenant under any Lease with respect to any Company Leased Property) nor the landlords under any Lease (with respect to any Company Leased Property) are in material breach of any applicable Laws, including any building, zoning or other statutes or any official plan, or any covenants, restrictions, rights or easements affecting such Company Properties, except to the extent that any such breach would not be reasonably expected to have a Material Adverse Effect with respect to the Company;

(ii) neither the Company and/or its Subsidiaries (as owned of any Company Owned Property or tenant under any Lease with respect to any Company Leased Property) nor any landlord under the Leases (with respect to any Company Leased Property) has received any written notice of (a) violation of any applicable Law from any Governmental Entity relating to any of the Company Properties or (b) any action to alter the zoning or zoning classification of any of the Company Properties, which has not been cured or resolved beyond any applicable appeal or protest period;

(iii) other than the terms and conditions of the Regulatory Licenses and any building permits for active construction at any of the Company Properties, the Company Properties are zoned to permit the uses for which they are presently used without variances or conditional use permits. No applicable Law prohibits, the use or operation of any of the Company Properties as currently used or operated, except to the extent that the same would not be reasonably expected to have a Material Adverse Effect with respect to the Company;

(iv) except as set forth in Section (20)(b)(iv) of the Company Disclosure Letter all buildings, structures, additions and/or improvements situated on any of the Company Properties are located wholly within the boundaries of such Company Property, are free of any structural or otherwise material defect and comply with all Laws, covenants, restrictions, rights, easements, Liens and charges affecting the same and their use, in each case except as would not be reasonably expected to have a Material Adverse Effect with respect to the Company; and

(v) there are no material outstanding non-compliance orders, deficiency notices or other such notices relative to any of the Company Properties.

(c) The Company Properties are adequately serviced by utilities (or well water with adequate septic systems, if any) having adequate capacities for the normal operations of the Company's and/or its Subsidiaries' facilities that are currently growing marijuana in accordance with the Regulatory Licenses and Company Business. The Company Properties have enforceable rights of access to and from public streets or highways satisfactory, sufficient and adequate for the normal operations of the Company Business and, to the knowledge of the Company, there is no fact or circumstance which exists which could result in the termination or restriction of such access.

(d) No amounts are owing by the Company or its Subsidiaries in respect of any of the Company Properties to public utility, other than current accounts which are not in arrears. All amounts that are due for labour or materials supplied to or on behalf of the Company and its Subsidiaries relating to the construction, alteration or repair of or on any of the Company Properties have been paid in full or are not yet delinquent, and, to the knowledge of the Company, no one has filed any construction, builders', mechanics' or similar Liens relating to the supply of work or materials to or on any of the Company Properties with respect to amounts that are in arrears.

(e) No material part of any of the Company Properties has been taken, condemned or expropriated by any Governmental Entity nor has any written notice or proceeding in respect thereof been given to the Company or its Subsidiaries or, to the knowledge of the Company, commenced nor, to the knowledge of the Company and its Subsidiaries, does any Person have any intent or proposal to give such notice or commence any such proceedings.

(f) To the knowledge of the Company:

(i) the Leases are currently in good standing;

(ii) the Company and its Subsidiaries as tenant and the landlord have, as of the date hereof, complied in all material respects with their respective obligations under the Leases; and

(iii) there exists no claim of any kind for the breach of any Lease or right of set-off against the Company and its Subsidiaries as tenant by the landlord or against the landlord by the Company any of its Subsidiaries as tenant as of the date hereof.

(g) The Company and its Subsidiaries as tenant are in actual possession of all of the Company Leased Property. The Company and its Subsidiaries are not in arrears of rent required to be paid pursuant to the applicable Lease with respect to the Company Leased Property.

(h) The Company and its Subsidiaries as tenant have no right to extend, right of termination, option to purchase, or right of first refusal with respect to the Company Leased Property, except as set forth in the Leases.

(i) Other than Permitted Liens or as identified in Section (21)(i) of the Company Disclosure Letter, there exists no mortgage, Lien, restriction, easement, encroachment, right-of-way, building use restriction, variance, reservation, pledge, security interests, conditional sales agreement, right of first refusal, right of first offer, option, charge of any nature, or encumbrance, or other agreement affecting the Company Properties, or any agreement to cause, permit or suffer any of the foregoing in the future affecting the Company Properties.

(22) Material Contracts. With respect to the Material Contracts of the Company:

(a) Section (22)(a) of the Company Disclosure Letter includes a complete and accurate list of all Material Contracts to which the Company or any of its Subsidiaries is a party and that are currently in force. The Company has made available to the Purchaser for inspection true and complete copies of all such Material Contracts in the Company Data Room.

(b) Except as would not be reasonably expected to result in, individually or in the aggregate, a Material Adverse Effect with respect to the Company, all of the Material Contracts are in full force and effect, and the Company or one of its Subsidiaries is entitled to all rights and benefits thereunder in accordance with the terms thereof. The Company or its applicable Subsidiaries has not waived any rights under a Material Contract and no material default or breach exists in respect thereof on the part of the Company or its applicable Subsidiaries, or to the knowledge of the Company, on the part of any other party thereto, and no event has occurred which, after the giving of notice or the lapse of time or both, would constitute such a default or breach or trigger a right of termination of any of such Material Contracts.

(c) All of the Material Contracts are valid and binding obligations of the Company or one of its Subsidiaries, as the case may be, enforceable in accordance with their respective terms, except as may be limited by bankruptcy, insolvency and other laws affecting the enforcement of creditors' rights generally and subject to the qualification that equitable remedies may only be granted in the discretion of a court of competent jurisdiction.

(d) As at the date hereof, neither the Company nor any of its Subsidiaries has received written notice that any party to a Material Contract, intends to cancel, terminate or otherwise modify or not renew such Material Contract, and to the knowledge of the Company, no such action has been threatened.

(e) All of the Material Contracts entered into with the Licensed Operators comply with the Michigan Regulatory Laws in all material respects in force as of the date of this Agreement.

(f) As of the date of this Agreement, the Company and its Subsidiaries are in material compliance with all applicable Michigan Regulatory Laws in force as of the date hereof, and as a result of its Material Contracts with the Licensed Operators, neither the Company nor any of its Subsidiaries is considered an "applicant," as defined by the MRA, with regard to any of the Licensed Operators.

(g) The Company has made available to the Purchaser for inspection true and complete copies of all correspondence, documents and information related to paragraphs (e) and (f) in the Company Data Room.

(23) Authorizations.

(a) Section (23)(a) of the Company Disclosure Letter sets forth all material Authorizations necessary for the conduct of the Company Business.

(b) The Company and its Subsidiaries have obtained and are in material compliance with all Regulatory Licenses, and have obtained and are in compliance in all material respects with all Authorizations required by applicable Laws that are required to conduct the Company Business as now being conducted.

(c) All Regulatory Licenses or material Authorizations of the Company and its Subsidiaries are in full force and effect, and, to the knowledge of the Company, no suspension or cancellation thereof has been threatened.

(d) No Regulatory License or material Authorizations of the Company or any of its Subsidiaries will in any way be affected by, or terminate or lapse by reason of, the transactions contemplated by this Agreement or any of the other agreements contemplated hereunder or executed herewith.

(e) To the knowledge of the Company, there are no facts, events or circumstances that would reasonably be expected to result in a failure to obtain or failure to be in compliance with such Authorizations as are necessary to conduct the Company Business as it is currently being conducted.

(f) For greater certainty, but not in any way limiting what other items may be "material", the loss of any Regulatory License required to conduct the Company Business as of the date of this Agreement will be considered material for the purposes of the representations in this Section 23.

(g) The Company has made all applications and submissions necessary to obtain prequalification status from the MRA for the directors, officers, and shareholders of the Company listed on Section (23)(g) of the Company Disclosure Letter.

(24) Environmental Matters. Except as disclosed in Schedule (24) of the Company Disclosure Letter:

(a) The Company and each of its Subsidiaries are, and for the prior three (3) years have been, in compliance, in all material respects, with all applicable Environmental Laws, including application for, possession of, maintaining and complying with all Authorizations required pursuant to applicable Environmental Laws. To the knowledge of the Company, there are no facts, circumstances or conditions that would reasonably be expected to provide grounds for termination, revocation, failure to renew or adverse modification of any such Authorizations.

(b) Neither the Company nor any its Subsidiaries have received any order, request or written notice from any Person either alleging a material violation of any Environmental Law or requiring that the Company or any of its Subsidiaries carry out any work, incur any costs or assume any liabilities, related to a violation of Environmental Laws or to enter into any agreements with any Governmental Entity with respect to or pursuant to Environmental Laws. To the knowledge of the Company, there are no facts, circumstances or conditions that would reasonably be expected to provide grounds for any such order, request or written notice.

(c) To the knowledge of the Company, there are no Hazardous Substances in violation of any Environmental Law or in amounts, concentrations or conditions that could reasonably be expected to result in liability under or related to any Environmental Law on, at, in, under or from any of the Company Property (including the workplace environment) or to the knowledge of the Company, any other real property formerly owned, leased or operated by the Company or any of its Subsidiaries.

(d) There are no pending claims or, to the knowledge of the Company, threatened claims, against the Company or any of its Subsidiaries arising out of any Environmental Laws.

(e) No Company Property or any other real property formerly owned, operated, or leased by the Company or any of its Subsidiaries is listed on, or to the knowledge of the Company, has been proposed for listing under the *Comprehensive Environmental Response, Compensation and Liability Act of 1980,* as amended by the *Superfund Amendments and Reauthorization Act of 1986,* or any similar state list of properties the require investigation, remediation or monitoring due to the presence or suspected presence of Hazardous Substances.

(f) The Company has made available to the Purchaser copies of the material assessments, material reports, and all other material environmental documents in the Company's possession relating to compliance with or liabilities under applicable Environmental Laws and the environmental condition on, at, in, under or from any of the Company Owned Property (including the workplace environment) currently or formerly owned, leased or operated by the Company or any of its Subsidiaries.

(25) Compliance with Laws.

(a) With the exception of the Federal Cannabis Laws, the Company and each of its Subsidiaries have complied with and are not in violation of any applicable Laws, except as would not reasonably be expected to result in a Material Adverse Effect to the Company.

(b) Neither the Company nor any of its Subsidiaries has received any written notices or other written correspondence from any Governmental Entity (1) regarding any material violation (or any investigation, inspection, audit, or other proceeding by any Governmental Entity involving allegations of any violation) of any Law (other than Environmental Laws) or (2) of any circumstances that may have existed or currently exist which could lead to a loss, suspension, or modification of, or a refusal to issue, any material Regulatory License or other material Authorization. To the knowledge of the Company, no investigation, inspection, audit or other proceeding by any Governmental Entity involving allegations of any material violation of any Law (other than Environmental Laws) by the Company or any of its Subsidiaries is threatened or contemplated.

(c) Neither the Company, its Subsidiaries nor, to the knowledge of the Company, any of their respective directors, executives, representatives, agents or Company Employees (i) has used or is using any corporate funds for any illegal contributions, gifts, entertainment or other expenses relating to political activity that would be illegal, (ii) has used or is using any corporate funds for any direct or indirect illegal payments to any foreign or domestic governmental officials or employees, (iii) has violated or is violating any provision of the *United States Foreign Corrupt Practices Act of 1977,* the *Corruption of Foreign Public Officials Act* (Canada) or any similar Laws of other jurisdictions, (iv) has established or maintained, or is maintaining, any illegal fund of corporate monies or other properties or (v) has made any bribe, illegal rebate, illegal payoff, influence payment, kickback or other illegal payment of any nature.

(d) With the exception of the Federal Cannabis Laws, the operations of the Company and its Subsidiaries are and have been conducted at all times in compliance with applicable financial record-keeping and reporting requirements of the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any Governmental Entity (collectively, the "**Money Laundering Laws**") and no action, suit or proceeding by or before any Governmental Entity involving the Company or any of its Subsidiaries with respect to the Money Laundering Laws is pending or, to the knowledge of the Company, threatened.

(26) OFAC. Neither the Company nor any of its Subsidiaries nor, to the knowledge of the Company, any director, officer, agent, Company Employee, affiliate or other Person acting on behalf of the Company or any of its Subsidiaries, is currently the subject or target of any United States sanctions administered or enforced by the Office of Foreign Assets Control of the U.S. Treasury Department ("**OFAC**"); and the Company has not lent, contributed or otherwise made available, directly or indirectly, any funds to any Subsidiary or other Person or entity, for the purpose of financing the activities of any Person which, to the knowledge of the Company, is currently subject to any United States sanctions administered by OFAC.

(27) Employment & Labour Matters. Except as disclosed in Section (27) of the Company Disclosure Letter:

(a) Neither the Company nor any of its Subsidiaries are:

(i) party to any Contract providing for termination notice, payment in lieu of termination notice, change of control payments, or severance payments to, or any employment or consulting agreement with, any current or former director, officer, consultant, independent contractor or Company Employee of the Company or its Subsidiaries other than such arising from any applicable Law. True and complete copies of any employment agreements, contracts of engagement or services agreements for the executive officers of the Company, the Key Company Employees and all Company Employees, consultants or independent contractors that provide material services to the Company or any of its Subsidiaries have been posted to the Company Data Room before the Effective Date; and

(ii) party to or otherwise bound by any collective agreement or relationship with any labour union or trade association or other employee organization or subject to any application for certification nor, to the knowledge of the Company, subject to any attempted or threatened union-organizing campaigns for employees not covered under a collective agreement nor are there any current, or to the knowledge of the Company, pending or threatened strikes or lockouts at the Company or its Subsidiaries, nor pending or threatened allegations of unfair labour practices.

(b) there are no labour disputes, strikes, organizing activities or work stoppages against the Company or any of its Subsidiaries pending, or to knowledge of the Company, threatened.

(c) the execution, delivery and performance of this Agreement and the consummation of the Arrangement will not result in the automatic acceleration of the time of payment or vesting of entitlements otherwise available under any Employee Plan of the Company or any of its Subsidiaries or in any exit bonus or change in control payment and any payments for share appreciation or similar rights, any severance or bonus plan or payment, or any similar payment including the amount of each such payment payable by the Company or any of its Subsidiaries to its or their current or former Company Employees, consultants or independent contractors.

(d) The Company and each of its Subsidiaries has been for the immediate past three (3) years and is now in compliance, in all material respects, with all terms and conditions of employment, with respect to employment and labour Laws, including, without limitation, any Laws relating to employment and labour standards, wages, hours of work, overtime, vacation, holidays, equal opportunity, employee privacy, immigration, equal pay, pay equity, payroll record laws, human rights, civil rights, unfair labour practices, employment discrimination, harassment, hostile work environment, sexual harassment, retaliation, whistleblower, accommodations, accessibility, occupational health and safety and workers compensation, or any other employment related matter arising under the applicable Laws, and there are no current, or, to the knowledge of the Company, pending or threatened proceedings (including actions, claims, suits, complaints, grievances, arbitration, regulatory investigations, appeals, orders, and applications) before any court, tribunal, Governmental Entity or labour arbitrator in connection with the employment of any current or former Company Employees, consultants, independent contractors or applicants of the Company or any of its Subsidiaries, including, without limitation, any pending or threatened proceedings relating to employment or labour standards, wages, hours of work, overtime, vacation, holidays, equal opportunity, immigration, equal pay, pay equity, human rights, unfair labour practices, employment discrimination, harassment, sexual harassment, retaliation, equal pay, occupational health and safety and workers compensation, or any other employment related matter arising under applicable Laws, or any of the foregoing Employee Plans of the Company and its Subsidiaries (other than routine claims for benefits).

(e) The Company and its Subsidiaries have been for the immediate past three (3) years, in compliance with all applicable Laws and the payment and withholding of employment benefits, pension, employment insurance, social security and other payroll Taxes and deductions, and (i) are not liable for any arrears of wages, compensation, Taxes, remittances, penalties or other sums and (ii) have for the last year paid in full to all current and former Company Employees, consultants or independent contractors providing services to the Company or its Subsidiaries all wages, salaries, commissions, bonuses, and other compensation that has become due and payable to such Company Employees. To the Company's knowledge, neither the Company nor any of its Subsidiaries is liable for any payment to any trust or other fund or to any Governmental Entity with respect to workers compensation, unemployment compensation benefits or social security benefits for current or former Company Employees, consultants or independent contractors.

(f) To the knowledge of the Company, no executive, supervisor or manager of the Company or its Subsidiaries (A) has any present intention to terminate their employment, or (B) is a party to any confidentiality, non-competition, non-solicitation, proprietary rights or other such agreement with any other Person besides the Company or its Subsidiaries which would materially impede the business, be material to the performance of such employee's employment duties, or the ability of the Company and any of its Subsidiaries, or the Purchaser and any of its Subsidiaries to conduct the business.

(g) There are no outstanding assessments, penalties, fines, Liens, charges, surcharges, or other amounts due or owing pursuant to any Michigan state or provincial workers' compensation statute or regulation, and neither the Company nor any of its Subsidiaries has been reassessed under such statute or regulation during the immediate past three (3) years and, to the knowledge of the Company, no audit of the Company or any its Subsidiaries is currently being performed pursuant to any Michigan state or provincial workers' compensation statute or regulation, and, to the knowledge of the Company, there are no claims or potential claims which may adversely affect the Company's or any of its Subsidiaries' accident cost experience in respect of the business.

(h) Section (27)(h) of the Company Disclosure Letter contains a correct and complete list of each Company Employee, whether actively at work or not, and each consultant or independent contractor performing services for the Company or any of its Subsidiaries, indicating their current salaries, wage rates, current and three (3) years' historical commissions and consulting fees, current and three (3) years' historical bonus arrangements, benefits, positions, age, annual vacation entitlement, current accrued vacation, current accrued overtime or time off in lieu, current accrued sick leave, status as full-time or part-time employees, consultants or independent contractors, location of employment, whether on an approved leave of absence and the estimated return date, cumulative length of service with the Company and its Subsidiaries, as applicable and whether they are subject to a written employment contract.

(i) All Company Employees classified as exempt by the Company or its Subsidiaries under the *Fair Labor Standards Act,* Ontario *Employment Standards Act 2000* and applicable state or provincial wage and hour laws are properly classified in all material respects.

(j) Each independent contractor/consultant who is disclosed in Section (27)(j) of the Company Disclosure Letter has been properly classified by the Company and its Subsidiaries as an independent contractor under the *Fair Labor Standards Act, Ontario Employment Standards Act, 2000,* and applicable state or applicable provincial wage and hour laws and neither the Company, nor any of its Subsidiaries has received any notice from any Governmental Entity disputing such classification.

(k) Section (27)(k) of the Company Disclosure Letter lists all Employee Plans of the Company and its Subsidiaries. The Company has made available to the Purchaser true, correct and complete copies of all such Employee Plans as amended.

(l) No Employee Plan of the Company or any of its Subsidiaries contains or has ever contained a "defined benefit provision" as such term is defined in subsection 147.1 of the Tax Act.

(m) Neither the Company, any of its Subsidiaries, nor any of its ERISA Affiliates sponsors, maintains, contributes to, or has, at any time during the preceding six (6) years, been obligated to contribute to, or has any current or contingent liability or obligation with respect to or under: (i) any "multiemployer plan," as such term is defined in Section 3(37) of ERISA; or (ii) any "defined benefit plan" as such term is defined in Section 3(35) of ERISA or a plan that is or was subject to Title IV of ERISA or Section 412 or 430 of the U.S. Tax Code. No Employee Plan of the Company or any of its Subsidiaries is a "multiple employer plan" within the meaning of Section 413(c) of the U.S. Tax Code or Section 210 of ERISA, or a "multiple employer welfare arrangement" as defined in Section 3(40) of ERISA.

(n) All Employee Plans of the Company and its Subsidiaries are and have been established, registered, funded and administered in all material respects: (x) in accordance with applicable Laws and (y) in accordance with their terms. To the knowledge of the Company, no fact or circumstance exists which could adversely affect the qualified status of any such Employee Plan.

(o) no Employee Plan of the Company or any of its Subsidiaries provides, and neither the Company nor any of its Subsidiaries has any obligation to provide or make available, any post-termination, post-ownership or post-employment health, life insurance or other welfare benefits, except as required by applicable Law for which the covered Person pays the full cost of coverage. Neither the Company nor any of its Subsidiaries has incurred (whether or not assessed), or is reasonably expected to incur or to be subject to, any Tax or other penalty under or with respect to the reporting requirements under Sections 6055 and 6056 of the U.S. Tax Code, as applicable, or Section 4980B, 4980D or 4980H of the U.S. Tax Code.

(p) Except as set forth in Section (27)(p) of the Company Disclosure Letter, neither the execution nor delivery of this Agreement nor the consummation of the transactions contemplated by this Agreement could (either alone or upon the occurrence of any additional or subsequent events) result in any payment or benefit that could be non-deductible to the payor (in whole or in part) under Section 280G of the U.S. Tax Code or constitute an excess parachute payment under Section 280G of the U.S. Tax Code and/or result in an excise tax pursuant to Section 4999 of the U.S. Tax Code.

(q) Each Employee Plan of the Company or any of its Subsidiaries that is a "nonqualified deferred compensation plan" subject to Section 409A of the Code complies with and has been maintained in accordance with the requirements of Section 409A of the U.S. Tax Code and the Treasury Regulations promulgated thereunder in all material respects, and no amount under any such plan is or has been subject to the interest and additional tax set forth under Section 409A(a)(1)(B) of the U.S. Tax Code.

(r) No Employee Plan of the Company or any of its Subsidiaries provides for the gross-up or reimbursement of Taxes under Section 4999 or 409A of the U.S. Tax Code, or otherwise.

(s) All contributions, premiums or Taxes required to be made or paid by the Company or any of its Subsidiaries under the terms of each Employee Plan of the Company and its Subsidiaries or by applicable Laws have been made in a timely fashion.

(t) The Company has complied with the WARN Act or similar state law, and it has no plans to undertake any action before the Effective Date that would trigger any obligations under the WARN Act or similar state or local law. The Company has provided to Purchaser a true and complete list of Company Employee terminations, by date and location, implemented by the Company in the three (3) year period preceding the Effective Date.

(28) Intellectual Property.

(a) Except as set forth in Section (28)(a) of the Company Disclosure Letter:

(i) the Company Intellectual Property Rights constitute all Intellectual Property rights that are material to the conduct of the Company Business, as currently conducted and as currently contemplated to be conducted;

(ii) the Company and its Subsidiaries own all right, title and interest in and to Company Owned Intellectual Property Rights, free and clear of all Liens except Permitted Liens;

(iii) the Company and its Subsidiaries have the right to use the Company Licensed Intellectual Property Rights pursuant to valid and written license agreements and are not in breach of such license agreements;

(iv) to the knowledge of the Company, all Company Intellectual Property Rights are valid and enforceable and there have been no claims made or, to the knowledge of the Company, threatened, alleging the invalidity, misuse or unenforceability of any of the Company Intellectual Property Rights;

(v) the operation of the Company Business, including the manufacture, marketing, use, and sale of the products and services of the Company and its Subsidiaries, and the use and exploitation of the Company Intellectual Property Rights do not infringe upon, misappropriate, or otherwise violate the Intellectual Property rights of any third party;

(vi) the Company has disclosed all material facts regarding known third-party uses and disputes regarding Company Intellectual Property Rights including, but not limited to, U.S. Trademark Opposition Proceeding No. 91/252,169; and

(vii) to the knowledge of the Company, no third party is infringing upon, misappropriating, or otherwise violating the Company Intellectual Property Rights.

(b) Section (28)(b) of the Company Disclosure Letter sets forth an accurate and complete list of all registered or applied for Company Intellectual Property Rights, including any registered or applied for trademarks, trade names, service marks, domain names, patents, and copyrights owned or purported to be owned by the Company and its Subsidiaries.

(c) Section (28)(c) of the Company Disclosure Letter sets forth an accurate and complete list of each license, covenant or other Contract pursuant to which the Company or its Subsidiaries has assigned, transferred, licensed, distributed or otherwise granted any right or access to any Person, or covenanted not to assert any right, with respect to any past, existing or future Company Intellectual Property Rights. The Company and each Subsidiary had the power and authority to assign, transfer, license, distribute or otherwise grant any such right and each such license, covenant or other Contract is legal, valid and binding on the parties thereto.

(d) Section (28)(d) of the Company Disclosure Letter sets forth an accurate and complete list of each item of Company Licensed Intellectual Property Rights and the license or agreement pursuant to which the Company and its Subsidiaries obtained rights to that Company Licensed Intellectual Property Rights (excluding any commercially-available, off- the-shelf Software programs that are licensed by the Company pursuant to "shrink wrap" licenses, the total fees associated with which are less than $250,000), (ii) each Contract, assignment or other instrument pursuant to which the Company or its Subsidiaries has obtained any joint or sole ownership interest in or to each item of Company Owned Intellectual Property Rights, and (iii) each Contract or other instrument pursuant to which the Company or its Subsidiaries has obtained any ownership or license interest in Intellectual Property developed by a consultant, developer or vendor to the Company or its Subsidiaries. Each such license or agreement and each such Contract is legal, valid and binding on the parties thereto.

(e) Neither the execution and delivery or effectiveness of this Agreement nor the performance of the Company's obligations under this Agreement will cause the forfeiture or termination of, or give rise to a right of forfeiture or termination of any Company Intellectual Property Rights, or impair the right of the Purchaser to use, possess, sell or license any Company Intellectual Property Rights or portion thereof.

(f) The Company and its Subsidiaries have taken commercially reasonable steps to maintain their rights to the Company Intellectual Property Rights and to protect and preserve the confidentiality of, and their exclusive right to use, all of their trade secrets and material confidential information and know-how, including having (i) caused each of its employees and all other Persons who have contributed to the creation or development of any Company Intellectual Property Rights to execute valid and enforceable agreements irrevocably and unconditionally assigning such Intellectual Property rights to the Company and its Subsidiaries and (ii) disclosed such confidential information only to such of its employees, contractors and other Persons with a need to know the same in connection with their performance of services for the Company or its Subsidiaries and pursuant to an executed written confidentiality agreement. To the knowledge of the Company, no such trade secrets, information, or know-how have been improperly used or accessed by, or disclosed (other than under obligations of confidentiality) to any other Person.

(29) Licenses. True and complete copies of all Material Contracts in relation to the licences and permits issued by Michigan regulatory authorities to the Licensed Operators have been provided to or made available to the Purchaser and its representatives. True and complete copies of all application materials (including all schedules and attachments) related to the material Regulatory Licenses shall have been provided to or made available to the Purchaser and its representatives prior to the Effective Date.

(30) Related Party Transactions. With the exception of this Agreement and any contracts related to Company RSUs, Company Warrants and employment agreements included in the Company Data Room (collectively, "Related Party Agreements") and as disclosed in Section (30) of the Company Disclosure Letter, there are no Contracts or other transactions currently in place between the Company or any of its Subsidiaries, on the one hand, and: (i) any current or former officer or director of the Company or any of its Subsidiaries; and (ii) any affiliate or associate of any such, officer or director.

(31) Brokers. Other than as disclosed in Section (31) of the Company Disclosure Letter, no broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated hereby based upon arrangements made by or on behalf of the Company or any of its Subsidiaries.

(32) Competition.

(a) Neither the aggregate value of the assets in Canada that are owned by Company or by entities controlled by Company nor the gross revenues from sales in or from Canada generated from such assets exceed $93 million, in either case as determined in accordance with the *Competition Act* (Canada) and the regulations promulgated thereunder.

(b) The Company represents that it does not hold assets in the United States valued at $92 million U.S. dollars or more, and did not have sales in or into the United States of $92 million or more in its most recently-completed fiscal year.

(33) Insurance. As of the date hereof, the Company and each of its Subsidiaries have such policies of insurance as are included in the Company Data Room. All insurance maintained by the Company and its Subsidiaries is in full force and effect from reputable and financially responsible third-party insurers against loss or damage by insurable hazards or risks on a basis consistent with insurance obtained by reasonably prudent participants in comparable businesses.

(34) Research and Development. All product research and development activities, including quality assurance, quality control, testing, and research and analysis activities, conducted by the Company and its Subsidiaries in connection with its business is being conducted in all material respects in accordance with applicable regulations and requirements and best industry practices and in compliance with all industry, laboratory safety, management and training standards applicable to the Company Business, all such processes, procedures and practices, required in connection with such activities are in place as necessary and are being complied with, in all material respects.

(35) No "Collateral Benefit". Except as disclosed in Section (35) of the Company Disclosure Letter, no Person shall receive a "collateral benefit" (within the meaning of MI 61-101) from the Company or its affiliates as a consequence of the Arrangement.

(36) Banks; Powers of Attorney. Section (36) of the Company Disclosure Letter lists, as of the date of this Agreement, the names and locations of all banks in which the Company and each of its Subsidiaries has accounts or safe deposit boxes, the name of the Company or the applicable Subsidiary and the names of all Persons authorized to draw thereon or to have access thereto. No Person holds a power of attorney to act on behalf of the Company or any of its Subsidiaries.

(37) Suppliers. Section (37) of the Company Disclosure Letter sets forth an accurate and complete list of the ten (10) largest suppliers of materials, products or services to the Company and its Subsidiaries, taken as a whole, measured by the gross expenditures paid or payable by the Company and its Subsidiaries to each such supplier during the fiscal year ended on December 31, 2020 and the three (3) months ended June 30, 2021 (each, a "**Top Company Supplier**"), identifying the approximate amount of gross expenditures paid or payable to each such Top Company Supplier. Since June 30, 2021 to the date hereof, none of the Top Company Suppliers (A) has cancelled or terminated its business relationship with the Company or any of its Subsidiaries or notified the Company or any of its Subsidiaries in writing (or, to the Company's knowledge, orally) of its intent to cancel or terminate its business relationship with the Company or any of its Subsidiaries, (B) materially reduced its business with the Company or any of its Subsidiaries or notified the Company or any of its Subsidiaries in writing (or, to the Company's knowledge, orally) of its intent to materially reduce its business with the Company or any of its Subsidiaries, (C) changed, or notified the Company or any of its Subsidiaries in writing (or, to the Company's knowledge, orally) of an intention to materially change the terms on which or the amount it is prepared to sell or supply to the Company or any of its Subsidiaries or (D) notified the Company or any of its Subsidiaries in writing (or, to the Company's knowledge, orally) of a material dispute or controversy between it and the Company or any of its Subsidiaries.

(38) Products and Inventories. The Inventories: (i) are of a quality in conformity in all material respects with the warranties given by the Company or any of its Subsidiaries pursuant to supply Contracts or any other Contracts to which they are a party, (ii) are of a quality in conformity in all material respects with industry standards, (iii) are not subject to a voluntary recall by the Company or any of its Subsidiaries, by the manufacturer or distributor of the Inventories or any Governmental Entity, and to the Company's knowledge, there is no threat of any such recall, (iv) with respect to the portion of the Inventories consisting of edible cannabis products, are Saleable, (v) with respect to the portion of the Inventories consisting of raw materials and work-in-progress, is of a quality usable in the production of finished products, and (vi) since January 1, 2020, have been manufactured and produced in accordance, in all material respects with, and meet all material requirements of, applicable Law (other than Federal Cannabis Laws), and meet the material specifications in all Contracts, with customers of the Company or any of its Subsidiaries relating to the sale of such products, in each case, except to the extent written off or written down to fair market value or for which adequate reserves have been established. All Inventories are owned by the Company free and clear of all Liens other than Permitted Liens, and no Inventories are held on a consignment basis from others. The level of Inventories is consistent with the level of inventories that has been maintained in the operation of the Company Business prior to the date hereof in accordance with the operation of the Company Business in the Ordinary Course. Without limiting the generality of this Section (38), all products previously or currently produced, distributed or sold by, and all services provided by, the Company or any of its Subsidiaries have been produced, packaged, labeled, advertised, distributed and sold (or in the cases of services, provided) in accordance with and meet all material requirements of, applicable Law (other than Federal Cannabis Laws), in all material respects, and meet the material specifications in all Contracts with customers of the Company or any of its Subsidiaries relating to the sale of such products in the Ordinary Course, (x) there have been no material claims against the Company or any of its Subsidiaries pursuant to any product warranty or with respect to the production, distribution or sale of defective or inferior products or with respect to any warnings or instructions concerning such products, and (y) there have been no recalls regarding any of the products produced, distributed or sold by the Company or any of its Subsidiaries, and, to the Company's knowledge, there are no grounds for any such recall.

SCHEDULE D
REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

(1) Organization and Qualification. The Purchaser is a corporation duly incorporated and validly existing under the Laws of its jurisdiction of incorporation and has all necessary corporate power and capacity to own its property and assets as now owned and to carry on its business as it is now being conducted. The Purchaser is duly qualified to do business and is in good standing in each jurisdiction in which the character of its properties, owned, leased, licensed or otherwise held, or the nature of its activities, makes such qualification necessary.

(2) Authority Relative to this Agreement. The Purchaser has all necessary corporate power and capacity to enter into this Agreement and all other agreements and instruments to be executed by the Purchaser as contemplated by this Agreement, and to perform its obligations hereunder and under such agreements and instruments. The execution and delivery of this Agreement by the Purchaser and the performance by the Purchaser of its obligations under this Agreement have been duly authorized by the Purchaser Board or directors and no other corporate proceedings on its part are necessary to authorize this Agreement, the Arrangement or the issuance of the Consideration Shares. This Agreement has been duly executed and delivered by the Purchaser and constitutes a legal, valid and binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, reorganization or other laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.

(3) No Violation. Neither the authorization, execution and delivery of this Agreement by the Purchaser nor the completion of the transactions contemplated by this Agreement or the Arrangement, nor the performance of its obligations hereunder or thereunder, nor compliance by the Purchaser with any of the provision hereof or thereof, will result in a violation or breach of, constitute a default (or an event which, with notice or lapse of time or both, would become a default), require any consent or approval to be obtained or notice to be given under, or give rise to any third party right of termination, cancellation, suspension, acceleration, penalty or payment obligation or right to purchase or sale under, any provision of:

(a) its Constating Documents;

(b) any material Authorization or material Contract to which the Purchaser is a party or to which it or any of its properties or assets are bound; or

(c) any Laws, regulation, order, judgment or decree applicable to the Purchaser or any of its Subsidiaries or any of their respective properties or assets;

except in the case of (b) and (c) above for such breaches, defaults, consents, terminations, cancellations, suspensions, accelerations, penalties, payment obligations or rights which would reasonably be expected to have individually or in the aggregate a Material Adverse Effect on the Purchaser and its Subsidiaries on a consolidated basis.

(4) Governmental Approvals. The execution, delivery and performance by the Purchaser of this Agreement and the consummation by the Purchaser of the Arrangement requires no consent, waiver or approval or any action by or in respect of, or filing with, or notification to, any Governmental Entity other than: (i) the Interim Order and any approvals required by the Interim Order; (ii) the Final Order; (iii) compliance with any applicable Securities Laws and CSE policies, rules and regulations; and (iv) receipt of the Key Authorizations.

(5) Capitalization.

(a) The authorized share capital of the Purchaser consists of an unlimited number of Purchaser Shares, an unlimited number of proportionate voting shares ("**Purchaser Proportionate Voting Shares**"), an unlimited number of non-participating, non-voting, unlisted exchangeable shares ("**Purchaser Exchangeable Shares**") and an unlimited number of preferred shares, issuable in series ("**Purchaser Preferred Shares**"). As of the close of business on day before date of Agreement, there were issued and outstanding 184,415,750 Purchaser Shares, no Purchaser Proportionate Voting Shares, 38,890,570 Purchaser Exchangeable Shares and 14,318 Purchaser Preferred Shares.

(b) As of the close of business on the day before the date of Agreement, an aggregate of up to 13,518,046 Purchaser Shares are issuable upon the exercise of outstanding options to purchase Purchaser Shares, up to 273,814 Purchaser Shares are issuable upon the vesting of outstanding restricted share units of the Purchaser, up to 37,913,920 Purchaser Shares are issuable upon the exercise of outstanding Purchaser Share purchase warrants of the Purchaser, up to 38,389,570 Purchaser Shares are issuable upon the conversion of outstanding Purchaser Exchangeable Shares, up to 14,318,000 Purchaser Shares are issuable upon the conversion of outstanding Purchaser Preferred Shares, up to 16,119,000 Purchaser Shares are issuable upon the conversion of outstanding Purchaser Preferred Share purchase warrants of the Purchaser, up to 8,590,908 Purchaser Shares are issuable upon the conversion of outstanding Purchaser Proportionate Voting Share purchase warrants of the Purchaser, the exercise prices, expiration dates and other material terms of such securities are set forth in Section (5)(b) of the Purchaser Disclosure Letter. The Purchaser has included in the virtual data room established by the Purchaser true and complete copies of the stock option plan of the Purchaser, the restricted share unit plan of the Purchaser, and each of the Purchaser Share purchase warrants, the Purchaser Preferred Share purchase warrants, the Purchaser Proportionate Voting Share purchase warrants and true and complete registers of the holders of such securities. As of the close of business on August 31, 2021, except for such Purchaser Shares described in the immediately preceding sentence and the Consideration Shares issuable in connection with the Arrangement, there are no outstanding securities, options, warrants, stock appreciation rights, restricted stock units, conversion privileges, calls, derivative contracts, forward sales contracts or other rights, agreements, arrangements, undertakings or commitments (pre-emptive, contingent or otherwise) of any character whatsoever to which the Purchaser or any of its Subsidiaries is a party or by which any of the Purchaser or its Subsidiaries may be bound, obligating the Purchaser or any of its Subsidiaries to issue, grant, deliver, extend, or enter into any such security, option, warrant, stock appreciation right, restricted stock unit, conversion privilege, call, derivative contract, forward sales contract, or other right, agreement, arrangement, undertaking or commitment.

(c) All outstanding shares of the Purchaser have been duly authorized and validly issued and are fully paid and non-assessable.

(6) Purchaser Shares. The Consideration Shares to be issued pursuant to the Arrangement have been duly authorized and reserved for issuance and, upon issuance, will be validly issued as fully paid and non-assessable shares in the capital of the Purchaser, will be issued in compliance with all applicable Laws and Securities Laws, will not have been issued in violation of any pre-emptive rights or contractual rights to purchase securities and will be listed for trading on the CSE.

(7) Reporting Status and Securities Laws Matters. The Purchaser is a "reporting issuer" or the equivalent and not on the list of reporting issuers in default under applicable Canadian provincial Securities Laws in each of British Columbia, Alberta and Ontario. The Purchaser is in compliance, in all material respects, with all applicable Securities Laws and there are no current, pending or, to the knowledge of the Purchaser, threatened proceedings before any Securities Authority or other Governmental Entity relating to any alleged non-compliance with any Securities Laws. The Purchaser Shares are listed on and the Purchaser is in compliance, in all material respects, with the rules and policies of, the CSE and no delisting, suspension of trading in or cease trading order with respect to any securities of the Purchaser is in effect and to the knowledge of the Purchaser, no inquiry or investigation (formal or informal) of any Securities Authority or the CSE is in effect or ongoing or, to the knowledge of the Purchaser, expected to be implemented or undertaken. The Purchaser has not taken any action to cease to be a reporting issuer in any province nor has the Purchaser received any notification from any Securities Authority seeking to revoke the reporting issuer status of the Purchaser.

(8) Public Filings. The Purchaser has timely filed or furnished all documents required to be filed by it in accordance with applicable Securities Laws with the Securities Authorities and/or the CSE since January 1, 2021. The Purchaser has filed or furnished all Purchaser Filings required to be filed or furnished by the Purchaser in a timely manner with any Governmental Entity. The documents comprising the Purchaser Filings complied as filed in all material respects with applicable Securities Laws and did not, as of the date filed (or, if amended or superseded by a subsequent filing prior to the date of this Agreement, on the date of such subsequent filing), contain any Misrepresentation. The Purchaser has not filed any confidential material change report which at the date of this Agreement remains confidential.

(9) Financial Statements. The consolidated annual audited financial statements of the Purchaser as at and for the fiscal years ended December 31, 2020 and December 31, 2019 (including the notes thereto), and the consolidated interim unaudited financial statements of the Purchaser as at and for the three-month periods ended June 30, 2021 and June 30, 2020 and any related MD&A (collectively, the "**Purchaser Financial Statements**") were prepared in accordance with IFRS consistently applied (except (a) as otherwise indicated in such financial statements and the notes thereto or, in the case of audited statements, in the related report of the Purchaser's independent auditors, or (b) in the case of unaudited interim statements, are subject to normal period-end adjustments and may omit notes which are not required by applicable Laws in the unaudited statements) and present fairly, in all material respects, the consolidated financial position, financial performance and cash flows of the Purchaser for the dates and periods indicated therein (subject, in the case of any unaudited interim financial statements, to normal period-end adjustments). There has been no material change in the Purchaser's accounting policies, except as described in the Purchaser Financial Statements, since June 30, 2021.

(10) Internal Controls over Financial Reporting. The Purchaser maintains a system of internal accounting controls that is designed to provide reasonable assurance that: (a) transactions are executed in accordance with management's general or specific authorization; (b) transactions are recorded as necessary to permit preparation of financial statements in conformity with IFRS and to maintain accountability for assets; (c) access to assets is permitted only in accordance with management's general or specific authorization; and (d) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(11) Independent Auditors. The Purchaser's current auditors are independent with respect to the Purchaser within the meaning of the rules of professional conduct applicable to auditors in Canada and there has never been a "reportable event" (within the meaning of National Instrument 51-102) with the current, or to the best knowledge of the Purchaser any predecessor, auditors of the Purchaser during the last two years.

(12) No Material Change. Since June 30, 2021:

(a) the Purchaser and each of its Subsidiaries has conducted its business only in the Ordinary Course, excluding matters relating to the proposed Arrangement;

(b) there has not occurred any event, occurrence or development or a state of circumstances or facts which has had or would, individually or in the aggregate, reasonably be expected to have any Material Adverse Effect on the Purchaser; and

(c) there has not been any acquisition or sale by the Purchaser or its Subsidiaries of any material property or assets.

(13) Litigation. There is no claim, action, suit, grievance, complaint, proceeding, arbitration, charge, audit, indictment or investigation that is pending or has been commenced or, to the knowledge of the Purchaser, is threatened affecting the Purchaser or its Subsidiaries or affecting any of their property or assets (whether owned or leased) at law or in equity, which, individually or in the aggregate, if determined adversely to the Purchaser or its Subsidiaries, has or could reasonably be expected to result in liability to the Purchaser or its Subsidiaries in excess of $500,000. To the knowledge of the Purchaser, neither the Purchaser, its Subsidiaries nor any their respective assets or properties is subject to any outstanding judgment, order, writ, injunction or decree material to the Purchaser and its Subsidiaries on a consolidated basis.

(14) Authorizations. The Purchaser and its Subsidiaries have obtained and are in compliance with all material Authorizations required by applicable Laws, necessary to conduct their current business as now being conducted, with the exception of the Federal Cannabis Laws. The Purchaser has made all applications and submissions necessary to obtain prequalification status from the MRA for Purchaser or a Subsidiary and any Person affiliated with Purchaser or a Subsidiary who is considered an "applicant," as defined by the MRA. Section (14) of the Purchaser Disclosure Letter sets forth an accurate and complete list of such Persons.

(15) Compliance with Laws. Except as would not reasonably be expected to result in a Material Adverse Effect on the Purchaser:

(a) The Purchaser and each of its Subsidiaries have complied with and are not in violation, in any material respect, of any applicable Laws, with the exception of the Federal Cannabis Laws.

(b) The operations of the Purchaser and its Subsidiaries are and have (for so long as they have been owned by the Purchaser) been conducted at all times in compliance with Money Laundering Laws and no action, suit or proceeding by or before any court of governmental authority or any arbitrator non-Governmental Entity involving the Purchaser or any of its Subsidiaries with respect to the Money Laundering Laws is pending or, to the knowledge of the Purchaser, threatened.

(c) Neither the Purchaser nor any of its Subsidiaries nor, to the knowledge of the Purchaser, any director, officer, agent, employee, affiliate or other Person acting on behalf of the Purchaser or any of its Subsidiaries, is currently the subject or target of any United States sanctions administered or enforced by the OFAC; and the Purchaser has not lent, contributed or otherwise made available, directly or indirectly, any funds to any Subsidiary or other Person or entity, for the purpose of financing the activities of any Person which, to the knowledge of the Purchaser, is currently subject to any United States sanctions administered by OFAC.

(16) Taxes.

(a) The Purchaser and each of its Subsidiaries has duly and timely filed all material income and other Tax Returns required to be filed prior to the date hereof with the appropriate Governmental Entities. The Purchaser and each of its Subsidiaries has reported all material income and all other amounts and information required by applicable Law to be reported on such Tax Returns, and all such Tax Returns are true and correct in all material respects.

(b) The Purchaser and each of its Subsidiaries has duly and timely paid all material Taxes, including all instalments on account of Taxes for the current year that are due and payable by it whether or not assessed by the appropriate Governmental Entity. No deficiency with respect to the payment of any Taxes or Tax instalments has been asserted against the Purchaser or its Subsidiaries by any Tax authority which have not been paid or settled.

(c) The Purchaser and its Subsidiaries have provided adequate accruals in accordance with applicable accounting standards in its books and records and in the most recently published consolidated financial statements of the Purchaser for any Taxes of the Purchaser and each of its Subsidiaries for the period covered by such financial statements that have not been paid whether or not shown as being due on any Tax Returns. Since such publication date, no liability in respect of Taxes not reflected in such statements or otherwise provided for has been assessed, proposed to be assessed, incurred or accrued, other than in the Ordinary Course.

(d) The Purchaser and each of its Subsidiaries has duly and timely withheld from any amount paid or credited by it to or for the account or benefit of any Person, including any employees and any non-resident Person, the amount of all material Taxes and other material deductions required by any Laws to be withheld from any such amount and has duly and timely remitted the same to the appropriate Governmental Entity.

(e) The Purchaser is a "taxable Canadian corporation" for the purposes of the Tax Act.

(f) The Purchaser is not treated as a U.S. corporation for U.S. federal income tax purposes and is not treated as a "surrogate foreign corporation" pursuant to Section 7874 of the U.S. Tax Code.

(g) The Purchaser is not a "controlled foreign corporation" within the meaning of Section 957 of the U.S. Tax Code.

(h) Neither the Purchaser nor any of its Subsidiaries has been a party to any transaction or other arrangement to which subsection 247(2) or (3) of the Tax Act may reasonably be expected to apply.

(i) There are no circumstances existing which could result in the application of section 17 or sections 78 to 80.04 of the Tax Act, or any equivalent provincial Law, to the Purchaser or any of its Subsidiaries.

(17) Investment Canada Act. The Purchaser is a "trade agreement investor" and not a "state-owned enterprise" as those terms are defined in the*Investment Canada Act* (Canada).

(18) Brokers. Other than fees payable to ATB Financial Capital Markets Inc. and Haywood Securities Inc. in their capacity as advisors to the independent special committee of the Purchaser, no broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated hereby based upon arrangements made by or on behalf of the Purchaser or its Subsidiaries.

CERTAIN CONFIDENTIAL INFORMATION (MARKED BY BRACKETS AS "[***]") HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED.

MEMBERSHIP INTEREST PURCHASE AGREEMENT

by and between
WDB HOLDINGS MI, INC.
(the "Buyer"),

and
3 STATE PARK, LLC,
AEY HOLDINGS, LLC,
AEY CAPITAL, LLC,
AEY THRIVE, LLC,
(collectively, the "Companies"),
and
[***]
("Seller"),

August 31, 2021

MEMBERSHIP INTEREST PURCHASE AGREEMENT

THIS MEMBERSHIP INTEREST PURCHASE AGREEMENT (this "Agreement") is made and entered into as of August 72, 2021 (the "Effective Date"), by and among WDB Holdings MI, Inc., a Delaware corporation ("Buyer"), 3 State Park, LLC, a Michigan limited liability company ("3 State Park"), AEY Thrive, LLC, a Michigan limited liability company ("AEY Thrive"), AEY Holdings, LLC, a Michigan limited liability company ("AEY Holdings"), AEY Capital, LLC, a Michigan limited liability company ("AEY Capital," together with, 3 State Park, AEY Thrive and AEY Holdings, the "Companies" and each, individually, a "Company"), [***], an individual resident of the State of Michigan (the "Seller"), and for the limited purpose of Sections 2.3(c)(vii) and 11.6, Gage Growth Corp., a Canadian corporation ("Gage"). Buyer, and Seller are sometimes referred to herein individually as a "Party" and collectively as the "Parties." Certain capitalized terms used in this Agreement are defined in ARTICLE 1.

RECITALS

Company Group is engaged in the business of operating medical and/or adult-use marijuana businesses, including but not limited to cultivating, processing, and/or operating provisioning centers or retailers in the state of Michigan (the "Business").

Seller is the record owner of all of the issued and outstanding membership interests of each of the Companies (the "Purchased Securities").

The Parties mutually desire that Buyer will purchase the Purchased Securities from Seller (together with all ancillary transactions contemplated by this Agreement, the "Transactions"), all on the terms and subject to the conditions set forth in this Agreement.

The Transactions set forth in this Agreement form a critical part of the transaction contemplated between TerrAscend Corp. and Gage, whereby TerrAscend Corp. proposes to acquire all of the issued and outstanding equity interests of Gage, an entity that has certain management, consulting and service agreements with the Companies, pursuant to an arrangement agreement dated August 31, 2021 between TerrAscend Corp. and Gage (the "Arrangement Agreement").

The Parties desire to make certain representations, warranties, covenants and agreements to one another in connection with the Transactions.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and the mutual representations, warranties, covenants and agreements hereinafter set forth, and for other consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE 1
DEFINITIONS

1.1 Definitions of Certain Terms. As used herein, the following terms have the following respective meanings:

"Affiliate" means, with respect to any specified Person, any other Person controlling, controlled by or under common control with the specified Person, where "control" means the possession, directly or indirectly, of the power to direct the management and policies of the other Person whether through the ownership of voting securities, by contract or otherwise.

"Ancillary Documents" means the Interest Assignments and each other certificate, agreement or instrument to be delivered by a Party at the applicable Closing pursuant to Section 2.3(c).

"Applicable Closing Date" means, with respect to a Company, the Closing Date that is applicable to the purchase and sale of the Purchased Securities for such Company pursuant to this Agreement.

"Business Day" means any day that is not a Saturday, Sunday or other day on which banks in the state of Michigan are required or authorized to close.

"Cannabis License" means any temporary, provisional or permanent permit, license or authorization from or registration with any Governmental Authority that regulates the cultivation, manufacture, processing, marketing, sale or distribution of cannabis products, whether for medical or recreational use, including but not limited to the MRA Permits and the Local Permits.

"Claim" means any existing or threatened claim, demand, charge, complaint or cause of action of any kind or character under any theory (including contract, tort, statutory liability, strict liability, employer liability, premises liability, products liability, breach of warranty or malpractice), whether civil, criminal, investigative or administrative, whether made by a Governmental Authority or any other Person and whether or not asserted in any Proceeding.

"Code" means the Internal Revenue Code of 1986, as amended.

"Company Contract" means any Contract to which any Company Group entity is a party or by which any Company Group entity is bound or to which any assets or properties of any Company Group entity are subject.

"Company Data" means Personally Identifiable Information, Customer Data and any other content, data, and information used, accessed, collected, processed, transmitted or maintained by or on behalf of Company.

"Company Group" means the Companies and the Subsidiaries.

"Contract" means any legally binding agreement, commitment, engagement, contract, franchise, licence, obligation or undertaking, and any amendment, exhibit, schedule or appendix thereof to which any Party or any of its subsidiaries or any Company Group entity is a party or by which it or any of its Affiliates is bound or affected or to which any of their respective properties or assets is subject**.**

"Customer Data" means all data, meta data, information or other content transmitted to Company by users or customers of Company's services or otherwise collected in the course of the Business.

"Employee Benefit Plan" means any "employee benefit plan" (as such term is defined in Section 3(3) of ERISA) and all other health, welfare, supplemental unemployment benefit, change of control, bonus, profit sharing, option, insurance, compensation, incentive, incentive compensation, deferred compensation, share purchase, share compensation, disability, pension, vacation, severance or termination pay, retirement or retirement savings plans, or other employee benefit plans, policies, trusts, funds, agreements, or arrangements for the benefit of employees, former employees, directors or former directors of a Party or any of its subsidiaries or any Company Group entity, which are maintained by or binding upon such Party or any of its Subsidiaries or any Company Group entity or in respect of which such Party or any of its Subsidiaries or any Company Group entity has an actual or contingent liability excluding all obligations for severance and termination pursuant to a statute.

"Encumbrance" means any encumbrance, security agreement, security interest, mortgage, deed of trust, lien, pledge or charge of any kind.

"Environmental Law" means any applicable federal, state, local or foreign Law or other legal requirement relating to human or worker health and safety, pollution or the protection of the environment or natural resources, as the foregoing are or were enacted and in effect at any time on or prior to the Final Closing.

"Equity Interest" means (a) any capital stock, limited liability company interest, partnership interest or other equity interest in any corporation, partnership, limited liability company, joint venture or other legal entity, (b) any security or evidence of indebtedness convertible into or exchangeable for any capital stock, limited liability company interest, partnership interest or other equity interest in any corporation, partnership, limited liability company, joint venture or other legal entity or (c) any right, warrant or option to acquire any of the foregoing.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and all rules and regulations promulgated thereunder.

"ERISA Affiliate" with respect to an entity means any other entity that, together with such first entity, would (as of any relevant time) be treated as a single employer under Section 414 of the U.S. Tax Code.

"Federal Cannabis Laws" means any United States federal laws, civil, criminal or otherwise, as such relate, either directly or indirectly, to the cultivation, harvesting, production, distribution, sale and possession of cannabis, marijuana or related substances or products containing or relating to the same, including, without limitation, the prohibition on drug trafficking under 21 U.S.C. § 841(a), et seq., the conspiracy statute under 18 U.S.C. § 846, the bar against aiding and abetting the conduct of an offense under 18 U.S.C. § 2, the bar against misprision of a felony (concealing another's felonious conduct) under 18 U.S.C. § 4, the bar against being an accessory after the fact to criminal conduct under 18 U.S.C. § 3, and federal money laundering statutes under 18 U.S.C. §§ 1956, 1957, and 1960 and the regulations and rules promulgated under any of the foregoing.

"Final Closing Date" means the date on which the Final Closing occurs.

"Fraud" (a) a false representation of a fact by a Party to this Agreement contained in this Agreement, (b) made with knowledge or belief of its falsity, (c) with the intent of inducing another Person to act, or refrain from acting, to such other Person's detriment, and (d) upon which such other Person acted or did not act in justifiable reliance on the representation, with resulting Losses, and which shall expressly exclude any other claim of fraud that does not include the elements set forth in this definition, including constructive fraud, negligent misrepresentation or any similar theory.

"Fundamental Representation" means the representations and warranties set forth in (a)Section 3.1 (Enforceability), Section 3.4 (Title to Purchased Securities), Section 4.1(a) (Legal Existence), and Section 4.1(b) (Capitalization).

"Funded Indebtedness" means, without duplication, the outstanding principal amount of, accrued and unpaid interest on and other payment obligations (including any prepayment premiums or similar breakage costs payable as a result of the consummation of the Transactions) of Company Group with respect to (a) indebtedness for borrowed money or (b) indebtedness evidenced by any note, bond, debenture or other debt security. Notwithstanding anything to the contrary in the foregoing, "Funded Indebtedness" shall not include: (i) trade payables and accrued expenses arising in the Ordinary Course of Business, (ii) deferred revenue, (iii) any undrawn letters of credit and (iv) any payment or performance bonds.

"GAAP" means United States generally accepted accounting principles in effect from time to time.

"Governing Documents" means (a) the certificate of formation, certificate of incorporation or articles of incorporation (or equivalent instrument) and bylaws of a corporation, (b) the certificate of formation and operating agreement (or equivalent instrument) of a limited liability company, (c) the certificate of limited partnership and limited partnership agreement of a limited partnership and (d) such other legal document(s) by which any other legal entity establishes its legal existence or that govern its internal affairs.

"Governmental Authority" means (a) the government of any sovereign state, nation or country or of any political subdivision thereof (including any state, commonwealth, province, territory, county, township, parish or city) and any department, agency, bureau, commission, division, office, service, regulatory body or other instrumentality of such government, (b) any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority to the extent that the rules, regulations or orders of such organization or authority have the force of law or (c) any court or other tribunal having competent jurisdiction.

"Hazardous Material" means "Hazardous Material," "Hazardous Substance," "Pollutant or Contaminant," and "Petroleum" and "Natural Gas Liquids," as those terms are defined or used in Section 101 of CERCLA, and any other substances regulated because of their effect or potential effect on public health and the environment, including PCBs, lead paint, asbestos, urea formaldehyde, radioactive materials, mold or fungi that may pose a danger to human health, and infectious materials but excluding butane, isopropyl alcohol, propane, pentane, isobutene, acetone and ethanol.

"Intellectual Property" means domestic and foreign: (i) patents, applications for patents and reissues, divisions, continuations, renewals, extensions and continuations-in-part of patents or patent applications; (ii) proprietary and non-public business information, including inventions (whether patentable or not), invention disclosures, improvements, discoveries, trade secrets, confidential information, know-how, methods, processes, designs, technology, technical data, schematics, formulae and customer lists, and documentation relating to any of the foregoing; (iii) copyrights, copyright registrations and applications for copyright registration; (iv) mask works, mask work registrations and applications for mask work registrations; (v) designs, design registrations, design registration applications and integrated circuit topographies; (vi) trade names, business names, corporate names, domain names, website names and world wide web addresses, common law trade-marks, trade-mark registrations, trade-mark applications, trade dress and logos, and the goodwill associated with any of the foregoing; (vii) Software; and (viii) any other intellectual property and industrial property.

"Interim Period" means the period beginning on the Effective Date and ending on the earlier to occur of the Final Closing or the termination of this Agreement in accordance with ARTICLE 8.

"IRS" means the Internal Revenue Service.

"Key Contracts" means contracts set forth in Section 2.3(c)(viii) of the Disclosure Schedule.

"Know-How" means all factual knowledge and information that gives a Person the ability to develop, produce, manufacture or market something that it otherwise would not have known how to develop, produce, manufacture or market with the same accuracy or precision.

"Knowledge of Seller" means the actual or constructive knowledge of [***] or any manager or officer of any Company Group entity, after due inquiry.

"Law" means, with respect to any Person, any and all applicable law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, notice, judgment, Order, decree, ruling or other similar requirement, whether domestic or foreign, enacted, adopted, promulgated or applied by a Governmental Authority that is binding upon or applicable to such Person or its business, undertaking, property or securities, and to the extent that they have the force of law, policies, guidelines, notices and protocols of any Governmental Authority, as amended.

"Liability" means any debt, obligation, duty or liability of any nature (including any unknown, undisclosed, unmatured, unaccrued, unasserted, contingent, indirect, conditional, implied, vicarious, derivative, joint, several or secondary liability), regardless of whether such debt, obligation, duty or liability would be required to be disclosed on a balance sheet prepared in accordance with GAAP and regardless of whether such debt, obligation, duty or liability is immediately due and payable.

"Local Permits" means the municipal Permits, including those listed in Section 4.2 of the Disclosure Schedule under the caption of "Local Permits".

"Lockup Agreements" means each of the Membership Interest Transfer Restriction and Succession Agreements entered into between Spartan Partners Holdings, LLC and any Company Group entity.

"Losses" means any and all damages, payments, costs, fees, expenses, royalties, Liabilities, fines, penalties or other losses incurred or suffered by a party with respect to or relating to an event, circumstance or state of facts; provided, however, that "Losses" shall not include (i) special or punitive damages, exemplary damages, multiples damages or other penalty damages and (ii) any amount to the extent a Party actually receives the same under any applicable insurance policy. "Losses" shall specifically include court costs, reasonable fees and expenses of legal counsel and amounts paid pursuant to Orders, in each case arising out of any Proceeding.

"Material Adverse Change" means any change, development, circumstance, event or occurrence that, individually or in the aggregate, has had, or would reasonably be expected to have, a Material Adverse Effect; provided, however, that changes, developments, circumstances, events or occurrences resulting from any of the following shall not be taken into account in determining whether a "Material Adverse Change" has occurred: (a) conditions affecting generally the economy of the United States, including the financial, credit or securities markets (including any disruption thereof and any decline in the price of any security or any market index), (b) conditions affecting generally the industry in which the Business is conducted in the United States, (c) changes or prospective changes in GAAP or Laws, or the interpretation thereof, (d) acts of war, acts of terrorism, riot or civil disorder, (e) epidemic, pandemic or disease outbreak (including the COVID-19 virus), (f) any failure by any Company Group entity to meet any internal or published projections, forecasts or revenue or earnings predictions for any period or (g) any change, development, circumstance, event or occurrence identified in the Disclosure Schedule or about which Buyer had knowledge at any time prior to its execution of this Agreement, except that changes, developments, circumstances, events or occurrences described in clause (a), clause (b) and clause (c) shall be taken into account in determining whether a "Material Adverse Change" has occurred solely to the extent that such changes, developments, circumstances, events or occurrences have had, or would reasonably be expected to have, a materially disproportionate impact on Company Group or the Business relative to other businesses operating in the industry in which the Business is conducted in the United States.

"Material Adverse Effect" means a materially adverse effect on (a) the financial condition, business or results of operations of Company Group or (b) the ability of Seller to perform his obligations under this Agreement or to consummate the Transactions.

"MRA Permits" means those Permits issues and administered by the Marijuana Regulatory Agency of the State of Michigan including those listed in Section 4.2 of the Disclosure Schedule under the caption of "MRA Permits".

"Non-Recourse Person" means, with respect to any Party, any of such Party's former, current and future direct or indirect equityholders, controlling Persons, members, managers, general or limited partners, Affiliates, directors, officers, employees, incorporators, Representatives or assignees (or any former, current or future direct or indirect equityholder, controlling Person, member, manager, general or limited partner, Affiliate, director, officer, employee, incorporator, Representative or assignee of any of the foregoing).

"Order" means (a) any order, subpoena, judgment, award, decree, edict, decision, opinion, ruling, verdict, sentence, writ, assessment, charge, stipulation, injunction or other determination of any Governmental Authority having competent jurisdiction to render such, (b) any arbitration award entered by an arbitrator having competent jurisdiction to render such, and (c) any settlement agreement or similar Contract entered into in connection with the settlement, dismissal or other resolution of any Proceeding.

"Ordinary Course of Business" means the ordinary course of business of Company Group, consistent with its past custom and practice.

"Permit" means any permit, license, certificate, authorization, approval, consent, permission, accreditation, qualification, registration, filing, exemption, waiver, variance, clearance, franchise, concession or other right required, issued, granted, given or otherwise made available by or under the authority of any Governmental Authority or pursuant to any Law.

"Permitted Encumbrance" means (a) Encumbrances for Taxes and other governmental charges that are not yet delinquent or remain payable without penalty or that are being contested in good faith by appropriate proceedings diligently conducted, so long as (x) such proceeding shall not involve any risk greater than a *de minimis* risk of the sale, forfeiture or loss of any part of any Leased Real Property and (y) the payment thereof is fully covered by adequate reserves in accordance with GAAP, bonds or other security; (b) zoning, building codes and other land use Laws regulating the use or occupancy of the Leased Real Property, or the activities conducted thereon, that are imposed by any Governmental Authority having jurisdiction over such Leased Real Property; (c) all covenants, conditions, restrictions, easements, charges, rights-of-way, other Encumbrances and similar matters of record as of the date hereof set forth in any state, local or municipal recording office; (d) with respect to the Leased Real Property, the interest or title of the owner/lessor or sublessor thereof, as owner, lessor or sublessor, as set forth in each Real Property Lease; (e) any interest or title of any Company as a lessee or sublessee, as lessee or sublessee, under any Real Property Lease; (f) workers', carriers' and mechanics' or other similar Encumbrances incurred in the Ordinary Course of Business that are not yet delinquent or remain payable without penalty or that are being contested in good faith by appropriate proceedings diligently conducted; (g) Encumbrances consisting of pledges or deposits required in the Ordinary Course of Business in connection with workers' compensation, unemployment insurance and other social security legislation or to secure liability to insurance carriers to the extent the same do not conflict with or materially interfere with the operation of the Business; (i) restrictions on the transfer of the Purchased Securities pursuant to the Governing Documents of Company Group or imposed by foreign, federal and state securities laws; and (h) Encumbrances that do not materially interfere with the present use of the properties they affect, each as specifically set forth in Section 3.4 of the Disclosure Schedules.

"Person" means an individual, corporation, limited liability company, partnership, joint venture, trust, association, unincorporated organization, Governmental Authority or other legal entity.

"Personally Identifiable Information" means any information that alone or in combination with other information held by or on behalf of Company can be used to specifically identify a Person or an individual computer, device or application including but not limited to a natural person's name, street address, telephone number, e-mail address, computer IP address, photograph, social security number, driver's license number, passport number, credit or debit card number or customer or financial account number or any similar information that is treated as personally identifiable information under any applicable Law.

"Pre- Closing Tax Period" means a Tax year or other Tax period ending before an Applicable Closing Date and the portion of any Straddle Period through the day prior to the Applicable Closing Date.

"Proceeding" means any action, suit, litigation, hearing, arbitration, prosecution, contest, inquiry, inquest, audit, examination, investigation or other proceeding (including any civil, criminal, administrative, investigative or appellate proceeding and any informal proceeding) by or before any Governmental Authority or any arbitrator or arbitration panel.

"Related Party" means, with respect to a specified Person, (a) any Affiliate of the specified Person, (b) any holder, directly or indirectly, of at least five percent (5%) of the issued and outstanding Equity Interests of the specified Person, (c) any director, manager or officer of the specified Person or any other Person described in clause (a) or clause (b) and (d) any family member of a natural person described in clause (a), clause (b) or clause (c) (where "family member" means such person's spouse, lineal ancestors and descendants (whether natural or adopted), siblings and any trust solely for the benefit of one or more of such person and such person's spouse, lineal ancestors and descendants and siblings).

"Representatives" means, in respect of any Person, the directors, managers, officers, employees, agents, attorneys, accountants, advisors and other representatives of such Person.

"Seller Transaction Payments" means all payments required to be made by Seller or Company Group to any director, manager, officer, employee, consultant, agent or representative of Company Group as a result of the execution of this Agreement or the consummation of the Transactions, including all change of control, retention or transaction bonuses and all severance, termination or other payments required to be made under the terms of any Company Contract, in each case other than any such payments that are required to be made by Company Group after the Final Closing Date.

"Software" means computer software and programs (both source code and object code form), all proprietary rights in the computer software and programs and all documentation and other materials related to the computer software and programs.

"Straddle Period" means any Tax year or other Tax period that includes (but does not end on) the day prior to the Applicable Closing Date.

"Subsidiaries" means Pure Releaf SP Drive, LLC, a Michigan limited liability company, Thrive Enterprises, LLC, a Michigan limited liability company ("Thrive Enterprises"), RKD Ventures, LLC, a Michigan limited liability company, and any other wholly-owned Affiliate of any Company.

"Tax" or "Taxes" means any and all federal, state, local and foreign taxes, including taxes based upon or measured by gross receipts, income, profits or sales, and use, occupation, value added, ad valorem, transfer, franchise, withholding, payroll, recapture, employment, excise and property taxes or other tax of any kind whatsoever, whether disputed or not, together with all interest, penalties and additions imposed with respect thereto.

"Tax Return" means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any amendment thereof.

"Taxing Authority" means, with respect to any Tax, the Governmental Authority that imposes such Tax and the agency (if any) charged with the collection of such Tax for such Governmental Authority, including the IRS.

"Trade Secret" means information, including a formula, pattern, compilation, program, device, method, technique, or process, that (a) derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

"Transfer Taxes" means any transfer, sales, use, documentary, stamp or other similar Taxes that arise as a result of the consummation of the Transactions.

"Treasury Regulations" means the income Tax regulations promulgated under the Code, as those regulations may be amended from time to time.

1.2 Index of Other Defined Terms. The following terms are defined in the specified section or other portion of this Agreement:

Term	Section Reference
3 State Park	Preamble
AEY Capital	Preamble
AEY Holdings	Preamble
AEY Thrive	Preamble
Agreement	Preamble
Arrangement Agreement	Preamble
Assign / Assignment	12.3
Purchase Price	2.2(a)
Business	Recitals
Buyer	Preamble
Buyer Indemnified Parties	9.1(a)
Claim Certificate	9.5(a)
Claim Deadline	9.3(d)
Closing	2.3(a)
Closing Date	2.3(a)
Closing Statement	2.2(b)
Company / Companies	Preamble
Competing Offer	6.5
Confidential Information	6.6(a)
Covenant Term	6.7(a)(i)
Current Financial Statements	4.4(a)(ii)
Designated Courts	11.2
Directly or Indirectly	6.7(a)(ii)
Disclosure Schedule	ARTICLE 4

Effective Date	Preamble
Enforceability Limitations	3.1
Final Closing	2.3(a)
Financial Statements	4.4(a)
First Closing	2.3(a)
Flow of Funds Memorandum	2.2(b)
Inbound Licenses	4.7(b)(i)
Indemnified Party	9.3(d)
Indemnifying Party	9.3(d)
Indemnity Payment Obligation	9.5(e)
Interest Assignment	2.3(c)(iii)
Latest Balance Sheet	4.4(a)(ii)
Latest Balance Sheet Date	4.4(a)(ii)
Leased Real Property	4.6(a)
Major Customer	4.9(a)
Major Supplier	4.9(b)
Material Contract	4.8(a)
Material Insurance Policy	4.17
Material Owned Intellectual Property	4.7(a)
Material Permit	4.13(b)
Notice of Objection	9.5(b)
Party / Parties	Preamble
Purchased Securities	Recitals
Purchase Price	2.2(a)
Real Property Lease	4.6(a)
Registered Intellectual Property	4.7(a)(i)
Relationship Party	6.7(a)(iii)
Restricted Business	6.7(a)(iv)
Restricted Individual	6.7(a)(v)
Restricted Territory	6.7(a)(vi)
Securities Act	5.5
Seller	Preamble
Seller Indemnified Parties	9.1(b)
Service Provider	6.7(a)(vii)
Tax Allocation	10.1
Third-Party Claim	9.4(a)
Transactions	Recitals

ARTICLE 2
BUSINESS TERMS OF THE TRANSACTIONS

2.1 Purchase and Sale of the Purchased Securities. On the terms and subject to the conditions set forth in this Agreement, at each Closing, Seller will sell, assign, transfer, convey and deliver to Buyer, and Buyer will purchase, assume, accept, acquire and receive from Seller, (i) the Purchased Securities applicable to such Closing and (ii) any necessary amendments to Key Contracts, both free and clear of all Encumbrances (other than Permitted Encumbrances).

2.2 Purchase Price.

(a) Calculation of the Purchase Price. The aggregate purchase price to be paid by Buyer as consideration for all of the Purchased Securities shall equal FIFTY THOUSAND DOLLARS ($50,000.00 US) (the "Purchase Price").

(b) Closing Statement. Schedule I contains Seller's closing statement (the "Closing Statement") setting forth the recipient and amount of each disbursement to be made by Buyer pursuant to Section 2.2(c) and the wire transfer instructions for each such disbursement (the "Flow of Funds Memorandum").

(c) Disbursement of Purchase Price. At each Closing, Buyer shall disburse an amount equal to the amount of the Purchase Price allocated to the Purchased Securities transferred in connection with such Closing as provided in this Section 2.2(c) and Section 2.2(d) by wire transfer of immediately available funds to the account(s) designated for each such disbursement in the Flow of Funds Memorandum.

(d) Allocation of Purchase Price. The aggregate Purchase Price will be allocated as follows:

(i) At the First Closing, Buyer shall disburse THIRTY THOUSAND DOLLARS ($30,000.00 US) to Seller as provided in Section 2.2(c).

(ii) At the Final Closing, Buyer shall disburse TWENTY THOUSAND DOLLARS($20,000.00 US) to Seller as provided in Section 2.2(c).

(iii) At any Closing between the First Closing and the Final Closing, no additional payment shall be due from Buyer to Seller and the Parties agree and acknowledge that the funds provided in connection with the First Closing and the other mutual representations, warranties, covenants and agreements herein, and other consideration, are sufficient for each subsequent Closing, until such time as the full balance of the Purchase Price is paid by Buyer at the Final Closing.

2.3 The Closings.

(a) Date and Manner of Closing. The closings of the Transactions (each, a "Closing," the first of such Closings, the "First Closing" and the last of such Closings, the "Final Closing") may occur on a rolling Company-by-Company basis. Each Closing of the purchase and sale of the Purchased Securities with respect to a Company shall take place promptly following the satisfaction or waiver of the closing conditions set forth in ARTICLE 7 herein with respect to such Company. There shall not be any Closings prior to the First Closing.

(b) Each Closing shall be effected by the exchange of executed transaction documents by facsimile, photo or other electronic means. The date on which a Closing occurs is referred to herein as a "Closing Date."

(c) Closing Deliveries by Seller. On the Applicable Closing Date, Seller shall deliver, or cause to be delivered, to Buyer each of the following: xxx

(i) a certificate, dated as of the Applicable Closing Date, signed by Seller to the effect that (A) each of the conditions specified in Section 7.1, Section 7.2(a), Section 7.2(b), Section 7.2(c), Section 7.2(d), and Section 7.2(e) have been satisfied with respect to Seller and the applicable Company Group entities, and (B) solely for purposes of the First Closing, that Seller has received written notice from Gage that the conditions precedent to the closing of the Arrangement Agreement has been satisfied (other than those conditions precedent that relate to the transactions contemplated under this Agreement);

(ii) a good standing certificate (or its equivalent) for each applicable Company Group entity from the secretary of state or similar Governmental Authority of the jurisdiction under the Laws in which the applicable Company Group entity is organized;

(iii) an Assignment of Membership Interests with respect to the applicable Company or Companies, in the form attached to this Agreement as Exhibit A (the "Interest Assignment"), duly executed by Seller;

(iv) if requested by Buyer pursuant to Section 2.4, one or more Bills of Sale and Assignment Agreements in the form attached hereto as Exhibit B (each, a "Bill of Sale and Assignment Agreement"), duly executed by each applicable Company;

(v) a copy of each consent, waiver or approval in respect of the Transactions that is received by the applicable Company Group entity or Seller prior to the Closing;

(vi) a complete and accurate Disclosure Schedule applicable to each Closing, within ten (10) Business Days in advance of such Closing, subject to the reasonable approval of Buyer;

(vii) a statement in the form described in Treasury Regulation Section 1.1445-2(b)(2) executed by Seller to the effect that such Seller is not a "foreign person" within the meaning of Section 1445 of the Code;

(viii) solely for purposes of the First Closing, cooperate with Buyer to negotiate with proper authorities and cause Thrive Enterprises to obtain consents, approvals, copies of amendments and all other such confirmatory evidence of transfer approval for those Cannabis Licenses representing seventy percent (70%) or more of the rolling three (3) month average of gross revenue of Gage, measured as of the close of the month financials for the month immediately prior to such First Closing, prepared on a basis that is consistent with past practice and accounting standards (the "Permit Reorganization"). Each such amendment to the MRA Permits and Local Permits shall evidence approval of a change of ownership and/or transfer for the respective MRA Permit and Local Permit;

(ix) any amendments to Key Contracts with respect to the applicable Company Group entity as Buyer may reasonably request; and

(x) such other documents or instruments as Buyer may reasonably request in order to effect the Transactions.

(d) Closing Deliveries by Buyer. At the Final Closing, Buyer shall disburse the Purchase Price as provided in Section 2.2(c). At each Closing, Buyer shall deliver, or cause to be delivered, to Seller each of the following:

(i) a certificate, dated as of the Applicable Closing Date, signed by Buyer to the effect that (A) each of the conditions specified in Section 7.1, Section 7.3(a), Section 7.3(b), and Section 7.3(c) have been satisfied with respect to Buyer and (B) solely for purposes of the First Closing, the conditions precedent to the closing of the Arrangement Agreement has been satisfied (other than those conditions precedent that relate to the transactions contemplated under this Agreement);

(ii) one or more Interest Assignment, duly executed by Buyer;

(iii) one or more Bill of Sale and Assignment Agreement; duly executed by Buyer; and

(iv) such other documents or instruments as Seller may reasonably request in order to effect the Transactions with respect to a Closing.

(e) Proceedings at Closing. All proceedings to be taken and all documents to be executed and delivered by the Parties at a Closing will be deemed to have been taken, executed and delivered simultaneously, and no proceedings will be deemed taken nor any documents executed or delivered until all have been taken, executed and delivered.

2.4 Alternative to Close. If, in the reasonable discretion and judgement of Buyer, Seller is unable to satisfy the closing deliveries set forth in Section 2.3 above or if the purpose of this Agreement becomes frustrated due to tax, legal or other condition, Seller shall cause the Companies which have not been transferred in a Closing (each, a "Remaining Company") to execute and deliver a Bill of Sale and Assignment Agreement in the form attached hereto as Exhibit B whereby each such Remaining Company shall assign, transfer, sell and deliver all assets (including without limitation, all physical assets, equipment, inventory, contracts, leases, licenses, permits, etc.) of each Remaining Company to Buyer, and Buyer agrees to accept, purchase and receive all assets of each such Remaining Company. For the avoidance of doubt, Buyer may request the transfer of assets as set forth above on a one-by-one or rolling basis from Seller.

2.5 Seller's Obligation to Cure. Seller shall have the obligation to cure at any time during the Interim Period and for one (1) year following each Closing (the "Cure Period"), any actual or alleged corporate or contractual breach, default or defect; or item of governmental noncompliance relating to any Company Group entity or the assets of any Company Group entity of which it has been advised by Buyer (a "Defect"). During the period of time from each Closing to the expiration of the applicable Cure Period, the Parties agree to reasonably cooperate with each other, including by giving the other Party reasonable access to all records in such Party's possession or control to the extent necessary or convenient to facilitate Seller's attempt to cure any such Defects. With respect to each alleged Defect that is not reasonably cured on or before the Applicable Closing Date and which Buyer agrees to attempt to cure during the Cure Period, Seller shall use reasonable efforts to cure all identified Defects and maintain accurate books and records of all costs and actions taken to cure such Defects.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF SELLER WITH RESPECT TO SELLER

As a material inducement to Buyer to enter into this Agreement and to consummate the Transactions, Seller represents and warrants to Buyer that the statements contained in this ARTICLE 3 are true and correct as of each Closing.

3.1 Enforceability. Seller is an individual resident of the state of Michigan. Seller has all power and authority necessary to (a) execute and deliver this Agreement and each Ancillary Document to which he is a party, (b) perform his obligations under this Agreement and each such Ancillary Document and (c) consummate the Transactions. The execution and delivery by Seller of this Agreement and each Ancillary Document to which he is a party, the performance by Seller of his obligations under this Agreement and each such Ancillary Document and the consummation by Seller of the Transactions have been duly authorized on behalf of Seller by all necessary Company Group action. This Agreement has been duly and validly executed and delivered by or on behalf of Seller. Each Ancillary Document to which Seller is a party has been duly and validly executed and delivered by or on behalf of Seller. This Agreement and each Ancillary Document to which Seller is a party constitutes the valid and legally binding obligations of Seller, enforceable against Seller in accordance with their respective terms, except as enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium and other Laws of general application affecting or relating to the enforcement of creditors' rights generally, (ii) Laws relating to the availability of specific performance and/or other equitable remedies, (iii) general equitable principles (regardless of whether enforcement is sought in a proceeding at law or in equity), and (iv) Federal Cannabis Laws (collectively, the "Enforceability Limitations").

3.2 No Conflicts. The execution and delivery by Seller of this Agreement and the Ancillary Documents to which he is a party, the performance by Seller of his obligations under this Agreement and such Ancillary Documents and the consummation by Seller of the Transactions will not (a) require Seller to make any filing with, or obtain any Permit, other than the MRA Permits and Local Permits, from, any Governmental Authority or otherwise violate any Law or Order to which Seller is subject or (b) violate, conflict with, result in a breach of, constitute a default under, or require any consent or approval from, or notice to, any third party under, any Contract to which Seller is a party or by which a Seller is bound, except where (i) the failure to make any filing or obtain any Permit described in clause (a) or (ii) the occurrence of any violation, conflict, breach or default (or the failure to obtain any consent or approval or give any notice) described in clause (b), individually or in the aggregate, would not reasonably be expected to prevent or materially delay the consummation by Seller of the Transactions.

3.3 Litigation. No Order binding on Seller is in effect, and no Proceeding against Seller is pending or, to the Knowledge of Seller, threatened that, individually or in the aggregate, would reasonably be expected to prevent or materially delay the consummation by Seller of the Transactions or cause any of such Transactions to be rescinded following consummation.

3.4 Title to the Purchased Securities. Seller is the sole member of each of the Companies. Seller is the sole record owner of the Purchased Securities and owns

the Purchased Securities free and clear of all Encumbrances other than Permitted Encumbrances. Seller has the sole power to vote and dispose of the Purchased Securities. Seller has not granted to any Person any option, warrant, right to purchase, right of first refusal, right of first offer or other agreement or commitment providing for any disposition of the Purchased Securities.

3.5 Brokers. Seller has no Liability to pay any fees or commissions to any broker, finder or agent with respect to this Agreement or the Transactions.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF SELLER WITH RESPECT TO COMPANY GROUP

As a material inducement to Buyer to enter into this Agreement and to consummate the Transactions, Seller represents and warrants to Buyer that the statements contained in this ARTICLE 4 are true and correct as of each Closing, except as set forth in the disclosure schedule of Seller attached to this Agreement (the "Disclosure Schedule"). The Disclosure Schedule is arranged in separately numbered sections that correspond to the numbered sections of this ARTICLE 4. Each statement or other item of information set forth in the Disclosure Schedule shall be deemed to qualify (a) the representations and warranties made by Seller in the corresponding section of this ARTICLE 4, (b) such other representations and warranties that are identified in the Disclosure Schedule as being qualified by such exception and (c) any other representation and warranty to the extent that the applicability of the disclosure to such other representation and warranty is reasonably apparent on the face of such disclosure. Certain information set forth in the Disclosure Schedule may be included solely for informational purposes and the disclosure of any information shall not be deemed to constitute an acknowledgment that such information is required to be disclosed by this Agreement or that such information is material, nor shall the disclosure of such information be deemed to establish a standard of materiality, nor shall it be deemed an admission of any liability of, or concession as to any defense available to, Company Group. In no event shall the listing of any matter in the Disclosure Schedule be deemed or interpreted to expand the scope of Seller's representations and warranties set forth in this Agreement. Capitalized terms used in the Disclosure Schedule and not otherwise defined therein have the meanings given to them in this Agreement.

4.1 Corporate Matters.

(a) Legal Existence. Each Company Group entity is a limited liability company duly organized, validly existing and in good standing under the Laws of the state of Michigan. Each Company Group entity has all power and authority necessary to own or lease (as applicable) its assets and properties and to conduct the Business as currently conducted.

(b) Capitalization. The issued and outstanding Equity Interests of the Companies consist solely of the Purchased Securities. All of the Purchased Securities are validly issued, fully paid and nonassessable and were issued in compliance with all applicable federal and state securities Laws. Other than the Purchased Securities, Company Group has not authorized, issued or granted, or agreed or committed to authorize, issue or grant, any Equity Interests in the Companies or any Subsidiary.

(c) Absence of Equity-Related Side Agreements. Other than pursuant to the Lockup Agreements, there are no (i) outstanding or authorized options, warrants, rights to purchase, rights of first refusal, rights of first offer, calls, puts, rights to subscribe, conversion rights or other agreements or commitments to which any Company Group entity is a party, or that are binding upon any Company Group entity, providing for the issuance, disposition or acquisition of any Equity Interests of any Company Group entity, (ii) outstanding or authorized equity appreciation, phantom equity or similar rights with respect to any Company Group entity, (iii) contractual or statutory preemptive rights or similar restrictions with respect to the issuance or transfer of any Equity Interests of any Company Group entity, (iv) voting trusts, proxies or any other agreements, restrictions or understandings with respect to the voting of the Equity Interests of any Company Group entity, (v) registration rights granted by any Company Group entity or (vi) management rights regarding any Company Group entity granted to any Person.

(d) No Subsidiaries or Investments. Other than the Subsidiaries, the Companies do not own, beneficially or of record, any Equity Interest in any corporation, limited liability company, partnership, joint venture or other Person.

4.2 No Conflicts. The execution and delivery by Seller of this Agreement and the Ancillary Documents to which he is a party, the performance by Seller of his obligations under this Agreement and such Ancillary Documents and the consummation by Seller of the Transactions will not (a) violate or conflict with any provision of the Governing Documents of any Company Group entity, (b) require any Company Group entity to make any filing with, or obtain any Permit, other than the MRA Permits and Local Permits, from, any Governmental Authority or otherwise violate any Law or Order to which any Company Group entity is subject, (c) result in the loss of any Permit held by any Company Group entity or (d) subject to obtaining the consents, approvals and waivers (or giving the notices) set forth in Section 4.2(d) of the Disclosure Schedule, (i) require any consent, approval or waiver from, or the giving of notice to, any third party, under any Company Contract, (ii) violate, conflict with, result in a breach of or constitute a default under any Company Contract or (iii) result in the acceleration, modification, cancellation or termination (or create in any other Person the right to accelerate, modify, cancel or terminate) any Company Contract, except, other than the Cannabis Licenses, where (x) the failure to make any filing or obtain any Permit described in clause (b), (y) the loss of any Permit described in clause (c) or (z) the occurrence of any violation, conflict, breach or default (or the failure to obtain any consent or approval or give any notice) described in clause (d), individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

4.3 Authorization of Governmental Authorities. To Seller's Knowledge, no consent of any Governmental Authority is required to be obtained by or on behalf of any Company Group entity, or in respect of any Company Group entity, the Business or any assets of any Company Group entity, for, or in connection with (a) the valid and lawful authorization, execution, delivery and performance by Company Group of this Agreement or any Ancillary Agreement to which it is (or with respect to Ancillary Agreements to be entered into at each Closing, will be) a party or (b) the consummation of the Transactions, except, in each case, (i) for filings under the Hart–Scott–Rodino Antitrust Improvements Act of 1976 or any applicable foreign competition law, (ii) for filings under applicable U.S. federal, state and foreign securities laws, (iii) for a Permit from a Governmental Authority required by Law in relation to the change of ownership in Company Group entity relative to any Cannabis License, (iv) for consents identified on Section 4.3 of the Disclosure Schedule, and (v) for such other consents of a type not referenced above, the failure of which to be made or obtained would not reasonably be expected to, individually or in the aggregate, adversely and materially affect the Business. For the avoidance of doubt, but not in any way limited by what other items may be material, the loss of any Cannabis License held by any of Company Group entities will be considered material for purposes of the representations set forth in this Section 4.3.

4.4 Financial Matters.

(a) Financial Statements. Seller has made available to Buyer the following financial statements of Company Group (collectively, the "Financial Statements"): (i) the unaudited balance sheet of Company Group as of December 31, 2019, and December 31, 2020, and the related statements of income of Company Group for the fiscal years then ended, and (ii) the unaudited balance sheet of Company Group (the "Latest Balance Sheet") as of July 31, 2021 (the "Latest Balance Sheet Date"), and the related statements of income of Company Group for the 8-month period then ended (together with the Latest Balance Sheet, the "Current Financial Statements").

(b) Financial Condition. The Financial Statements have been prepared in accordance with prior accounting procedures, consistently applied throughout the periods indicated, and fairly present in all material respects the financial condition and results of operations and cash flows of Company Group as of the dates of, and for the periods covered by, such Financial Statements, except that the Current Financial Statements do not include footnotes and are subject to customary year-end adjustments.

(c) No Undisclosed Liabilities. No Company Group entity has any Liability of a type required to be reflected as a liability on a balance sheet prepared in accordance with GAAP, other than (i) Liabilities set forth in the Latest Balance Sheet (or in any notes thereto), (ii) Liabilities that have arisen since the Latest Balance Sheet Date in the Ordinary Course of Business, and (iii) executory Liabilities to be performed in the Ordinary Course of Business under Company Contracts. No Company Group entity has any Funded Indebtedness.

4.5 Recent Events. Since the Latest Balance Sheet Date, no Company Group entity has experienced any Material Adverse Change and no Company Group entity has operated, or engaged in any transaction, outside of the Ordinary Course of Business.

4.6 Property.

(a) Real Property. No Company Group entity owns any real property. Section 4.6(a) of the Disclosure Schedule describes each parcel of real property that is leased to any Company Group entity (the "Leased Real Property"). The Leased Real Property constitutes all of the land, buildings, structures, improvements, fixtures and other interests and rights in real property that are used, occupied or held for use by any Company Group entity. Seller has made available to Buyer a true, correct and complete copy of each lease agreement or other instrument pursuant to which each parcel of Leased Real Property is leased to any Company Group entity, including all amendments, supplements, assignments, terminations or other modifications thereto (each, a "Real Property Lease"). Each applicable Company Group entity holds a valid, subsisting and enforceable leasehold interest in each parcel of the Leased Real Property under the applicable Real Property Lease, with such exceptions as do not interfere in any material respect with the use made of such Leased Real Property in the conduct of the Business as currently conducted and subject to the Permitted Encumbrances. No Company Group entity is a lessor, sublessor or grantor under any lease, sublease, consent, license or other instrument granting to another Person any right to the possession, use, occupancy or enjoyment of all or any portion of any Leased Real Property. No party to a Real Property Lease has exercised or given any notice of exercise of any option, right of first offer or right of first refusal with respect to any Leased Real Property, including any option or right pertaining to purchase, expansion, renewal, extension or relocation. All of the Leased Real Property has access to public roads and to all utilities necessary for the conduct of the Business as currently conducted. As of the date of this Agreement, to the Knowledge of Seller, (i) the use of the Leased Real Property for the purposes for which it is currently being used by Company Group is permitted under applicable Laws, (ii) all certificates of occupancy, special use Permits and other forms of zoning relief necessary for such use of the Leased Real Property by Company Group have been issued and (iii) there is no defect, disrepair, failure to maintain or other physical condition affecting the Leased Real Property improvements occupied by Company Group that would reasonably be expected to have a material and adverse effect on the conduct of the Business as currently conducted.

(b) Personal Property. Each Company Group entity has good and valid title to all of the tangible personal property shown as owned by such Company Group entity on the Latest Balance Sheet or acquired by Company Group since the Latest Balance Sheet Date (other than assets sold (and obsolete assets discarded) in the Ordinary Course of Business since the Latest Balance Sheet Date), free and clear of all Encumbrances other than Permitted Encumbrances. As of the date of this Agreement, to the Knowledge of Seller, there is no defect, disrepair, failure to maintain or other physical condition affecting the tangible personal property owned or leased by Company Group that would reasonably be expected to have a Material Adverse Effect.

(c) Sufficiency of Assets. Company Group owns, leases or otherwise has the legal right to use all of the material assets, properties and rights necessary for the conduct of the Business as currently conducted other than those assets, properties and rights used by Affiliates of Company Group to provide general and administrative support services to Company Group (including accounting, finance, tax, information technology, human resources, employee benefits, legal and risk management services and other services). No property or asset utilized by Company Group in the conduct of the Business is owned by any Person other than Company Group (including by any Related Party) other than the Leased Real Property, the personal property leased to Company Group pursuant to a Company Contract and the Intellectual Property licensed to Company Group pursuant to a Company Contract.

4.7 Intellectual Property.

(a) Owned Intellectual Property. Section 4.7(a) of the Disclosure Schedule sets forth a list of (i) each patent, trademark registration or copyright registration that has been issued to Company Group and each pending patent application or application for trademark or copyright registration that Company Group has made (collectively, the "Registered Intellectual Property"), (ii) each internet domain name registered in the name of any Company Group entity and (iii) each item of material proprietary software owned (whether solely or jointly with others) by Company Group (the Intellectual Property described in the foregoing clauses (i) through (iii), collectively, the "Material Owned Intellectual Property"). Each item of Material Owned Intellectual Property is owned by Company Group free and clear of all Encumbrances other than Permitted Encumbrances. No item of Material Owned Intellectual Property is subject to any Order. No Proceeding is pending (or, to the Knowledge of Seller, threatened) against Company Group, and no written Claim has been asserted against Company Group, that challenges the legality, validity, enforceability, use or ownership by Company Group of any such item of Material Owned Intellectual Property. Seller has made available to Buyer a true, correct and complete copy of all patents, registrations and applications included in the Registered Intellectual Property, as amended to date, and all material correspondence and other material written documentation related to or evidencing the prosecution of each such item of Registered Intellectual Property. Each patent, trademark registration or copyright registration included in the Registered Intellectual Property is valid, subsisting and enforceable under applicable Law (excluding Federal Cannabis Laws). Company Group has taken all action that it believes is reasonably necessary to protect in the United States each item of Registered Intellectual Property.

(b) Licensed Intellectual Property. Section 4.7(b) of the Disclosure Schedule sets forth a list of (i) all Company Contracts pursuant to which other Persons have licensed Intellectual Property to Company Group (or otherwise authorized Company Group to use Intellectual Property) ("Inbound Licenses") (except that "off-the-shelf" non-customized software purchased for use in the day-to-day operations of the Business need not be listed) and (ii) all Company Contracts pursuant to which Company Group has licensed Company Group's Intellectual Property to other Persons (or otherwise authorized other Persons to use Company Group's Intellectual Property). Seller has made available to Buyer a true, correct and complete copy of each Company Contract listed in Section 4.7(b) of the Disclosure Schedule. Each Inbound License is legal, valid, binding, enforceable and in full force and effect. Each Inbound License (and to the Knowledge of Seller, the underlying item of Intellectual Property) is not subject to any outstanding Order and no Proceeding is pending or, to the Knowledge of Seller, threatened that challenges the legality, validity, or enforceability of the Inbound License (and to the Knowledge of Seller, the underlying item of Intellectual Property).

(c) Sufficiency of Company Group Intellectual Property. The Material Owned Intellectual Property, together with the Intellectual Property licensed by Company Group from third parties pursuant to Inbound Licenses and Company Group's Trade Secrets and Know-How, constitutes all of the material Intellectual Property used in or necessary for the conduct of the Business as currently conducted.

(d) Confidentiality. Company Group has taken all reasonable steps that it believes are appropriate to maintain the confidentiality of its Trade Secrets, Know-How and other material confidential or proprietary information. To the Knowledge of Seller, there has been no misappropriation or misuse of any Trade Secrets, Know-How or other material confidential or proprietary information of Company Group.

(e) No Infringement of Third Parties. To the Knowledge of Seller, Company Group has not interfered with, come into conflict with, infringed upon, misappropriated or otherwise violated in any material respect the Intellectual Property rights of any third party. No Proceeding is pending (or, to the Knowledge of Seller, threatened) against Company Group, and no written Claim has been asserted against Company Group, alleging that Company Group has interfered with, come into conflict with, infringed upon, misappropriated or otherwise violated in any material respect the Intellectual Property rights of any third party.

(f) No Infringement by Third Parties. To the Knowledge of Seller, no Person is engaging in any activity that interferes with, conflicts with, infringes upon, misappropriates or otherwise violates in any material respect the Intellectual Property rights of Company Group.

(g) Data Privacy. All Company Data is and has at all times been collected, processed, transmitted, stored, and used in the United States consistent with all applicable Laws, and contractual obligations, , consumer-facing statements in any marketing or promotional materials, and any Company privacy policies relating to the collection, processing, transmission, storage, and use of Company Data ("*Privacy and Security Requirements*"). No Company Data is subject to the United States Health Insurance Portability and Accountability Act of 1996 or the regulations promulgated thereunder. Company has at all times made all disclosures to users or customers required by applicable Laws, and to the Knowledge of Seller none of such disclosures made or contained in any Company privacy policy has been materially inaccurate or in violation of any applicable Laws. To the Knowledge of Seller, Company has not received, and to the Knowledge of Seller, there is no basis that may give rise to receipt of, any written notice from any government authority that Company is under investigation by any Governmental Authority for a violation of any Privacy and Security Requirements or applicable Law. Company is compliant with the Payment Card Industry Data Security Standards.

(h) Marketing Compliance. Company is in compliance with and has at all times complied with applicable Laws governing the marketing of services or products or other technologies by outbound or inbound telephone or e-mail or direct mail, including, without limitation, the Telephone Consumer Protection Act, the Telemarketing and Consumer Fraud and Abuse Prevention Act, the Controlling the Assault of Non-Solicited Pornography and Marketing Act, and other Laws or regulations governing marketing, promotion and/or sales of goods or services.

(i) IT Assets. Company has at all times taken commercially reasonable steps consistent with industry standards or required by applicable Laws or contractual obligations to ensure the confidentiality, availability, security and integrity of Company's material information technology assets and Company Data. To the Knowledge of Seller, all material information technology systems and related assets (collectively, the "*IT Assets*") owned or controlled by Company (i) are reasonably documented, (ii) are free from any material defect, bug, virus or programming, design or documentation error or corruption, (iii) are fully functional and operate and run in a reasonable and efficient business manner and (iv) conform in all material respects to the specifications and purposes thereof. All IT Assets used or relied on by Company in the conduct of the Business are sufficient for the current needs of the Business and the needs of the Business as currently conducted by Company. To the Knowledge of Seller, there have been no unauthorized intrusions or breaches of security with respect to the IT Assets and Company Data. To the Knowledge of Seller, within the five (5) years preceding the date hereof, there have been no failures of the IT Assets that have caused disruptions that are material to the Business of Company.

4.8 Contracts.

(a) Definition of Material Contract. Section 4.8(a) of the Disclosure Schedule sets forth a list of each Company Contract currently in effect that is described in any subsection below (each, a "Material Contract"):

(i) a Contract for the sale of goods or provision of services by Company Group that generated gross revenues to Company Group in excess of $250,000 during the calendar year ended December 31, 2020;

(ii) a Contract for the purchase of materials, supplies, merchandise, equipment or other goods or services by Company Group requiring annual or aggregate payments by Company Group in excess of $250,000;

(iii) a Real Property Lease;

(iv) a Contract pursuant to which Company Group leases personal property (whether finance leases, operating leases or conditional sales agreements) requiring annual payments by Company Group in excess of $250,000;

(v) an Inbound License (other than for commercially available "off-the-shelf" software);

(vi) a Contract with a labor union or labor association, including any collective bargaining agreement;

(vii) a Contract for employment or consulting services (other than a Contract for at-will employment);

(viii) a Key Contract; or

(ix) a Contract that is otherwise material to Company Group or the conduct of the Business as currently conducted.

(b) Status of Material Contracts. Seller has made available to Buyer a true, correct and complete copy of each written Material Contract (together with all amendments, waivers or other changes thereto) and a summary of the terms of each verbal Material Contract (if any). Each Material Contract is in full force and effect, is a valid and legally binding agreement of Company Group (and, to the Knowledge of Seller, each other party to such Material Contract) and is enforceable in accordance with its terms against Company Group (and, to the Knowledge of Seller, each other party to such Material Contract), except as enforceability may be limited by the Enforceability Limitations. Company Group has performed in all material respects the obligations required to be performed by it under each Company Contract. There has been no material breach or default (or event that with the passage of time, the giving of notice or both would constitute a material breach or default) under any Company Contract by Company Group (or, to the Knowledge of Seller, by any other party) that has not been cured or waived. Company Group has not given or received any written notice of material default or notice of cancellation or termination with respect to any Material Contract. Company Group has not assigned any Material Contract or any interest therein to any other Person. No material outstanding payments or obligations are due to Seller (and any of his Affiliates) in connection with any Material Contract or other arrangements between Seller (and any of his Affiliates) and Gage. (and any of its Affiliates).

(c) Existence of Certain Contracts. Section 4.8(c) of the Disclosure Schedule sets forth a list of each Company Contract currently in effect that is described in any subsection below:

(i) a Contract entered into outside of the Ordinary Course of Business;

(ii) a Contract to which any Seller Related Party or Buyer or Buyer Related Party is a party or in which any Seller Related Party or Buyer Related Party has a personal interest (other than a Contract for employment or consulting services that is set forth in Section 4.8(a)(vii) of the Disclosure Schedule and other than a Contract for at-will employment);

(iii) a Contract that evidences, secures or otherwise relates to Funded Indebtedness, that subjects any assets of Company Group to any Encumbrance (other than a Permitted Encumbrance) or by which Company Group guarantees any Liability of another Person;

(iv) a Contract that imposes (or could by its terms impose) any restriction on Company Group with respect to (A) the scope or type of business it may conduct, (B) the geographical area in which it may conduct business, (C) the customers it may solicit or to which it may provide goods or services, (D) the vendors or providers from which it may purchase goods or services or (E) the employees or consultants it may solicit or hire;

(v) a Contract that imposes any exclusivity obligation in connection with Company Group's sale or purchase of goods or services;

(vi) a Contract pursuant to which Company Group is obligated to provide indemnification to any Person (other than warranties given by Company Group with respect to the goods or services sold or provided by it in the Ordinary Course of Business);

(vii) a Contract requiring (or reasonably anticipated to involve) aggregate payments to or from Company Group after the date of this Agreement in excess of $250,000 unless such Contract can be terminated solely by giving ninety (90) days or less written notice of termination to the counterparty;

(viii) a Contract providing for the payment of severance to an employee or other service provider upon their termination of service to Company Group;

(ix) a Contract pursuant to which Company Group will be required to make a payment described in the definition of "Seller Transaction Payments;"

(x) a Contract relating to any acquisition or divestment of any business;

(xi) a Contract relating to a joint venture, partnership or similar entity, or otherwise involving a sharing of profits or losses; or

(xii) a Contract under which any Liability of Company Group is accelerated, increased or otherwise modified as a result of the consummation of the Transactions.

4.9 Major Customers and Suppliers.

(a) Major Customers. Section 4.9(a) of the Disclosure Schedule sets forth a list of the five (5) largest customers of Company Group, measured by gross revenues, for the fiscal year ended December 31, 2020 (each, a "Major Customer") and the dollar amount of business conducted with each Major Customer during such periods.

(b) Major Suppliers. Section 4.9(b) of the Disclosure Schedule sets forth a list of the five (5) largest suppliers of goods or services to Company Group, measured by invoiced dollars, for the fiscal year ended December 31, 2020 (each, a "Major Supplier") and the dollar amount of business conducted with each Major Supplier during such periods.

(c) Absence of Certain Matters. Since January 1, 2019, there has been no material dispute between Company Group and any Major Customer or Major Supplier. No Major Customer or Major Supplier has provided written notice to Company Group of its intention to terminate its relationship with Company Group or to decrease materially its usage or purchase of services or products from Company Group or its supply of services or materials to Company Group.

4.10 Warranties; Product Liability.

(a)Since January 1, 2019 all products and services sold, manufactured, developed, rendered and/or distributed by Company Group have been in conformity in all material respects with all applicable contractual commitments of Company Group, applicable Laws and all express and implied warranties given by Company Group, and Company Group has no material liability for replacement thereof or other damages in connection therewith in excess of amounts covered under Company Group's products liability insurance. No products or services sold, manufactured, developed, rendered and/or distributed by the Company since January 1, 2019 is subject to any guaranty, warranty or other indemnity by Company Group.

(b) Except as set forth in Section 4.10(b) of the Disclosure Schedule, (i) there are no, and, since January 1, 2019, there have not been any, actual or alleged design, manufacturing or other defects or malfunctions, latent or otherwise, with respect to any product provided or service performed by Company Group (including by any subcontractor or other agent acting on behalf of Company Group), and (ii) Company Group has no, and has not had any, Liability, and to the Knowledge of Seller, there is no reasonable basis for any present or future claim or Proceeding against Company Group giving rise to any Liability, arising out of any injury or damage to any Person or property as a result of any product or the performance of any service by Company Group.

(c)Except as set forth in Section 4.10(c) of the Disclosure Schedule, there are no, and since January 1, 2019 there have been no, products sold, manufactured, developed, rendered, and/or distributed by Company Group that are or have been the subject of any product recall (including any action undertaken by Company or one of its customers on a voluntary basis), suspension, seizure or market-withdraw or other similar corrective action, and Company Group has not been made aware of a recall, suspension, seizure or market-withdraw or other similar corrective action by any third party based on the failure of a product to meet, or to perform according to, applicable specifications, representations, claims or assertions made by Company Group or applicable Laws. To the Knowledge of Seller, there is no fact relating to any product that would reasonably be expected to lead to a product recall, voluntary withdrawal or other similar corrective action.

4.11 Labor and Employment.

(a) Schedule of Employees and Compensation. Section 4.11(a) of the Disclosure Schedule sets forth a list of all persons employed by Company Group as of each Closing (including any such employee who is on a leave of absence of any nature, paid or unpaid, authorized or unauthorized) and sets forth for each such individual the following information as of the date of this Agreement: (i) name, (ii) title or position, (iii) status (whether full- or part-time and whether active or on a leave of absence), (iv) hire date, (v) current annual base compensation rate and (vi) number of days of accrued and unused vacation, sick leave and other paid time-off.

(b) Compensation. Company Group has provided to all of its employees all salary, wages, commissions, bonuses and other compensation and benefits that became due and payable through the date of this Agreement except for (i) ordinary salary, wages and commissions payable with respect to the current payroll period and (ii) accrued and unused vacation, sick leave or other paid time-off.

(c) Legal Compliance. Company Group is and has been at all times since January 1, 2019 in compliance in all material respects with all applicable Laws respecting terms and conditions of employment, including applicant and employee background checking, immigration Laws, discrimination Laws, verification of employment eligibility, employee leave Laws, wage and hour Laws and occupational safety and health Laws. Each employee who is classified by the Company as exempt is properly classified and each independent contractor performing services for Company Group has been properly classified by Company Group as an independent contractor.

(d) Proceedings and Claims. No Proceeding is pending (or, to the Knowledge of Seller, threatened) against Company Group, and no written Claim has been asserted against Company Group, by any former or current employee of Company Group alleging any violation of Law in connection with such Person's employment (or termination of employment) by Company Group (including for harassment or discrimination based on race, national origin, age, sex, sexual orientation, religion, disability or similar tortious conduct, breach of contract, wrongful termination, defamation, intentional or negligent infliction of emotional distress, interference with contract or interference with actual or prospective economic advantage) or any failure of Company Group to provide any compensation or employee benefits owing to such Person.

(e) Labor Matters. Section 4.11(e) of the Disclosure Schedule sets forth a list of each union or other labor organization that represents any employees of Company Group and, for each, the approximate number of employees represented, the professions or trades of such represented employees and the relevant jurisdiction(s). To the Knowledge of Seller, all of the collective bargaining agreements or other labor organization Contracts set forth in Section 4.8(a)(vi) of the Disclosure Schedule have been duly ratified or approved by the parties having the authority to ratify or approve such Contracts. Company Group is not currently negotiating any collective bargaining agreement or other labor organization Contract or any amendment, modification, supplement, addendum or annex to or waiver of any collective bargaining agreements or other labor organization Contract set forth in Section 4.8(a)(vi) of the Disclosure Schedule. All employees covered by the collective bargaining agreements or other labor organization Contracts set forth in Section 4.8(a)(vi) of the Disclosure Schedule are employees of Company Group as of the date of this Agreement. Other than the unions and other labor organizations set forth in Section 4.11(e) of the Disclosure Schedule, (i) Company Group has not agreed to recognize any union or other collective bargaining representative of its employees, (ii) no union or other collective bargaining representative has been certified as the exclusive bargaining representative of any of the employees of Company Group and (iii) to the Knowledge of Seller, Company Group is not subject to any legal duty to bargain with any union or other labor organization on behalf of its employees and there are no unions or labor organizations purporting to represent its employees. Since January 1, 2019, Company Group has not been subject to any labor strike, work slowdown or stoppage, lockout or similar action by its employees.

4.12 Employee Benefit Plans.

(a) List and Plan Documents. Section 4.12(a) of the Disclosure Schedule sets forth a list of all material Employee Benefit Plans. Seller has made available to Buyer a true, correct and complete copy of all documents pursuant to which each material Employee Benefit Plan (as currently in effect) is documented, maintained, funded and administered and, to the extent applicable to any such Employee Benefit Plan, (i) the most recent annual report (Form 5500 series) filed with the IRS, (ii) the most recent financial statements and (iii) all governmental rulings, determinations and opinions.

(b) Compliance. Each Employee Benefit Plan and all related trusts, insurance contracts and funds have been maintained, funded and administered in compliance in all material respects with its terms and applicable Laws, including ERISA and the Code. Neither Company Group nor, to the Knowledge of Seller, any other Person has engaged in any transaction with respect to any Employee Benefit Plan that would subject Company Group to any material Tax or penalty (civil or otherwise) imposed by ERISA or the Code. No Proceeding is pending (or, to the Knowledge of Seller, threatened) against Company Group, and no written Claim has been asserted against Company Group, with respect to any Employee Benefit Plan, other than routine claims for benefits. Company Group has not incurred (whether or not assessed), and is not expected to incur or to be subject to, any Tax or other penalty under or with respect to the reporting requirements under Sections 6055 and 6056 of the Code, as applicable, or Section 4980B, 4980D or 4980H of the Code.

(c) Consequences of Acquisition. Except to the extent required by Section 411(d)(3) of the Code, neither the execution and delivery by the Parties of this Agreement nor the consummation of the Transactions will (either alone or in conjunction with any other event such as termination of employment or other service) result in any payment (whether of separation, severance or termination pay or otherwise) to, any forgiveness of indebtedness of, or any vesting, acceleration or increase in the benefits under any Employee Benefit Plan or Company Contract for, any current or former director, manager, officer, employee or other individual service provider of Company Group, or give rise to any Liability to fund any such payment or benefit.

(d) 401(a) Plans. Each Employee Benefit Plan that is intended to be qualified under Section 401(a) of the Code, and each trust (if any) forming a part thereof, has, to the extent available under current IRS procedures, received a favorable determination or opinion letter from the IRS as to the qualification under the Code of such Employee Benefit Plan and the tax-exempt status of such related trust. Seller has delivered to Buyer a copy of the most recent such determination or opinion letter and, to the Knowledge of Seller, nothing has occurred since the date of such determination or opinion letter that could reasonably be expected to adversely affect the qualification of such Employee Benefit Plan or the tax-exempt status of such related trust.

(e) Parachute Payments. Neither the execution nor delivery of this Agreement nor the consummation of the Transactions could (either alone or upon the occurrence of any additional or subsequent events) result in (i) the payment of "excess parachute payments" within the meaning of Section 280G of the Code or (ii) an obligation to indemnify, gross-up or otherwise compensate any Person, in whole or in part, for any excise Tax under Section 4999 of the Code that is imposed on such Person or any other Person.

(f) Certain Plans and Liabilities. Neither Company Group nor any ERISA Affiliate has ever maintained, contributed to, had an obligation to contribute to, or has any Liability with respect to (i) a "multiemployer plan" (as such term is defined in Section 3(37) of ERISA) or (ii) an "employee pension benefit plan" (within the meaning set forth in ERISA Section 3(2)) that is subject to Title IV of ERISA. Company Group does not maintain or have any Liability with respect to any plan that provides health or life insurance benefits to current or future retirees, other than in accordance with Section 4980B of the Code or Part 6 of Subtitle B of Title I of ERISA or applicable state continuation coverage Law.

(g) Section 409A. Each Employee Benefit Plan and each Company Contract that provides for "nonqualified deferred compensation plan" subject to Section 409A of the Code complies with and has been maintained in accordance with the requirements of Section 409A of the Code and the Treasury Regulations promulgated thereunder

4.13 Compliance with Law; Permits.

(a) Compliance with Law. Except for the Federal Cannabis Laws, Company Group and has been at all times since January 1, 2019, in compliance in all material respects with all Laws applicable to Company Group, the assets and properties of Company Group and the conduct of the Business. No Proceeding is pending (or, to the Knowledge of Seller, threatened) against Company Group, and no written Claim has been asserted against Company Group, alleging any material violation of Law applicable to Company Group, the assets and properties of Company Group and the conduct of the Business.

(b) Permits. Company Group possesses all material Permits necessary for the ownership and operation of its properties and assets, the occupancy and utilization of the Leased Real Property and the conduct of the Business, in each case as currently operated, utilized or conducted, respectively (each, a "Material Permit"). For the avoidance of doubt, "Material Permits" shall include all Cannabis Licenses. Section 4.13(b) of the Disclosure Schedule sets forth a list of each Material Permit and Seller has made available to Buyer a true, correct and complete copy of each Material Permit. Each Material Permit is valid and in full force and effect, and Company Group is in compliance in all material respects with the terms and conditions of each Material Permit. Each application and renewal of a Material Permit has been timely submitted and were true and correct in all material respects. No Proceeding is pending (or, to the Knowledge of Seller, threatened) against Company Group, and no written Claim has been asserted against Company Group, alleging any failure of Company Group to possess any Material Permit or any material violation of, or failure to comply with, any Material Permit by Company Group. Company Group has not received any written notice from any Governmental Authority regarding any actual or threatened revocation, withdrawal, suspension, cancellation, termination or material adverse modification of any Material Permit by such Governmental Authority.

4.14 Environmental Matters. Except as set forth in Section 4.14 of the Disclosure Schedule:

(a)The operations of Company Group are, and since August 1, 2019, have , been in compliance in all material respects with all applicable Environmental Laws, which compliance includes and has included obtaining, maintaining and complying in all material respects with all Permits required under all applicable Environmental Laws necessary to operate the Businesses or occupy their properties.

(b)No Company Group entity as of the Effective Date, (i) is or has, since August 1, 2019, been the subject of any Order or any pending or, to the Knowledge of Seller, threatened Order, or (ii) has received any written (or, to the Knowledge of Seller, oral) notice, report, or other information, in each case of each of clause (i) and (ii) regarding any actual or alleged violation of or liability under Environmental Laws.

(c)No Company Group entity has assumed, undertaken, provided an indemnity with respect to or otherwise become subject to any material Liabilities of any other Person relating to Hazardous Materials or Environmental Law.

(d)No Company Group entity has (i) treated, stored, disposed of, arranged for or permitted the disposal of, transported, handled, manufactured, distributed, released, or exposed any Person to, any Hazardous Material, or (ii) owned or operated any property or facility which is or has been contaminated by any Hazardous Material, in the case of each of clause (i) and (ii) so as to give rise to any current material Liabilities of Company Group pursuant to any Environmental Law.

(e)Company Group has provided to Buyer true and correct copies of all environmental site assessment reports and other documents regarding environmental liabilities and Hazardous Materials, in each case, relating to currently owned or leased real property, or the operations, of each Company Group entity or any of their predecessors or Affiliates, obtained by or on behalf of any Company Group entity or within the possession or control of Seller or Company Group.

4.15 Litigation. Section 4.13(b) of the Disclosure Schedule sets forth a list of (a) each Order that is in effect under which Company Group has an unsatisfied monetary obligation in excess of $50,000 or is subject to any material continuing or future nonmonetary obligation and (b) each pending Proceeding in which Company Group has filed or been served with a complaint, other than any such Proceeding in which the amount in controversy is less than $50,000. Seller has made available to Buyer a true, correct and complete copy of each Order set forth in Section 4.13(b) of the Disclosure Schedule and Company Group is in compliance in all material respects with each such Order. Seller has made available to Buyer a true, correct and complete copy of each pleading and other material written documentation relating to any Proceeding set forth in Section 4.13(b) of the Disclosure Schedule (subject to any limitations reasonably imposed to preserve attorney-client privilege).

4.16 Taxes.

(a) Tax Returns. All material Tax Returns that were required to be filed by Company Group on or before the date hereof (taking into account any applicable extension of time to file) have been timely filed. All such Tax Returns were correct and complete in all material respects.

(b) Taxes. All material Taxes due and payable by Company Group on or before the date hereof have been paid.

(c) Tax Proceedings. No Tax Proceeding against Company Group is currently in progress and no written notice of any threatened Tax Proceeding has been received by Company Group. No claims or assessments for Taxes have been made in writing against Company Group that have not been satisfied by payment, settled or otherwise resolved.

(d) No Extensions. There is not in force any waiver or agreement for any extension of time for the assessment or collection of any material Tax of Company Group.

(e) Withholding. Company Group has withheld and paid over to the appropriate Taxing Authority all material Taxes required by applicable Law to be withheld in connection with amounts paid to any employee, creditor, stockholder or other Person.

(f) Tax Encumbrances. There are no Encumbrances for unpaid Taxes on the assets of Company Group other than Permitted Encumbrances.

(g) Tax Sharing Agreements. Company Group is not bound by any Tax allocation or sharing agreement that could require payments to any third parties after the First Closing, other than commercial agreements with third parties not primarily related to Taxes.

(h) Classification. Each Company Group entity is and has elected to be treated as an association taxable as a corporation for income Tax purposes.

(i) CARES Act. No Company Group has (i) elected to defer the payment of any "applicable employment taxes" (as defined in Section 2302(d)(1) of the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act")) pursuant to Section 2302 of the CARES Act or

(ii) claimed any "employee retention credit" pursuant to Section 2301 of the CARES Act.

(j) Controlled Corporations. Within the past three (3) years, no Company Group been a "controlled corporation" or a "distributing corporation" (within the meaning of Section 355(a)(i)(A) of the Code) in any distribution that was purported or intended to qualify for tax-free treatment under Section 355 of the Code (or any similar provision of state, local or foreign Law).

(k)No Company Group will be required to include any item of income in, or exclude any item or deduction from, taxable income for taxable periods or portion thereof ending after such Company's respective Closing Date with as a result of: (i) any change in a method of accounting under Section 481 of the Code (or any comparable provision of state, local or foreign Tax Laws), or use of an improper method of accounting, for a taxable period ending on or prior to the Closing Date; (ii) an installment sale or open transaction occurring on or prior to the Closing Date; (iii) a prepaid amount received on or before such Closing Date; (iv) any interest held by such Company Group in a "controlled foreign corporation" (as that term is defined in Section 957 of the Code) on or before the Closing Date pursuant to Section 951 of the Code; (v) any closing agreement under Section 7121 of the Code, or similar provision of state, local or foreign Law; (vi) intercompany transactions occurring prior to such Closing Date or any excess loss account in existence prior to the Closing Date described in Treasury Regulations under Code Section 1502 (or any corresponding or similar provision of state, local or foreign income Tax Law); or (vii) the completed contract method of accounting or the long-term contract method of accounting, or any comparable provision of state or local, domestic or foreign, Tax Law.

(l)No Company Group is, and has not been, a party to, or a promoter of, a "reportable transaction" within the meaning of Section 6707A(c)(1) of the Code and Treasury Regulations Section Each 1.6011-4(b). Notwithstanding anything to the contrary, (i) the representations and warranties set forth in Section 4.12 and this Section 4.16 are Seller's sole and exclusive representations and warranties with respect to Tax matters and (ii) nothing in this Section 4.16 or otherwise in this Agreement shall be construed as a representation or warranty with respect to any Tax position that Buyer or its Affiliates (including Company Group) may take in respect of any taxable period (or portion thereof) beginning on the Applicable Closing Date.

4.17 Insurance. The policies of insurance maintained by Company Group cover such risks, and are in such amounts and with such deductibles and exclusions, as are reasonable for the business transacted by Company Group and for its respective properties and assets. Section 4.17 of the Disclosure Schedule sets forth a list of each material insurance policy and self-insurance program maintained by Company Group (excluding Employee Benefit Plans) (each, a "Material Insurance Policy"). Seller has made available to Buyer a true, correct and complete copy of each Material Insurance Policy (or a summary description thereof). Company Group is not in default in any material respect with respect to its obligations under any Material Insurance Policy (including with respect to the payment of premiums). No policy limits of liability under any Material Insurance Policy have been exhausted or materially eroded or reduced. Company Group has not received any written notice from or on behalf of any insurance carrier that there has been or will be a cancellation or nonrenewal of, or any material premium increase with respect to, any Material Insurance Policy. There is no material claim by Company Group pending under any Material Insurance Policy as to which coverage has been questioned, denied or disputed by the underwriters of such policy.

4.18 Brokers. Company Group does not have any Liability to pay any fees or commissions to any broker, finder or agent with respect to the Transactions.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES OF BUYER

As a material inducement to Seller to enter into this Agreement and to consummate the Transactions, Buyer represents and warrants to Seller that the statements contained in this ARTICLE 5 are true and correct.

5.1 Enforceability. Buyer is a corporation, duly organized, validly existing and in good standing under the Laws of the state of Delaware. Buyer has all power and authority necessary to (a) execute and deliver this Agreement and each Ancillary Document to which it is a party, (b) perform its obligations under this Agreement and each such Ancillary Document and (c) consummate the Transactions. The execution and delivery by Buyer of this Agreement and each Ancillary Document to which it is a party, the performance by Buyer of its obligations under this Agreement and each such Ancillary Document and the consummation by Buyer of the Transactions have been duly authorized on behalf of Buyer by all necessary corporate action. This Agreement has been duly and validly executed and delivered by or on behalf of Buyer. Each Ancillary Document to which Buyer is a party has been duly and validly executed and delivered by or on behalf of Buyer. This Agreement and each Ancillary Document to which Buyer is a party constitutes the valid and legally binding obligations of Buyer, enforceable against Buyer in accordance with their respective terms, except as enforceability may be limited by the Enforceability Limitations.

5.2 No Conflicts. The execution and delivery by Buyer of this Agreement and the Ancillary Documents to which it is a party, the performance by Buyer of its obligations under this Agreement and such Ancillary Documents and the consummation by Buyer of the Transactions will not (a) violate or conflict with any provision of the Governing Documents of Buyer, (b) require Buyer to make any filing with, or obtain any Permit, other than the MRA Permits and Local Permits, from, any Governmental Authority or otherwise violate any Law or Order to which Buyer is subject or (c) violate, conflict with, result in a breach of, constitute a default under, or require any consent or approval from, or notice to, any third party under, any Contract to which Buyer is a party or by which Buyer is bound, except where (i) the failure to make any filing or obtain any Permit described in clause (b) or (ii) the occurrence of any violation, conflict, breach or default (or the failure to obtain any consent or approval or give any notice) described in clause (c), individually or in the aggregate, would not reasonably be expected to prevent or materially delay the consummation by Buyer of the Transactions.

5.3 Litigation. No Order binding on Buyer is in effect, and no Proceeding against Buyer is pending or, to the knowledge of Buyer, threatened that, individually or in the aggregate, would reasonably be expected to prevent or materially delay the consummation by Buyer of the Transactions or cause any of such Transactions to be rescinded following consummation.

5.4 Solvency. Immediately after giving effect to the Transactions, Buyer and Company Group will have adequate capital to carry on their respective businesses, will be able to pay their respective debts as they become due and will own property that has a fair saleable value greater than the amounts required to pay their respective debts (including a reasonable estimate of the amount of all contingent Liabilities). No transfer of property is being made and no obligation is being incurred in connection with the Transactions with the intent to hinder, delay or defraud either present or future creditors of Buyer, Company Group or any of their respective Affiliates.

5.5 Securities Laws Representations. The Purchased Securities are being acquired for Buyer's own account and not with a view to, or intention of, distribution thereof in violation of the Securities Act of 1933, as amended, and the rules and regulations promulgated by the Securities and Exchange Commission thereunder (collectively, the "Securities Act"), or any applicable state securities laws, and such Purchased Securities shall not be disposed of in contravention of the Securities Act or any applicable state securities laws. Buyer's knowledge and experience in financial and business matters are such that it is capable of evaluating the merits and risks of an investment in the Purchased Securities, Company Group and the Business. Buyer is an "accredited investor" as such term is defined in Regulation D under the Securities Act.

5.6 Brokers. Buyer does not have any Liability to pay any fees or commissions to any broker, finder or agent with respect to this Agreement or the Transactions.

ARTICLE 6
COVENANTS

6.1 Conduct of the Business.

(a)During the Interim Period, Company Group shall, and Seller will cause Company Group to (i) conduct the Business only in the Ordinary Course of Business in substantially the same manner as conducted prior to the date of this Agreement, (ii) not take or omit to be taken any action that would result in a Material Adverse Change, in each case except as required by applicable Law or as consented to in writing by Buyer, and (iii) not breach any of the Lockup Agreements.

(b)Without limiting the generality of Section 6.1(a), Seller and Company Group each covenant and agree that, during the period from the date of this Agreement until the earlier of the Final Closing Date and the time that this Agreement is terminated in accordance with its terms, except (i) with the express prior written consent of Buyer, acting reasonably (ii) as required by Law, or (iii) as required or permitted by this Agreement, Company Group shall not, and Seller will cause Company Group not to, directly or indirectly:

(i)except in the Ordinary Course of Business and as set forth below, acquire (by merger, consolidation, acquisition of stock or assets or otherwise), directly or indirectly, in one transaction or in a series of related transactions, assets, securities, properties, interests or businesses or make any investment either by the purchase of securities, contribution of capital, property transfer, or purchase of any other property or assets of any other Person, or acquire any license rights; provided further, that Seller shall provide Buyer with information regarding the proposed transaction (including, but not limited to term sheets, draft definitive agreements, etc.) as reasonably requested by Buyer, and, solely with respect to determining the Company receiving or applying for any Cannabis License or Permit relating to cannabis, the determination of the acquiring party in writing by Buyer seven (7) days in advance of execution of any agreement by Seller or a Company;

(ii)sell, pledge, lease, transfer, dispose of, lose the right to use, mortgage, license, encumber (other than a Permitted Encumbrance) or otherwise transfer any assets of Company Group or any interest in any assets of Company Group having a value greater than $50,000 individually and subject to a maximum of $75,000 in the aggregate, other than assets (such as inventory) sold in the Ordinary Course of Business or pursuant to Contacts in effect prior to the date of this Agreement;

(iii) enter into any joint venture or similar agreement, arrangement or relationship;

(iv)apply for or receive any MRA Permit or municipal Permit relating to cannabis; without previously receiving a written determination of the applying party in writing by Buyer seven (7) days in advance.;

(v)knowingly take any action or fail to take any action which action or failure to act would result in the material loss, expiration or surrender of, or the loss of any material benefit under, or reasonably be expected to cause any Governmental Authority to institute proceedings for the suspension, revocation or limitation of rights under, any material authorization necessary to conduct its businesses as now conducted, or fail to prosecute with commercially reasonable due diligence any pending application to any Governmental Authorities for material authorizations;

(vi)if such becomes necessary, abandon or fail to diligently pursue any application for any material authorizations or take any action, or fail to take any action, that could lead to a material modification, suspension or revocation of any material authorizations, including, but not limited to Material Permits;

(vii) materially change its business or regulatory strategy, unless required to do so by any Governmental Authority; or

(viii) authorize, agree, resolve or otherwise commit, whether or not in writing, to do any of the foregoing.

6.2 Action to Satisfy Closing Conditions At all times during the Interim Period, the Parties shall (a) use their reasonable best efforts to take all actions and to do all things necessary, proper or advisable under applicable Laws to satisfy (but not waive) the conditions of the other Parties specified in ARTICLE 7 and to consummate and make effective the transactions contemplated by this Agreement at the earliest practicable time, including, but not limited to, cooperating fully to obtain any necessary Permit from a Governmental Authority for, as applicable, (i) a change in ownership of a Company Group entity related to a Cannabis License, or (ii) a transfer of a Cannabis License in accordance herewith, and (b) refrain from taking any action that would be contrary to, inconsistent with or against, or would frustrate the essential purposes of, the Transactions contemplated by this Agreement.

6.3 Access to Information. During the Interim Period, Company Group shall, and Seller will cause Company Group to permit Buyer and its Representatives to have reasonable access, upon reasonable notice, during normal business hours and in a manner that does not unreasonably interfere with the conduct of Company Group's business, to (a) the properties, assets, books, records, contracts and other documents and information of the Company and (b) the Representatives of Company Group, in each case as Buyer or its Representatives may reasonably request.

6.4 Public Disclosure. Except as otherwise permitted by this Section 6.4 or as otherwise required by applicable Law, each Party covenants and agrees that it will (and will cause its Affiliates and Representatives to), at all times after the date of this Agreement, keep confidential the terms and conditions of this Agreement (including the consideration to be paid hereunder) and the course of dealing between the Parties hereunder (including any dispute between the Parties). The timing and content of all announcements to the financial community, governmental agencies or the general public regarding any aspect of this Agreement or the Transactions will be subject to the prior mutual agreement of the Parties; provided, however, that a Party may make any such announcement (including disclosure of this Agreement) that, based on the advice of counsel, it believes in good faith is necessary to comply with Law (provided that the disclosing Party shall provide notice and a copy of any such announcement as soon as practicable to each other Party); and provided, further, that the foregoing shall not prevent the disclosure of such information to the employees of the Companies or the Representatives of any Party if such Persons have a need to know the information to facilitate the Transactions and agree to keep such information confidential (or are otherwise bound by obligations of confidentiality with respect to such information).

6.5 Exclusivity. During the Interim Period, Seller shall not, Directly or Indirectly, through any Representative or otherwise, (a) solicit or encourage any third party to make a Competing Offer (including by furnishing any Confidential Information of Company Group or the terms of this Agreement to such third party or its Representatives), (b) participate in any discussions or negotiations regarding a Competing Offer, (c) accept a Competing Offer or (d) enter into any term sheet, letter of intent, agreement,

arrangement or understanding with respect to a Competing Offer. "Competing Offer" means a proposal or offer relating to (i) any sale of any Purchased Securities or (ii) any other transaction that is fundamentally incompatible with the Transactions.

6.6 Confidentiality.

(a) Definition. "Confidential Information" means all Trade Secrets, Know-How and other confidential or proprietary information of Company Group, including information relating to products, services, processes, designs, formulas, recipes, developmental or experimental work, improvements, discoveries, plans for research or products, databases, computer programs, other original works of authorship, marketing and sales plans, business plans, budgets and financial information, prices and costs, customer lists, supplier lists, information regarding the skills and compensation of employees of Company Group and other nonpublic business information. The term "Confidential Information" includes all of the foregoing information, rights and materials, whether tangible or intangible, whether in written, oral, chemical, magnetic, photographic, optical or other form, in all stages of research and development, and whether now existing, or previously developed or created. "Confidential Information" does not include any information that is or becomes generally available to the public (other than as a result, directly or indirectly, of a disclosure in violation of this Section 6.6).

(b) Covenant. Seller covenants and agrees that it will (and will use commercially reasonable efforts to cause its Affiliates and Representatives to), at all times after each Closing, maintain the confidentiality of the Confidential Information, using procedures no less rigorous than those used to protect and preserve the confidentiality of its own proprietary information and not, Directly or Indirectly, (i) use, disclose or permit any other Person to have access to any Confidential Information, (ii) sell, license or otherwise exploit any Confidential Information or (iii) take any other action with respect to the Confidential Information that is inconsistent with the confidential and proprietary nature thereof.

(c) Compulsory Disclosure. If Seller, or any of its Affiliates or Representatives, is requested or required to disclose any Confidential Information pursuant to Law or a subpoena, court order or other similar process, Seller shall, unless prohibited by applicable Law, provide written notice to Buyer of such request or requirement so that Buyer may, at its expense, seek an appropriate protective order. If no such protective order is issued and such Person is, on the advice of its counsel, required to disclose such Confidential Information, such Person may disclose such Confidential Information in accordance with and for the limited purpose of complying with such Law, subpoena, court order or process without violation of this Section 6.6.

6.7 Restrictive Covenants.

(a) Certain Definitions.

(i) "Covenant Term" means the period beginning at the Final Closing and ending at 11:59 p.m. Central Time on the three- (3) year anniversary of the Final Closing Date with respect to the covenants in Section 6.7(b), Section 6.7(c) and Section 6.7(d).

(ii) "Directly or Indirectly" means either directly or indirectly through or on behalf of any other Person (including any Affiliate), including as an employer, Service Provider, agent, advisor, referral source, intermediary, lender, guarantor, stockholder, investor or partner of or in any other Person (other than as the owner of publicly traded securities that constitute less than 5% of the outstanding securities in such class).

(iii) "Relationship Party" means any Person that is, as of the Effective Date, a customer, client, supplier or other material business relationship of Company Group.

(iv) "Restricted Business" means the business of holding licenses and operating medical and/or adult-use marijuana businesses, including but not limited to cultivating, processing, and/or operating provisioning centers or retailers, as conducted by Company Group during the twelve-month period immediately preceding the First Closing.

(v) "Restricted Individual" means each individual who is a Service Provider to Company Group as of the Applicable Closing Date.

(vi) "Restricted Territory" means the State of Michigan, including any other geographic area situated therein or under its administration or control.

(vii) "Service Provider" means, with respect to any Person, a director, manager, officer or employee of, or a consultant or other service provider to, such Person.

(b) Non-Solicitation and Hiring of Restricted Individuals. In consideration of Buyer's acquisition of the Purchased Securities and the goodwill appurtenant thereto pursuant to this Agreement, Seller covenants and agrees that, at all times during the Covenant Term, such Seller will not, Directly or Indirectly, (i) solicit, encourage, recruit or induce any Restricted Individual to terminate his or her employment or other service relationship with Buyer or its Affiliates (including Company Group), (ii) interfere with the employment or contractual relationship between any Restricted Individual and Buyer or its Affiliates (including Company Group), (iii) hire any Restricted Individual (unless such person's employment or service relationship with Buyer and its Affiliates (including Company Group) has been terminated for at least six (6) months or was terminated without cause by Buyer or its Affiliates (including Company Group)) or (iv) attempt any of the foregoing actions or take any other action that is intended to result in any of the foregoing actions. General solicitations for employment in a newspaper, on an internet website or other media not specifically directed at any one or more Restricted Individuals shall not constitute a violation of this Section 6.7(b), it being understood that the restrictions set forth in Section 6.7(b)(iii) shall continue to apply with respect to any such Restricted Individual who responds to any such general solicitation.

(c) Non-Interference with Business Relationships. In consideration of Buyer's acquisition of the Purchased Securities and the goodwill appurtenant thereto pursuant to this Agreement, Seller covenants and agrees that, at all times during the Covenant Term, such Seller will not, Directly or Indirectly, (i) influence any Relationship Party to stop doing business with Company Group or otherwise interfere with the commercial relationship between Company Group and any Relationship Party, (ii) call on or solicit any Relationship Party in respect of any Restricted Business in the Restricted Territory, (iii) influence any Relationship Party to do business with a Person that competes with Company Group in respect of any Restricted Business in the Restricted Territory or (iv) attempt any of the foregoing actions or take any other action that is intended to result in any of the foregoing actions.

(d) Non-Competition. In consideration of Buyer's acquisition of the Purchased Securities and the goodwill appurtenant thereto pursuant to this Agreement, Seller covenants and agrees that, at all times during the Covenant Term, such Seller will not, Directly or Indirectly, engage in any Restricted Business within the Restricted Territory.

(e) Acknowledgments. The agreements and covenants in this Section 6.7 have been bargained for by Buyer to protect Company Group, the Business and the goodwill of Company Group being acquired by Buyer pursuant to this Agreement and to ensure that Buyer will have the full benefit of the value thereof. Seller acknowledges that Buyer, in entering into the Transactions, has relied on the willingness of Seller to restrict Seller's ability to compete with Company Group in respect of the Restricted Business in order to protect the goodwill of Company Group acquired by Buyer. Seller further acknowledges that the agreements and covenants set forth in this Agreement are (i) necessary to protect the legitimate business interests of Buyer and Company Group, (ii) reasonable as to time, geographic area and scope of activity (and do not impose a greater restraint on the activities of Seller than is reasonably necessary to protect such legitimate business interests of Buyer and Company Group) and (iii) reasonable in light of the consideration and other value provided to Seller by Buyer pursuant to this Agreement.

6.8 Books and Records; Retention. After each Closing and in connection with the preparation of any Tax Return, any Tax Proceeding or other *bona fide* business purpose, Buyer shall grant or cause to be granted to Seller access to all of the information, books and records relating to the applicable Company Group entity and the Business within Buyer's possession or control and shall furnish the assistance and cooperation of such personnel and outside accountants of Buyer and the applicable Company Group entity, without charge, as may reasonably be requested in connection therewith (including for the purpose of closing the books of Company Group for periods ending before or at each Applicable Closing Date). Buyer shall (and shall cause the applicable Company Group entity to) maintain all such books and records relating to any period prior to an Applicable Closing Date for at least seven (7) years following each Applicable Closing Date (or shall deliver a copy thereof to Seller prior to any destruction thereof during such period).

6.9 Wrong Pocket Provision. If, at any time following the First Closing, either Party becomes aware that any assets or entity owned or controlled by Seller relating to the Business which should have been transferred to Buyer pursuant to the terms of this Agreement was not transferred to Buyer as contemplated by this Agreement, for reasons other than Buyer's fault or negligence, then (i) the Parties will work in good faith to promptly transfer such assets of the applicable Affiliate to Buyer, and (ii) Buyer shall promptly accept the transfer of such assets.

6.10 Contracts and IP Not Transferred. In the event that any entity, Contract, Permit, Intellectual Property, or other assets related to the operation of the Business, either currently existing or acquired after the Effective Date, is not transferred pursuant to this Agreement or requires further action on behalf of Seller to fully realize the rights and benefits associated with such entity, Contract, Permit, Intellectual Property, or other assets (together, the " Non-Transferred Assets"), then at the written request of Buyer or its Affiliate, Seller shall (or at the request of Buyer permit Buyer or its Affiliates to take such action in the name of Seller) take reasonable efforts to cause such Non-Transferred Assets to be transferred to Buyer and to cause all rights associated with such Non-Transferred Assets to be fully realized by Buyer for no additional consideration. Further, Seller shall enforce or cause to be enforced any and all obligations imposed on the counterparty to such Non-Transferred Assets, as applicable and as necessary to protect the rights associated with such Non-Transferred Assets and to enforce any rights and obligations in relation to any Non-Transferred Assets in order to permit Buyer or its Affiliates to enjoy the rights associated with such Non-Transferred Assets.

6.11 License Holders. In the sole discretion and at the request of Buyer in anticipation of a Closing or alternative to Closing pursuant to Section 2.4, Companies and their Subsidiaries shall assign, transfer and covey any of the Licenses or assets held by a Company or Subsidiary to another Company or Subsidiary prior to Closing or an alternative to Closing pursuant to Section 2.4 in a form and manner acceptable to Buyer

6.12 Further Assurances. At any time and from time to time following the First Closing, each Party covenants and agrees that, at the request of any other Party and without further consideration, it will provide, execute and/or deliver such documents or instruments, and take such actions, as the requesting Party or its counsel may reasonably deem necessary or desirable in order to consummate the Transactions or otherwise implement the provisions and purposes of this Agreement.

6.13 No Other Representations. Buyer acknowledges and agrees that, except as expressly given by Seller regarding Seller in ARTICLE 3 of this Agreement (the "Seller Contractual Obligations") and by Seller regarding the Companies in ARTICLE 4 of this Agreement (the "Company Contractual Obligations") (in each case as modified by the Disclosure Schedule hereto), neither Company Group nor Seller, respectively, nor any other Person makes or has made (or will be deemed to make or have made), nor has any Buyer Indemnified Party relied upon, any other representation or warranty, expressed or implied, at law or in equity, by statute or otherwise, with respect to Company Group, the Business, or Company Group's assets, liabilities, operations, prospects, or condition (financial or otherwise). Except for the Company Contractual Obligations and Seller Contractual Obligations, Company Group and Seller, respectively, (directly and on behalf of all other Persons) hereby disclaim all liability and responsibility for any representation, warranty, projection, forecast, statement, omission, or information made, not made, communicated, or furnished to Buyer or any of its Affiliates. Without limiting the generality of the foregoing, except for any specific applicable Company Contractual Obligations and Seller Contractual Obligations, Buyer acknowledges and agrees that neither Company Group, Seller nor any of their respective Affiliates makes, has made, or will be deemed to make or have made (and each hereby expressly disclaims), nor has any Buyer Indemnified Party relied upon, any representation or warranty to Buyer or any of its Affiliates regarding any of the following: (i) merchantability or fitness of any assets for any particular purpose; (ii) the nature or extent of any liabilities; (iii) the prospects of the Business; (iv) the probable success or profitability of the Business; or (v) the accuracy or completeness of any confidential information provided to Buyer or its Affiliates via any "data rooms" or in any other form in connection with the transactions contemplated by this Agreement. The disclosure of any matter or item in any section of the Disclosure Schedule hereto will not be deemed to constitute an acknowledgment that any such matter is required to be disclosed.

ARTICLE 7
POST-SIGNING PROCESS; CONDITIONS TO CLOSING

7.1 Post-Signing Process. Following the execution of this Agreement, Parties shall take the following actions:

(a) Buyer will or has, submitted prequalification applications to the MRA;

(b) Seller shall cause such Cannabis Licenses as are required for the First Closing to and reach the Permit Reorganization threshold set forth in Section 2.3(viii) to be transferred to Thrive Enterprises;

(c) the Parties shall effect the First Closing concurrently with the closing of the transactions contemplated by the Arrangement Agreement;

(d) all Companies holding Cannabis Licenses not included in the Permit Reorganization, shall enter into a management services agreement with Buyer, substantially based on Buyer's preferred form agreement (the "Bridge MSA"), to be agreed upon by the Parties and effective upon closing of the Arrangement Agreement, or, at the discretion of Buyer, maintain the existing management services agreements;

(e) following closing of the Arrangement Agreement, Seller shall timely submit applications to transfer ownership of the remaining Cannabis Licenses that are not otherwise, directly or indirectly owned or controlled by Buyer, to Buyer; and

(f) the Bridge MSA will continue in effect until terminated by its own terms.

7.2 Conditions to the Obligation of Buyer. The obligation of Buyer to consummate the transactions contemplated by this Agreement is subject to the satisfaction of the following conditions (any or all of which may be waived by Buyer at or prior to each Closing):

(a) Representations and Warranties. The representations and warranties set forth in ARTICLE 3 and ARTICLE 4 that are qualified by materiality shall be true and correct in all respects, and the representations and warranties set forth in ARTICLE 3 and ARTICLE 4 that are not qualified by materiality shall be true and correct in all material respects, in each case as of each Closing (other than any representation and warranty that is made as of or through a specified date, which representation and warranty shall be true and correct in all respects, or true and correct in all material respects, as applicable, as of or through such specified date only), with respect to Seller and each applicable Company Group entity.

(b) Covenants. Seller shall have complied with, performed and observed, in all material respects, each of the covenants and agreements set forth in this Agreement that were to be complied with, performed or observed by Seller prior to each Applicable Closing Date.

(c) No Material Adverse Change. No Material Adverse Change shall have occurred since the date of this Agreement.

(d) No Legal Restraints. All Permits required for the consummation of the transactions contemplated by this Agreement, including, but not limited to, all Permits from any Governmental Authority necessary to effectuate the change in ownership of an applicable Company Group entity, shall have been obtained (or made, in the case of filings), and no such Permit shall have been revoked, and all requisite waiting periods following filings with Governmental Authorities shall have expired with respect to such applicable Company Group entity. All Permits shall be current and valid and no Permit shall be expired. Except for Federal Cannabis Laws, no Governmental Authority shall have enacted, issued, promulgated, enforced or entered any Law or Order that remains in effect that (i) has the effect of making the transactions contemplated by this Agreement illegal, (ii) otherwise restrains or prohibits the consummation of such transactions or (iii) would cause any of such transactions to be rescinded following each Closing. No Proceeding shall be pending or threatened in writing in which any adverse Order would (A) have the effect of making the transactions contemplated by this Agreement illegal, (B) otherwise restrain or prohibit the consummation of such transactions or (C) cause any of such transactions to be rescinded following each Closing.

7.3 Conditions to the Obligations of Seller. The obligation of Seller to consummate the transactions contemplated by this Agreement is subject to the satisfaction of the following conditions (any or all of which may be waived by Seller at or prior to each Closing):

(a) Representations and Warranties. The representations and warranties set forth in ARTICLE 5 shall be true and correct in all material respects as of each Closing.

(b) Covenants. Buyer shall have complied with, performed and observed, in all material respects, each of the covenants and agreements set forth in this Agreement that were to be complied with, performed or observed by Buyer prior to each Closing.

(c) No Legal Restraints. Except for Federal Cannabis Laws, no Governmental Authority shall have enacted, issued, promulgated, enforced or entered any Law or Order that remains in effect that (i) has the effect of making the transactions contemplated by this Agreement illegal, (ii) otherwise restrains or prohibits the consummation of such transactions or (iii) would cause any of such transactions to be rescinded following each Closing. No Proceeding shall be pending or threatened in writing in which any adverse Order would (A) have the effect of making the transactions contemplated by this Agreement illegal, (B) otherwise restrain or prohibit the consummation of such transactions or (C) cause any of such transactions to be rescinded following each Closing.

ARTICLE 8
TERMINATION

8.1 Termination. Prior to the Final Closing and except with respect to any completed Closing, the Parties may terminate this Agreement in the circumstances and in the manner provided below:

(a) The Parties may terminate this Agreement by written agreement of Buyer and Seller.

(b) Buyer may terminate this Agreement if after the Effective Date, any Law (other than a Federal Cannabis Law) is enacted, made, enforced or amended, as applicable, that makes the consummation of the Transactions illegal or otherwise permanently prohibits or enjoins the Parties from consummating the Transactions, and such Law has, if applicable, become final and non-appealable, provided Buyer has used its commercially reasonable efforts to, as applicable, appeal or overturn such Law or otherwise have it lifted or rendered non-applicable in respect of the Transactions.

(c) In the event that the Arrangement Agreement is terminated before the Final Closing (as defined thereunder) this Agreement shall automatically terminate on such date.

(d) Buyer may terminate this Agreement with respect to any particular Company Group entity if any Governmental Authority denies any Permit which would prohibit the consummation of the Transaction with respect to such Company Group entity, including, but not limited to, any Permits necessary to change the ownership of a Company Group entity, such that the denial of the Permit would cause a Material Adverse Effect. For the avoidance of doubt, in the event that Buyer terminates this Agreement with respect to a particular Company, the Agreement shall continue to be in effect and valid and shall not be terminated with respect to any other Company Group entity.

8.2 Effect of Termination. Upon a valid termination of this Agreement pursuant to Section 8.1, there shall be no obligation on the part of any Party to consummate the transactions contemplated by this Agreement and this Agreement shall become void *ab initio* except that (a) the termination shall not relieve any Party from Liability for damages arising out of such Party's Fraud or willful breach of this Agreement prior to such termination, (b) any Closing consummated prior to the termination shall be voidable upon the written agreement of the Parties, and such attributable Purchase Price paid prior to the Final Closing shall be returned to Buyer within three (3) days of such termination, and (c) Section 6.4 (Public Disclosure), this ARTICLE 8 (Termination), ARTICLE 12 (Miscellaneous) and the definitions in ARTICLE 1 (to the extent utilized in such other provisions) shall remain in full force and effect and survive any termination of this Agreement.

ARTICLE 9
INDEMNIFICATION

9.1 Indemnification by the Parties.

(a) Indemnification by Seller. Subject to the applicable limitations set forth in this ARTICLE 9, from and after the First Closing, Seller shall indemnify, defend and hold harmless Buyer and each of its Affiliates and Representatives (collectively, the "Buyer Indemnified Parties"), including by reimbursement of Losses, from and against any and all Losses that any Buyer Indemnified Party may suffer or incur that arise out of, are caused by or result from any one or more of the following:

(i) any breach or inaccuracy of any representation or warranty contained in ARTICLE 3 or ARTICLE 4 or the certificate delivered at a Closing pursuant to Section 2.3(c)(i) (or any allegation by a third party that, if true, would constitute such a breach or inaccuracy);

(ii) any breach or non-performance by Seller of any covenant, agreement, obligation or undertaking of Seller set forth in this Agreement;

(iii) any matter set forth in Section 9.1(a)(iii) of the Disclosure Schedule; or

(iv) Fraud.

(b) Indemnification by Buyer. Subject to the applicable limitations set forth in this ARTICLE 9, from and after the First Closing, Buyer shall indemnify, defend and hold harmless Seller and each of its Affiliates and Representatives (collectively, the "Seller Indemnified Parties"), including by reimbursement of Losses, from and against any and all Losses that any Seller Indemnified Party may suffer or incur that arise out of, are caused by or result from any one or more of the following:

(i) any breach or inaccuracy of any representation or warranty contained in ARTICLE 5 (or any allegation by a third party that, if true, would constitute such a breach or inaccuracy); or

(ii) any breach or non-performance by Buyer of any covenant, agreement, obligation or undertaking of Buyer set forth in this Agreement.

9.2 Materiality. With respect to any claim for indemnification under Section 9.1 relating to a breach of a representation and warranty that contains a materiality qualifier (including the words "material," "in all material respects" and "Material Adverse Effect"), such materiality qualifier will be disregarded for purposes of determining the amount of the Losses arising out of such breach (but will not be disregarded for purposes of determining whether a breach of such representation and warranty has occurred), except that the use of "material" in Section 4.4(b), the use of "Material Adverse Change" in Section 4.5 and the use of materiality thresholds to define "Material Contract" will not be disregarded for any purpose.

9.3 Survival and Claim Deadlines; Liability Cap.

(a) Representations and Warranties. The representations and warranties of the Parties set forth in this Agreement, and in any certificate delivered at a Closing pursuant to Section 2.3(c)(i), shall survive the applicable Closing and continue in full force and effect thereafter until the close of business on the day that is twelve (12) months after each respective Closing Date, at which time such representations and warranties shall expire and terminate; except that the Fundamental Representations shall survive the Final Closing and continue in full force and effect thereafter until the close of business on the three- (3) year anniversary of the Final Closing Date, at which time such representations and warranties shall expire and terminate.

(b) Pre-Closing Covenants. The covenants, agreements, obligations and undertakings of the Parties set forth in Section 6.1 (Conduct of the Business), Section 6.2 (Action to Satisfy Closing Conditions), Section 6.4 (Access to Information) and Section 6.5 (Exclusivity) shall not survive the Final Closing and shall expire and terminate upon completion of the Final Closing (provided that claims for any breach of such covenants, agreements, obligations and undertakings occurring prior to the Final Closing may be brought during the period specified therefor in Section 9.3(d)(ii)).

(c) Other Covenants. Each covenant, agreement, obligation and undertaking of the Parties set forth in this Agreement, other than those expiring at the Final Closing pursuant to Section 9.3(b), shall survive the Final Closing and continue in full force and effect thereafter for so long as it remains executory in nature, unless it specifies a term, in which case it shall survive for such specified term (provided that claims for any breach of such covenants, agreements, obligations and undertakings may be brought during the period specified therefor in Section 9.3(d)(iii)).

(d) Claim Deadlines. No claim for indemnification pursuant to Section 9.1 may be made unless the Party seeking such indemnification (the "Indemnified Party") delivers to the Party from which such indemnification is sought (the "Indemnifying Party") a written notice or Claim Certificate with respect to such claim that complies with the requirements of Section 9.5(a), on or prior to the Claim Deadline for such claim. "Claim Deadline" means:

(i) with respect to a claim based on the breach or inaccuracy of a representation and warranty, the date on which such representation and warranty expires pursuant to Section 9.3(a);

(ii) with respect to a claim based on the breach or non-performance of a covenant, agreement, obligation or undertaking occurring prior to a Closing, the date that is ninety (90) days after the Applicable Closing Date;

(iii) with respect to a claim based on the breach or non-performance of a covenant, agreement, obligation or undertaking occurring after a Closing, the date that is one hundred eighty (180) days after the date on which such breach occurred (or, if a continuing breach, the date on which such breach last occurred);

(iv) with respect to a claim pursuant to Section 9.1(a)(iii), the date that is twelve (12) months after the applicable Closing Date; or

(v) with respect to a claim based on Fraud, the date that is sixty (60) calendar days after the expiration of the applicable statute of limitations (including any extensions, tolling or mitigation thereof).

A claim for indemnification pursuant to Section 9.1 for which the requisite notice or Claim Certificate is given on or prior to the Claim Deadline applicable to such claim may be maintained until such claim is finally resolved in accordance with this ARTICLE 9. The Parties agree that the Claim Deadlines set forth herein are contractual limitations on the time within which claims for indemnification may be asserted pursuant to Section 9.1 and that such Claim Deadlines replace any statutes of limitations otherwise applicable to such claims.

(e) Liability Cap.

(i) The aggregate Liability for which a Seller shall be liable under this ARTICLE 9 shall not exceed the Purchase Price. Notwithstanding the forgoing, this Section 9.3(e) shall not mitigate, reduce or otherwise limit the obligations of the Gage Guarantee.

(ii) The aggregate Liability for which an Buyer Indemnified Party shall be liable under this ARTICLE 9 shall not exceed the Purchase Price.

9.4 Procedure for Third-Party Claims.

(a) Notice. If an Indemnified Party desires to make a claim against an Indemnifying Party in connection with any Proceeding made, asserted or initiated by any third party (including any Taxing Authority) (a "Third-Party Claim"), the Indemnified Party must promptly provide written notice to the Indemnifying Party of such Third-Party Claim, which notice shall describe in reasonable detail the nature of the Third-Party Claim and the basis for indemnification and be accompanied by a copy of all pleadings or other material documentation relating to such Third-Party Claim; provided, however, that the failure to promptly give such notice shall not relieve the Indemnifying Party of its obligations under this ARTICLE 9 except (i) to the extent, if any, that the Indemnifying Party has actually been prejudiced thereby or (ii) as otherwise provided in Section 9.3(d).

(b) Right to Defend. The Indemnified Party will have the right to assume the defense of any Third-Party Claim, with counsel of its choice reasonably satisfactory to the Indemnified Party.

(c) Defense by Indemnified Party. The Indemnified Party shall (i) confer with the Indemnifying Party as to the most cost-effective manner in which to defend such claim, (ii) use its reasonable efforts to minimize the cost of defending such claim and (iii) permit the Indemnifying Party to participate in the defense of such claim through separate co-counsel at its sole cost and expense. The Indemnifying Party will not enter into any settlement with respect to such Third-Party Claim without the written consent of the Indemnified Party (such consent not to be unreasonably withheld).

(d) Cooperation. The Indemnified Party and the Indemnifying Party shall reasonably cooperate with each other in connection with the defense of any Third-Party Claim and provide to the other party all material information reasonably requested by the other party relating to the defense of such claim.

9.5 Procedures for Assertion and Payment of Claims.

(a) Claim Certificate. In connection with any claim for indemnification under Section 9.1, including any Losses attributable to resolved Third-Party Claims that are not paid by an Indemnifying Party directly to third parties, the Indemnified Party shall prepare and deliver to the Indemnifying Party a written certification that the Indemnified Party has paid or sustained Losses subject to indemnification by the Indemnifying Party pursuant to Section 9.1 (a "Claim Certificate"). A Claim Certificate shall (i) describe in reasonable detail the basis for indemnification (citing the relevant clause of Section 9.1, and any other provision of this Agreement on which such claim is based), (ii) state the amount of Losses paid or sustained by the Indemnified Party in connection with the matter and reasonable detail regarding the calculation thereof and (iii) state the amount of such Losses for which indemnification is sought (after giving effect to the limitations set forth in this ARTICLE 9).

(b) Notice of Objection. If the Indemnifying Party does not object to the claim or claims made in a Claim Certificate by delivering a notice of objection (a "Notice of Objection") to the Indemnified Party within thirty (30) days after delivery of the Claim Certificate, the claim or claims made in the Claim Certificate shall be deemed objected to and rejected by the Indemnifying Party.

(c) Resolution of Objections. If the Indemnifying Party does timely object to any claim or claims made in a Claim Certificate by delivering a written Notice of Objection within thirty (30) days after delivery of the Claim Certificate, the Parties shall attempt to agree upon the rights of the respective parties with respect to each of such claims. If the Parties should so agree, a written memorandum setting forth such agreement shall be prepared and signed by the Parties and such memorandum, and the agreements contained therein, shall be final and binding on the Parties (and the other Indemnified Parties), and all other Persons having any interest therein.

(d) Failure to Resolve Objections. If the Parties cannot agree upon the rights of the respective parties with respect to each of the claims in a Claim Certificate within thirty (30) days after delivery of the Notice of Objection (as such period may be extended by mutual agreement of the Parties), the Indemnified Party may seek mediation and arbitration of the disputed claims.

(e) Entitlement to Indemnity. The Indemnified Party shall be entitled to receive payment for all amounts that the Indemnifying Party (i) has agreed in writing to reimburse, (ii) has been deemed to have agreed to reimburse pursuant to Section 9.5(b) (subject in all events to the limitations set forth in this ARTICLE 9), (iii) has been found responsible to pay pursuant to a written memorandum of agreement between the Parties pursuant to Section 9.5(c) or (iv) has been found liable to pay pursuant to a final, non-appealable arbitration award or Order of a court of competent jurisdiction issued or entered pursuant to a binding arbitration (each such amount, an "Indemnity Payment Obligation").

(f) Satisfaction of Indemnity Payment Obligations. Any Indemnity Payment Obligation owed by an Indemnifying Party to an Indemnified Party shall be satisfied promptly upon demand (but in any event within five (5) Business Days thereafter) by certified check or wire transfer of immediately available funds as the Indemnified Party may specify.

9.6 Waiver. Notwithstanding any other provision herein, Seller knowingly, willingly, irrevocably and expressly acknowledges and agrees that, from and after the First Closing, to the fullest extent permitted under applicable Law, any and all rights, remedies and Claims he may have against Buyer and its Non-Recourse Persons relating to the operation of Company Group or the Business, relating to the subject matter of this Agreement or relating to the Transactions (other than, and solely with respect to, any of the covenants in this Agreement that survive the Final Closing), whether or not arising under, or based upon, any Law (including any right, whether arising at law or in equity, to seek indemnification, contribution, cost recovery, damages or any other recourse or remedy) are hereby irrevocably waived. Furthermore, without limiting the generality of this Section 9.8, from and after the First Closing, no Proceeding will be brought, encouraged, supported or maintained by, or on behalf of, Seller and its Affiliates against Buyer

or its respective Non-Recourse Persons, and no recourse will be sought or granted against Buyer or its Non-Recourse Persons, by virtue of, or based upon, any alleged misrepresentation or inaccuracy in, or breach of, any of the representations, warranties, covenants or agreements of Buyer set forth or contained in this Agreement (other than, and solely with respect to, any of the covenants in this Agreement that survive the Final Closing), the subject matter of this Agreement, the Transactions, the ownership, operation, management, use or control of the Business or the assets of Company Group, or any actions or omissions at, or prior to, the First Closing. Furthermore, without limiting the generality of this Section 9.8, from and after the First Closing, Seller will not be entitled to rescind this Agreement, and Seller knowingly, willingly, irrevocably and expressly waives any and all rights of rescission it may have in respect of any such matter. Seller knowingly, willingly, irrevocably and expressly agrees, to indemnify and hold harmless Buyer and its Non-Recourse Persons from and against, and in respect of, any and all Losses incurred by or on behalf of Buyer and its Non-Recourse Persons as a result of any such Proceeding brought or maintained by Seller and its Affiliates against Buyer and its Non-Recourse Persons in contravention of this Section 9.8.

ARTICLE 10
TAX MATTERS

10.1 Tax Returns.

(a) Pre-Closing Tax Period Tax Returns. Seller shall cause each member of Company Group to prepare and timely file all Tax Returns required to be filed by such member of Company Group that are due on or before the Closing Date (taking into account any extensions), and timely pay all Taxes that are due and payable on or before the Closing Date. Any such Tax Return shall be prepared in a manner consistent with past practice (unless otherwise required by Law). Seller shall provide Buyer a copy of such Tax Returns for its review within a reasonable period of time prior to the date for filing. After the applicable Closing of a member of the Company Group, Buyer shall be responsible for the preparation and filing of all such Company Group's Tax Returns that were not filed prior to such Closing.

(b) Post-Closing Covenants. Except as required by applicable Law, without the prior written consent of Seller, which consent shall not be unreasonably withheld, delayed or conditioned, neither Buyer nor any Affiliate thereof (including the applicable Company Group entity after each Closing) shall (i) file, refile, amend or otherwise modify (or cause to be filed, refiled, amended or modified) any Tax Return of Company Group for any Pre-Closing Tax Period or any Straddle Period, (ii) extend, waive, cause to be extended or waived or permit Company Group to extend or waive any statute of limitations or other period for the assessment of any Tax or deficiency related to any Company Group Tax Return for any Pre-Closing Tax Period or any Straddle Period, (iii) participate in any state voluntary disclosure or filing procedure for a Pre-Closing Tax Period in any jurisdiction where, prior to the date hereof, Company Group has not filed a Tax Return or (iv) make, change or revoke any election in respect of Taxes or Tax Returns of Company Group or change any method of Tax accounting for Company Group that has retroactive effect to any Pre-Closing Tax Period (or portion thereof), in each case, to the extent such action could reasonably be expected to have the effect of increasing the Tax liability of Seller or their Affiliates in respect of any Pre-Closing Tax Period or increasing the liability of Seller under this Agreement.

10.2 Transfer Taxes. Any Transfer Taxes that arise as a result of the consummation of the Transactions (and the expenses of preparing and filing Tax Returns relating thereto) shall be borne by Buyer. The Parties agree to cooperate with each other (a) to minimize any such Transfer Taxes to the extent legally permissible and (b) in the preparation, execution and filing of Tax Returns regarding any such Transfer Taxes. Each Party will use commercially reasonable efforts to obtain any certificate or other document from any Taxing Authority or any other Person as may be necessary to mitigate, reduce or eliminate any Transfer Tax.

10.3 Tax Proceedings. Buyer shall be entitled to control in all respects (including any settlement or compromise thereof), and Seller shall be entitled to participate in, any Tax audit, examination, inquiry, assessment or other Proceeding relating to the Pre-Closing Tax Period or portion thereof with respect to any Tax Return of the Group Companies, provided, that Buyer shall not settle, compromise, appeal or abandon any such Proceeding without obtaining the prior written consent of Seller if such action could reasonably be expected to have the effect of increasing the Tax liability of Seller or its Affiliates in respect of any Pre-Closing Tax Period or increasing the liability of Seller under this Agreement.

10.4 Cooperation. Buyer and Seller shall, and shall cause its Affiliates, to cooperate fully, as and to the extent reasonably requested by the other Party or its applicable Affiliate, in connection with the preparation and filing of any Tax Return, and any Tax Proceeding with respect to Company Group. Such cooperation shall include the retention and (upon the other Party's request) the provision of records and information that are reasonably relevant to any Tax Proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder.

ARTICLE 11
DISPUTE RESOLUTION AND REMEDIES

11.1 **WAIVER OF JURY TRIAL.** Each Party acknowledges and agrees that any controversy that may arise under this Agreement is likely to involve complicated and difficult issues. **THEREFORE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, EACH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT THAT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT (WHETHER IN CONTRACT, TORT, EQUITY OR OTHERWISE) AND AGREES THAT SUCH LITIGATION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY** . Each Party certifies and acknowledges that (a) no other Party has represented (and no Representative of any other Party has represented), expressly or otherwise, that such other Party would not, in the event of litigation, seek to enforce the foregoing waiver, (b) such Party understands and has considered the implications of such waiver, (c) such Party makes such waiver voluntarily and (d) such Party has been induced to enter into this Agreement by, among other things, the mutual waiver and certifications in this section. Any Party may file a copy of this Agreement with any court as written evidence of the consent of the Parties to the waiver of their right to a trial by jury.

11.2 **GOVERNING LAW; DISPUTE RESOLUTION. THE PARTIES EXPRESSLY AGREE THAT THIS AGREEMENT SHALL BE GOVERNED BY, CONSTRUED, INTERPRETED AND ENFORCED UNDER THE LAWS OF NEW YORK AND THE FEDERAL LAWS OF THE UNITED STATES APPLICABLE THEREIN, WITHOUT REGARD TO THE CONFLICTS OF LAWS PRINCIPLES THEREOF. THE PARTIES EXPRESSLY AGREE THAT THE RESOLUTION OF ANY DISPUTE CONCERNING THE ENFORCEMENT, BREACH, INTERPRETATION OR VALIDITY OF THIS AGREEMENT SHALL BE FINALLY SETTLED UNDER THE RULES OF ARBITRATION OF THE INTERNATIONAL CHAMBER OF COMMERCE BY ONE OR MORE ARBITRATORS APPOINTED IN ACCORDANCE WITH THE SAID RULES.**

11.3 Exclusive Forum and Venue. EACH PARTY HEREBY IRREVOCABLY (A) CONSENTS TO THE EXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK SITTING IN THE CITY OF NEW YORK AND TO THE EXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK (THE "DESIGNATED COURTS"), WITH RESPECT TO ANY PROCEEDING BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT, (B) AGREES THAT ALL PROCEEDINGS BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT MUST BE LITIGATED IN THE DESIGNATED COURTS, (C) WAIVES ANY DEFENSE OF *FORUM NON CONVENIENS* WITH RESPECT TO THE DESIGNATED COURTS (I.E., THAT ANY PROCEEDING BROUGHT IN A DESIGNATED COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM), (D) AGREES TO BE BOUND BY ANY FINAL JUDGMENT RENDERED BY THE

DESIGNATED COURTS IN CONNECTION WITH THIS AGREEMENT AND (E) AGREES THAT ANY SUCH FINAL JUDGMENT MAY BE ENFORCED IN ANY OTHER JURISDICTION BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTWITHSTANDING THE FOREGOING, THE PARTIES ACKNOWLEDGE AND AGREE THAT EACH PARTY MAY SEEK AND OBTAIN EQUITABLE RELIEF AGAINST ANOTHER PARTY PURSUANT TO SECTION 11.4 FROM ANY OTHER STATE COURT HAVING PERSONAL JURISDICTION OVER SUCH OTHER PARTY.

11.4 Equitable Relief. Buyer and Seller each acknowledge and agree that the other would suffer irreparable damage or injury not fully compensable by money damages, or the exact amount of which may be impossible to determine, and therefore would not have an adequate remedy available at law if any of the provisions of this Agreement are not performed by such Party in accordance with their specific terms or are otherwise breached by such Party (other than a Party's obligation to pay an amount of cash). Accordingly, notwithstanding any other provision of this Agreement, the Parties agree that each Party shall be entitled to seek and obtain specific performance, injunctive relief or other equitable remedies from any court of competent jurisdiction (without the necessity of posting bond therefor or establishing the inadequacy of monetary damages) as may be necessary or appropriate to enforce specifically the terms and provisions of this Agreement or to prevent or curtail any threatened or actual breach of this Agreement.

11.5 Other Remedies. The substantially prevailing party or parties in any Proceeding based upon, arising out of or relating to this Agreement shall be entitled to recover from the nonsubstantially prevailing party or parties its reasonable attorneys' fees and other out-of-pocket expenses associated with such Proceeding as the trier of fact may determine is just and equitable, in addition to any other relief to which such party or parties may be entitled. The Parties agree that any and all rights and remedies provided in this Agreement are deemed exclusive of any other right or remedy that may now or hereafter be available at law, in equity, by statute, in any other agreement between the Parties or otherwise. The rights and remedies provided by ARTICLE 9 and ARTICLE 11 shall be collectively exclusive of any other rights or remedies available to a Party against the other Party, in relation to any breach, default or nonperformance of any representation, warranty, covenant, agreement or undertaking made or entered into by such other Party pursuant to this Agreement.

11.6 Gage Guarantee. Gage unconditionally guarantees the obligations and due performance of all such obligations by Seller and Company Group (the "Gage Guarantee"). This Gage Guarantee is an independent obligation of Gage and, upon any default by Seller or any member of Company Group in the performance of its respective obligations under this Agreement, Buyer or any other Buyer Indemnified Party may proceed against Gage without proceeding against or joining Seller or any member of Company Group. The Gage Guarantee is absolute and unconditional, notwithstanding any amendment, supplementation or modification of this Agreement or any lack of enforceability of this Agreement against Seller or a member of Company Group as a result of the application of any of general enforceability exceptions. The Gage Guarantee is a continuing obligation and will remain in full force and effect until the First Closing. Gage hereby acknowledges that Buyer has entered into this Agreement in reliance on Gage's execution and delivery of this Agreement for purposes of this Section 11.6. Gage acknowledges the provisions of Articles 11 and 12 and agrees to be bound thereby as if such provisions were set forth in full in this Section 11.6 *mutatis mutandis*, with each reference to "Party" or "Parties" therein including Gage in the definition of such term. Notwithstanding anything contained in this Agreement to the contrary, this Section 11.6 may not be amended, supplemented or modified except in a writing signed by the Parties and Gage.

ARTICLE 12
MISCELLANEOUS

12.1 Entire Agreement. The recitals to this Agreement are an integral part of this Agreement and shall be treated as substantive and not prefatory language. The exhibits and schedules identified in this Agreement are all incorporated by this reference into and made a part of this Agreement for all purposes. This Agreement (together with the Ancillary Documents) constitutes the final, exclusive and entire agreement and understanding between the Parties regarding the subject matter of this Agreement. All prior or contemporaneous representations, warranties, covenants, agreements, undertakings, understandings, course of dealing, negotiations and other communications (whether written or oral and whether express or implied) by, between or among the Parties (or any of their respective Representatives) that relate in any way to the subject matter of this Agreement are hereby merged into and replaced and superseded by this Agreement and the Ancillary Documents.

12.2 Amendments and Waivers. This Agreement and any of its provisions may be amended, modified or supplemented at any time and from time to time only by a written instrument executed by each Party. Any provision of this Agreement, any obligation to be performed under this Agreement and any breach or violation of, or default under, the terms of this Agreement may be waived (either generally or with respect to specific circumstances) at any time, and from time to time, only by a written instrument executed by each Party entitled to the benefit of such provision or performance or entitled to exercise rights or remedies in respect of such breach, violation or default, as applicable. No waiver in respect of this Agreement shall be implied (whether in connection with any prior matter, any continuing matter, any subsequent matter (whether or not of the same nature) or otherwise), including as a result of a Party failing to (or failing to promptly) (a) object to any breach or violation of, or default under, this Agreement, (b) demand or require compliance with or performance of this Agreement or (c) assert any right or remedy available under this Agreement. A waiver given with respect to specific circumstances shall be strictly construed and limited in its effect to only such circumstances and shall not be deemed to extend to, constitute a waiver of or otherwise affect any rights or remedies in respect of, any other matter not expressly described therein, whether or not of the same nature and whether occurring before, contemporaneously with or after the circumstances for which the express waiver was given.

12.3 Assignment. Seller may not assign, delegate or otherwise transfer, in whole or in part, this Agreement or any of its rights, interests, duties, obligations or liabilities under this Agreement (collectively, "Assign" and the act thereof, an "Assignment"), without the prior written consent of the other Party. Buyer may unilaterally assign, delegate or otherwise transfer, in whole or in part, this Agreement or any of its rights, interests, duties, obligations or liabilities under this Agreement to an Affiliate with notice to Seller and Gage of such Assignment. Any Assignment (or attempted or purported Assignment) in violation of this section shall be null and void.

12.4 Parties in Interest. This Agreement and its provisions shall be binding upon, inure to the benefit of, and be enforceable by, the Parties and their respective successors and permitted assigns. This Agreement shall not confer any rights or remedies upon, or be enforceable by, any other Person, except that TerrAscend Corp. and its Affiliates shall be an express third party beneficiary of this Agreement.

12.5 Expenses. Except as otherwise expressly provided in this Agreement, each Party will bear all expenses (including fees and disbursements of legal counsel, accountants, financial advisors and other professional advisors) incurred by it in connection with the preparation, negotiation, execution and delivery of this Agreement and the Ancillary Documents, the performance of its respective obligations hereunder and thereunder and the consummation of the Transactions, regardless of whether the Transactions are consummated.

12.6 Notices. All notices, requests, demands, claims and other communications under this Agreement shall be made in writing and shall be deemed to be given (a) when delivered, if personally delivered, (b) when receipt is confirmed by nonautomated means, if sent by electronic mail (with hard copy to follow by first class mail (postage prepaid) or overnight courier) or (c) on the next Business Day after deposited with a reputable overnight courier, in each case addressed to the intended recipient as set forth below (or at such other address as the recipient shall have specified in a notice given in accordance with this section):

If to Buyer:

WDB Holdings MI, Inc.
14 Murray Street, Box 176
New York, NY 10007, United States

Attention: [***]
E-mail: [***]

TerrAscend Corp.
14 Murray Street, Box 176
New York, NY 10007, United States

Attention: [***]
E-mail: [***]

With a copy to (which shall not constitute notice):

Norton Rose Fulbright US LLP
222 Bay Street – Suite 3000
P.O. Box 53
Toronto, ON M5K 1E7

Attention: [***]
Telephone: [***]
E-mail: [***]

If to Seller:

[***]
[***]
[***]
[***]

With a copy to (which shall not constitute notice):

Dickinson Wright PLLC
150 E. Gay Street, Suite 2400
Columbus OH 43215
Attn: [***]
Telephone: [***]
Email: [***]

EACH PARTY IRREVOCABLY CONSENTS TO SERVICE OF PROCESS (INCLUDING ANY SUMMONS, NOTICE OR OTHER DOCUMENT) IN ANY PROCEEDING ARISING FROM OR RELATING TO THIS AGREEMENT BY CERTIFIED OR REGISTERED MAIL IN THE UNITED STATES TO SUCH PARTY'S ADDRESS SET FORTH ABOVE (OR AT SUCH OTHER ADDRESS AS THE RECIPIENT SHALL HAVE SPECIFIED IN A NOTICE GIVEN IN ACCORDANCE WITH THIS SECTION), WITHOUT PREJUDICE TO THE RIGHT OF ANY PARTY TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

12.7 Severability. Each provision of this Agreement shall be interpreted in such a manner as to give effect to the original written intent of the Parties to the greatest extent possible consistent with being valid and enforceable under applicable law. If, notwithstanding the foregoing, a court of competent jurisdiction determines that any provision of this Agreement (or any term, element or item thereof) is invalid, illegal, void or otherwise unenforceable, in whole or in part (including as and when applied to specific Persons or in particular circumstances), such court shall have the authority to reform, redraft, blue pencil or otherwise modify the unenforceable provision (including by deleting or replacing specific words or phrases or reducing the scope, duration or geographic area covered by the provision) so that this Agreement, as so modified, gives effect to the original written intent of the Parties to the greatest extent possible consistent with being valid and enforceable under applicable law and, as to each jurisdiction that is subject to the court's determination, this Agreement shall be enforced as so modified after the court's determination has become final pursuant to a non-appealable judgment or order. If the unenforceability of any provision cannot be cured as provided in the foregoing sentence, then, as to each jurisdiction that is subject to the court's determination, such unenforceable provision shall be severed from this Agreement at the time the court's determination has become final pursuant to a non-appealable judgment or order and the remaining provisions of this Agreement shall thereafter continue in full force and effect, it being stipulated and declared to be the intention of the Parties that they would have executed the remaining provisions of this Agreement without including any such provision that may be hereafter declared to be (in whole or in part) invalid, illegal, void or otherwise unenforceable. Without limiting the foregoing, any provision of this Agreement that is determined to be invalid, illegal, void or otherwise unenforceable in any jurisdiction shall not affect the validity or enforceability of the remaining provisions of this Agreement in such jurisdiction or the validity or enforceability of the offending term or provision in any other jurisdiction.

12.8 No Strict Construction. Each Party has entered into this Agreement with the benefit of legal representation and the language used in this Agreement is the language chosen by the Parties to express their mutual intent. This Agreement shall be construed and interpreted as if drafted jointly by the Parties and any rule of construction or interpretation to the effect that any ambiguities in an agreement are to be resolved against the drafter, or any similar rule operating against the drafter of an agreement or of any provision, shall not be applicable to the construction or interpretation of this Agreement or any of its provisions.

12.9 Time; Days. Time is of the essence for each and every provision of this Agreement. Any reference in this Agreement to a number of days shall be deemed to refer to calendar days unless Business Days are specified. A period of days shall be counted from the day immediately following the date from which such number of days is to be counted. If any time period for giving notice or taking action under this Agreement expires on a day that is not a Business Day, the time period shall be extended automatically to the Business Day immediately following such day. Any notice required to be given or action required to be taken on or before a specified Business Day must be given or taken prior to 5:00 p.m., Eastern Time, on such Business Day.

12.10 Opportunity to Consult with Counsel. Seller acknowledges that he had an opportunity to consult with and be represented by counsel and accountants of his own choosing in the review of this Agreement, that he have been advised by Buyer to do so, that Seller is fully aware of the contents of the Agreement and of its legal and financial effects, that the preceding paragraphs recite the sole consideration for this Agreement, and that Seller enters into this Agreement freely, without duress or coercion, and based on his own judgment and wishes and not in reliance upon any representation or promise made by Buyer, other than those contained herein.

12.11 Drafting Conventions. The article, section and subsection headings contained in this Agreement are included for convenience only and shall not affect in any way the meaning, construction or interpretation of this Agreement or any of its provisions. As used in this Agreement, unless otherwise expressly provided herein or a clear contrary intention appears: (a) each word using the singular number shall also be deemed to refer to the plural number, and *vice versa*, as appropriate in the context of its usage; (b) each masculine, feminine or gender-neutral word shall apply comparably to Persons of each gender and to Persons without gender as appropriate in the context of its usage; (c) "include," "includes" and "including" shall be deemed to be followed by the words "without limitation" and shall not limit the words or terms preceding such word; (d) "hereof," "herein," "hereunder," "hereby," "hereto" and similar words refer to this Agreement as a whole and not to any particular article, section or other portion of this Agreement; (e) "Article," "Section," "Schedule" and "Exhibit" (when followed by one or more numbers and letters) refer to the specified article or section of, or schedule or exhibit to, this Agreement; (f) "dollars" and "$" refer to United States dollars (and all payments to be made pursuant to this Agreement shall be made in United States dollars); (g) reference to any Person includes such Person's heirs, executors, personal representatives, successors and permitted assigns, as applicable; (h) reference to any Contract shall be deemed to refer to such Contract as amended, supplemented or otherwise modified in accordance with its terms and in effect from time to time and shall include all schedules, exhibits, addenda or other attachments forming a part thereof; and (i) reference to any Law shall be deemed to refer to such Law as amended, modified, codified, replaced or reenacted, in whole or in part, and in effect at the relevant time and shall include all rules and regulations promulgated thereunder.

12.12 Counterparts and Electronic Signatures. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original but all of which, when taken together, shall constitute one and the same instrument. This Agreement and each Ancillary Document may be executed through the exchange of signature pages transmitted by electronic means (including in portable document format (PDF) transmitted by electronic mail) provided that such signature pages are capable of being rendered in physical form. Any signature page so transmitted shall constitute an original signature page and shall be binding on the signatory and have the same legal effect for all purposes as though it were manually signed.

* * * * *

{Remainder of Page Left Intentionally Blank;
Signature Page Follows}

IN WITNESS WHEREOF, the Parties have executed this Membership Interest Purchase Agreement as of the date first above written.

BUYER:

WDB HOLDINGS MI, INC., a Delaware corporation

By: /s/ *Keith Stauffer*
Name: Keith Stauffer
Title: Chief Financial Officer

SELLER:

[***]

/s/ *[***]*
[***]

COMPANIES:

3 STATE PARK, LLC, a Michigan limited liability company

By: /s/ [***]
Name: [***]
Title: Sole Member

AEY THRIVE, LLC, a Michigan limited liability company

By: /s/ [***]
Name: [***]
Title: Sole Member

AEY HOLDINGS, LLC, a Michigan limited liability company

By: /s/ [***]
Name: [***]
Title: Sole Member

{Signature Page to Membership Interest Purchase Agreement}

AEY CAPITAL, LLC, a Michigan limited liability company

By: /s/ [***]
Name: [***]
Title: Sole Member

For the limited purpose of Sections 2.3(c)(vii) and 11.6:

GAGE

GAGE GROWTH CORP., a Canadian corporation

By: /s/ [***]
Name: [***]
Title: Chief Executive Officer

{Signature Page to Membership Interest Purchase Agreement}

SCHEDULE I

CLOSING STATEMENT

{Closing Statement to Membership Interest Purchase Agreement}

DISCLOSURE SCHEDULE

{To be attached prior to a Closing and the cumulative set attached at the Final Closing}

{Disclosure Schedule Cover Page to Membership Interest Purchase Agreement}

EXHIBIT A

FORM OF ASSIGNMENT OF MEMBERSHIP INTERESTS

{See Attached}

{Exhibit Cover Page to Membership Interest Purchase Agreement}

ASSIGNMENT OF MEMBERSHIP INTERESTS

THIS ASSIGNMENT OF MEMBERSHIP INTERESTS (this "Assignment") is made and entered into as of this [·] day of [·], 2021, by and between [***], an individual resident of the State of Michigan ("Assignor"), and WDB Holdings MI, Inc., a Delaware corporation ("Assignee").

RECITALS

WHEREAS, Assignor holds one-hundred percent (100%) of the issued and outstanding membership interests of [], a [·] (the "Company").

WHEREAS, Assignor and Assignee are party to that certain Membership Interest Purchase Agreement dated as of [·], 2021 (the "Purchase Agreement"), pursuant to which Assignor has agreed to sell and assign, and Assignee has agreed to purchase and assume, all of the membership interests of the Company held by Assignor (the "Purchased Securities") in accordance with the Purchase Agreement; and

WHEREAS, to effect the sale and purchase of the Purchased Securities as contemplated by the Purchase Agreement, Assignor and Assignee are executing and delivering this Assignment.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, Assignor and Assignee hereby agree as follows:

AGREEMENT

1. Assignment. Subject to the terms and conditions of the Purchase Agreement, Assignor hereby sells, assigns, transfers, conveys and delivers unto Assignee all of Assignor's right, title and interest in and to the Purchased Securities free and clear of all Encumbrances (as defined in the Purchase Agreement), and Assignee hereby purchases, acquires and accepts the Purchased Securities free and clear of all Encumbrances.

2. Conflict of Terms. This Assignment is delivered pursuant to and is subject to the terms of the Purchase Agreement. Nothing contained in this Assignment shall in any way supersede, modify, replace, amend, change, rescind, expand, exceed, enlarge or in any way affect the provisions, including the warranties, covenants, agreements, conditions, or in general, any rights, remedies or obligations of Assignee or Assignor set forth in the Purchase Agreement. In the event of any conflict or ambiguity between the terms of the Purchase Agreement and the terms of this Assignment, the terms of the Purchase Agreement shall govern and prevail, and any such provision in this Assignment shall be deemed to be amended to the extent necessary to eliminate any such conflict, inconsistency, ambiguity or difference.

3. Counterparts; Electronic Delivery. This Assignment may be executed in any number of counterparts, and each counterpart hereof shall be deemed to be an original instrument, but all such counterparts shall constitute but one instrument. This Assignment may be delivered by email or PDF signature(s).

4. Further Assurances. The Parties agree to take all such further actions and execute, acknowledge and deliver all such further documents that are necessary or useful in carrying out the purposes of this Assignment. Without limiting the foregoing, Assignor agrees to execute, acknowledge and deliver to Assignee all such other additional instruments, notices and other documents and to do all such other and further acts and things as may be necessary to more fully and effectively sell, assign and transfer to Assignee the Purchased Securities.

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5. Governing Law. This Assignment shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to any conflict or choice of law provision that would result in the imposition of another state's laws. Any disputes arising out of or relating to this Assignment shall be resolved in accordance with the provisions of the Purchase Agreement.

6. Successors and Assigns. This Assignment shall be binding upon and inure to the benefit of Assignor and Assignee and their respective successors and permitted assigns.

[Signature page follows]

IN WITNESS WHEREOF, Assignor and Assignee have caused this Assignment to be executed as of the date first written above.

[***]

By:_____
Printed Name: _____

WDB HOLDINGS MI, INC.,
a Delaware corporation

By:_____
Printed Name: _____
Title:_____

EXHIBIT B

FORM OF BILL OF SALE AND ASSIGNMENT AGREEMENT

{See Attached}

BILL OF SALE AND
ASSIGNMENT AGREEMENT

This Bill of Sale and Assignment Agreement (this "Agreement"), dated as of _____ __, 2021, is by and between, on the one hand, WDB Holdings MI, Inc. ("Assignee"), and, on the other hand, [***], an individual resident of the State of Michigan (the "Assignor").

PRELIMINARY STATEMENTS

Pursuant to the Membership Interest Purchase Agreement, dated as of _____ ___, 2021, by and between Assignee and Assignor (the "Purchase Agreement"), on the Applicable Closing Date, Assignor has agreed to sell, assign, transfer, convey, and deliver to Assignee, and Assignee has agreed to purchase and acquire from Assignor, all of Assignor's right, title, and interest in and to certain Acquired Assets (as defined below) and certain Acquired Contracts and Permits (as defined below), upon the terms and subject to the conditions set forth in the Purchase Agreement.

AGREEMENT

In consideration of the recitals and the mutual covenants and agreements set forth herein and in the Purchase Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Assignor and Assignee, and subject to the terms and conditions of the Purchase Agreement, the

parties hereto agree as follows:

1. Capitalized Terms. Capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings ascribed thereto in the Purchase Agreement. The Preamble and Preliminary Statements hereof are incorporated by reference into and made a part of this Agreement.

2. Bill of Sale of Acquired Assets. Effective upon execution of this Agreement, Assignor hereby sells, conveys, delivers, transfers and assigns to Assignee and its successors and assigns, to have and hold forever, all of Seller's right, title and interest in, to and under all of the assets set forth on Attachment A (the "Acquired Assets"), free and clear of all Encumbrances (other than Permitted Encumbrances).

3. Assignment and Assumption. Assignor hereby assigns, conveys and delivers to Assignee (the "Assignment"), all of Assignor's right, title, and interest in and to the contracts and permits set forth on Attachment B (the "Acquired Contracts and Permits"), and by execution hereof, Assignee hereby accepts such assignment, assumes Assignor's interest in and to the Acquired Contracts and Permits, and agrees to perform and observe all of the covenants, terms, obligations, promises, agreements and conditions therein contained on Assignor's part to be performed and observed, from and after the date of this Agreement. In connection with the Assignment, Assignee hereby assumes and agrees to pay, perform and discharge, as and when due, all liabilities arising from the Acquired Contracts and Permits, subject, in all cases, to the terms and conditions set forth in the Purchase Agreement.

4. No Effect on Purchase Agreement. Notwithstanding any other provision of this Agreement, nothing contained herein, express or implied, shall in any way supersede, modify, expand, limit, replace, amend, change, rescind, waive, or otherwise affect any of the provisions of the Purchase Agreement, including, but not limited to, any representations, warranties, covenants, agreements, or indemnities of Assignor or Assignee. To the extent that any provision of this Agreement conflicts with or is inconsistent with the terms of the Purchase Agreement, the Purchase Agreement shall govern.

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5. Binding Effect. This Agreement shall inure to the benefit of and be binding upon Assignor and Assignee and their respective successors and assigns.

6. No Third-Party Beneficiary. The terms and provisions of this Agreement are intended solely for the benefit of the parties hereto and their respective successors or permitted assigns, and it is not the intention of the parties hereto to confer third-party beneficiary rights upon any other Person.

7. Amendment. This Agreement may not be amended, supplemented, or otherwise modified except in a written document signed by each party to be bound by the amendment and that identifies itself as an amendment to this Agreement.

8. Governing Law; Consent to Jurisdiction. This Agreement and all claims and disputes arising hereunder or related to this Agreement, the transactions contemplated hereby or the conduct of any party in connection therewith shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York, without regard to principles of conflicts of law that would apply any other law.

9. Invalid Provisions. If any provision of this Agreement is held invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions of this Agreement shall not be affected or impaired in any way, and in such event, the parties agree to negotiate in good faith to replace such invalid, illegal, and unenforceable provision with a valid, legal, and enforceable provision that achieves, to the greatest lawful extent under this Agreement, the economic, business, and other purposes of such invalid, illegal, or unenforceable provision.

10. Headings. The headings contained in this Agreement are provided for convenience only and are not intended to affect the construction or interpretation of this Agreement. All words used in this Agreement are to be construed to be of such gender or number as the circumstances require. The words "including," "includes," or "include" are to be read as listing non-exclusive examples of the matters referred to, whether or not words such as "without limitation" or "but not limited to" are used in each instance. Where this Agreement states that a party "shall," "will," or "must" perform in some manner or otherwise act or omit to act, it means that the party is legally obligated to do so in accordance with this Agreement. Any reference to a statute is deemed also to refer to any amendments or successor legislation as in effect at the relevant time.

11. Counterparts. The parties may execute this Agreement in multiple counterparts, each of which constitutes an original as against the party that signed it, and all of which together constitute one agreement. This Agreement is effective upon delivery of one executed counterpart from each party to the other parties. The signatures of all parties need not appear on the same counterpart. The delivery of signed counterparts by facsimile or email transmission in portable document format (PDF) or .tiff format that includes a copy of the sending party's signature(s) is as effective as signing and delivering the counterpart in person.

[Signature page follows.]

Assignor and Assignee have duly executed this Bill of Sale and Assignment Agreement as of the date first above written.

ASSIGNOR:

[***]

By: _____
Printed Name: _____

ASSIGNEE:

WDB HOLDINGS MI, INC.,
a Delaware corporation

By: _____
Name: _____
Title: _____

ATTACHMENT A
to Bill of Sale and Assignment Agreement

Acquired Assets

{To be completed prior to execution of Bill of Sale and Assignment Agreement}

ATTACHMENT B
to Bill of Sale and Assignment Agreement

Acquired Contracts and Permits

{To be completed prior to execution of Bill of Sale and Assignment Agreement}

Exhibit 2.8

AMENDING AGREEMENT

THIS AGREEMENT dated as of the 4th day of October, 2021

BETWEEN:

TERRASCEND CORP., a corporation existing under the laws of the Province of Ontario (the "**Purchaser**")

AND:

GAGE GROWTH CORP., a corporation existing under the laws of Canada (the "**Company**")

WHEREAS:

A. The Purchaser and the Company are party to an arrangement agreement dated August 31, 2021 (the "**Arrangement Agreement**") pursuant to which, among other things, the Purchaser has agreed to acquire all of the issued and outstanding Company Shares (and any securities issuable in exchange for the Company Exchangeable Shares) in exchange for Purchaser Shares on the terms set forth in the Arrangement Agreement pursuant to an arrangement under the provisions of the *Canada Business Corporations Act*;

B. The Purchaser and the Company wish to amend the Plan of Arrangement attached as Schedule "A" to the Arrangement Agreement to: (i) correct certain administrative errors relating to: (A) the number of Class B exchangeable shares of Spartan Partners Corporation outstanding on the date of the Arrangement Agreement, (B) the exchange ratio set forth in Section 3.1.1(c) of the Plan of Arrangement, (C) references to Gage common shares instead of Company Subordinate Voting Shares, and (D) references to the CBCA director; and (ii) provide that Mergerco (as defined in the Plan of Arrangement) shall file an election to cease to be a public corporation under the Tax Act;

C. All capitalized terms used herein but not defined herein shall have their respective meanings set forth in the Arrangement Agreement.

NOW THEREFORE in consideration of the premises and the mutual agreements and covenants herein contained and other good and valuable consideration (the receipt and adequacy of which is hereby acknowledged), the parties hereto hereby covenant and agree as follows:

1. The Plan of Arrangement attached as Schedule "A" to the Arrangement Agreement is hereby amended and replaced in its entirety with the Plan of Arrangement attached as Schedule "A" hereto.

2. This Agreement shall ensure to the benefit of and be binding upon the parties and their respective successors and assigns.

3. This Agreement may be executed by facsimile and in any number of counterparts, each of which so executed shall be deemed to be an original, and all of which together shall constitute but one and the same instrument.

[remainder of this page intentionally left blank]

IN WITNESS WHEREOF the parties hereto have duly executed this agreement as of the day and year first above written.

TERRASCEND CORP.

Per: /s/ *Keith Stauffer*
Name: Keith Stauffer
Title: Chief Financial Officer

GAGE GROWTH CORP.

Per: /s/ *Fabian Monaco*
Name: Fabian Monaco
Title: Chief Executive Officer

Schedule "A"

Plan of Arrangement

(attached)

PLAN OF ARRANGEMENT

UNDER SECTION 192

OF THE CANADA BUSINESS CORPORATIONS ACT

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Definitions

1.1.1 In this Plan of Arrangement, any capitalized term used herein and not defined in this Section 1.1.1 will have the meaning ascribed thereto in the Arrangement Agreement. Unless the context otherwise requires, the following words and phrases used in this Plan of Arrangement will have the meanings hereinafter set out:

"**Affected Person**" has the meaning ascribed thereto in Section 7.1.1.

"**Arrangement**" means an arrangement under Section 192 of the CBCA, on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations to this Plan of Arrangement made in accordance with the terms of the Arrangement Agreement or the provisions of this Plan of Arrangement or made at the direction of the Court in the Final Order with the prior written consent of the Company and the Purchaser, each acting reasonably.

"**Arrangement Agreement**" means the arrangement agreement dated as of August 31**,** 2021 between the Purchaser and the Company, together with the Schedules attached thereto and the Company Disclosure Letter and the Purchaser Disclosure Letter, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

"**Arrangement Resolution**" means the special resolution of the Company Shareholders approving this Plan of Arrangement to be considered at the Company Meeting.

"**Articles of Arrangement**" means the articles of arrangement of the Company in respect of the Arrangement that are required by the CBCA to be sent to the Director after the Final Order is made, which shall include this Plan of Arrangement and otherwise be in a form and content satisfactory to the Company and the Purchaser, each acting reasonably.

"**Broker**" has the meaning ascribed thereto in Section 7.1.2(a).

"**Business Day**" means any day of the year, other than a Saturday, Sunday or any day on which major banks are closed for business in Toronto, Ontario.

"**CBCA**" means the *Canada Business Corporations Act* and the regulations made thereunder, as now in effect and as they may be promulgated or amended from time to time.

"**Certificate of Arrangement**" means the certificate of arrangement giving effect to the Arrangement, issued pursuant to subsection 192(7) of the CBCA after the Articles of Arrangement have been filed.

"**Company**" means Gage Growth Corp., a company existing under the laws of Canada.

"**Company Circular**" means the notice of the Company Meeting and accompanying management information circular, including all schedules, appendices and exhibits to, and information incorporated by reference in, such management information circular, to be sent to the Company Shareholders in connection with the Company Meeting, as amended, supplemented or otherwise modified from time to time in accordance with the terms of the Arrangement Agreement.

"**Company Meeting**" means the special meeting of Company Shareholders, including any adjournment or postponement of such special meeting in accordance with the terms of the Arrangement Agreement, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution and for any other purpose as may be set out in the Company Circular and agreed to in writing by the Purchaser, acting reasonably.

"Company Proportionate Voting Shares" means the shares in the capital of the Company designated as proportionate voting shares, each entitling the holder thereof to fifty (50) votes per share at shareholder meetings of the Company, and which are convertible, at any time at the option of the holder, into Company Subordinate Voting Shares at a ratio of fifty (50) Company Subordinate Voting Shares for each Company Proportionate Voting Share.

"**Company RSU Plan**" means the restricted share unit plan approved by the Company Board on January 26, 2021.

"**Company RSUs**" means the outstanding restricted share units of the Company issued pursuant to the Company RSU Plan.

"**Company Shareholders**" means the registered or beneficial holders of Company Shares, as the context requires.

"**Company Shares**" means a share in the capital of the Company, and includes the Company Subordinate Voting Shares, the Company Super Voting Shares and the Company Proportionate Voting Shares.

"**Company Stock Option Plan**" means the amended and restated stock option plan approved by the Company Board on June 3, 2019.

"**Company Stock Options**" means stock options to purchase Company Subordinate Voting Shares issued pursuant to the Company Stock Option Plan.

"**Company Subordinate Voting Shares**" means the shares in the capital of the Company designated as subordinate voting shares, each entitling the holder thereof to one vote per share at shareholder meetings of the Company.

"**Company Super Voting Shares**" means the shares in the capital of the Company designated as super voting shares, each entitling the holder thereof to fifty (50) votes per share at shareholder meetings of the Company.

"**Company Warrants**" means the outstanding warrants of the Company to purchase Company Subordinate Voting Shares.

"**Consideration**" means the consideration to be received by non-Dissenting Shareholders pursuant to this Plan of Arrangement as consideration for their Company Shares, consisting of .3001 of a Purchaser Share for each Company Subordinate Voting Share, subject to adjustment in the manner and in the circumstances contemplated in Section 2.10 of the Arrangement Agreement, on the basis set out in this Plan of Arrangement.

"**Court**" means the Ontario Superior Court of Justice (commercial list) in the city of Toronto.

"**Depositary**" means such Person as the Company may appoint to act as depositary for Company Shares in relation to the Arrangement, with the approval of the Purchaser, acting reasonably.

"**Director**" means the Director appointed pursuant to section 260 of the CBCA.

"**Dissent Procedures**" has the meaning ascribed thereto in Section 4.1.1.

"**Dissent Rights**" means the rights of dissent of the registered Company Shareholders in respect of the Arrangement Resolution as described in Section 4.1.1 hereto.

"**Dissenting Shareholder**" means a registered Company Shareholder who has validly exercised a Dissent Right and who is ultimately entitled to be paid the fair value of the Company Shares held by such registered Company Shareholder, but such Company Shareholder will only be a Dissenting Shareholder in respect of the Company Shares in respect of which Dissent Rights are validly exercised by such holder in strict compliance with the terms of the Dissent Rights.

"**Dissenting Shares**" has the meaning ascribed thereto in Section 4.1.2.

"**Effective Date**" means the date upon which the Arrangement becomes effective as shown on the Certificate of Arrangement.

"**Effective Time**" means 12:01 a.m. (Toronto Time) on the Effective Date, or such other time as the Parties agree to in writing before the Effective Date.

"**Exchange Ratio**" means .3001 of a Purchaser Share to be issued by the Purchaser for each one Company Subordinate Voting Share exchanged pursuant to the Arrangement.

"**Final Order**" means the final order of the Court in a form acceptable to the Company and the Purchaser, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of both the Company and the Purchaser, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both the Company and the Purchaser, each acting reasonably) on appeal.

"**Governmental Entity**" means (i) any international, multinational, national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, commissioner, board, bureau, ministry, agency or instrumentality, domestic or foreign, including the U.S. Internal Revenue Service and the Canada Revenue Agency, (ii) any subdivision or authority of any of the above, (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing or (iv) any stock exchange, including the CSE.

"Hermiz Exchangeable Units" means the 900,000 exchangeable units issued by Spartan Partners Holding, LLC, an indirect subsidiary of the Company, which are exchangeable for either 45,000,000 Company Subordinate Voting Shares or 900,000 Company Proportionate Voting Shares in accordance with their terms.

"**Interim Order**" means the interim order of the Court in a form acceptable to the Company and the Purchaser, each acting reasonably, providing for, among other things, the calling and holding of the Company Meeting, as such order may be amended by the Court with the consent of the Company and the Purchaser, each acting reasonably.

"**Law**" means, with respect to any Person, any and all applicable law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, notice, judgment, decree, ruling or other similar requirement, whether domestic or foreign, enacted, adopted, promulgated or applied by a Governmental Entity that is binding upon or applicable to such Person or its business, undertaking, property or securities, and to the extent that they have the force of law, policies, guidelines, notices and protocols of any Governmental Entity, as amended.

"**Letter of Transmittal**" means the letter of transmittal to be delivered by the Company to the Company Shareholders for use in connection with the Arrangement.

"**Lien**" means any mortgage, charge, pledge, hypothec, security interest, prior claim, encroachments, option, right of first refusal or first offer, occupancy right, covenant, assignment, lien (statutory, inchoate or otherwise), defect of title, or restriction or adverse right or claim, or other third party interest or encumbrance of any kind, in each case, whether contingent or absolute.

"**Mayde**" means Mayde Inc.

"Mayde Exchangeable Shares" means the 6,000 Class B exchangeable shares issued by Spartan Partners Corporation, a subsidiary of the Company.

"**Merger**" has the meaning specified in Section 3.1.1(f).

"**Mergerco**" has the meaning ascribed thereto in Section 3.1.1(f);

"**Parties**" means the Company and the Purchaser, and "**Party**" means either of them.

"**Person**" includes any individual, partnership, association, body corporate, organization, trust, estate, trustee, executor, administrator, legal representative, government (including Governmental Entity), syndicate or other entity, whether or not having legal status.

"**Plan of Arrangement**" means this plan of arrangement, subject to any amendments or variations hereto made in accordance with Section 8.1 of the Arrangement Agreement or Section 6.1 hereto, or made at the direction of the Court in the Final Order with the prior written consent of the Company and the Purchaser, each acting reasonably.

"**Purchaser**" means TerrAscend Corp., a corporation existing under the laws of the Province of Ontario.

"**Purchaser Shares**" means the common shares in the authorized share capital of the Purchaser.

" **Purchaser Subco**" means 13283941 Canada Inc., a corporation continued under the CBCA and a wholly-owned subsidiary of the Purchaser.

"**Replacement Option**" means an option or right to purchase or receive Purchaser Shares, as applicable, granted by the Purchaser in replacement of Company Stock Options on the basis set forth in Section 3.1.1(i).

"**Replacement Warrant**" means the warrants providing for the right to purchase Purchaser Shares issued by the Purchaser in replacement of the Company Warrants on the basis set forth in Section 3.1.1(j).

"**Section 3(a)(10) Exemption**" means the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereof.

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations promulgated thereunder, each as amended.

"**U.S. Securities Act**" means the United States *Securities Act of 1933*, as amended, and the rules and regulations promulgated thereunder.

"**U.S. Tax Code**" means the United States Internal Revenue Code of 1986, as amended.

"**Withholding Obligation**" has the meaning ascribed thereto in Section 7.1.1.

1.2 Interpretation Not Affected by Headings

The headings contained in this Plan of Arrangement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Plan of Arrangement. The terms "this Plan of Arrangement", "hereof", "herein", "hereto", "hereunder" and similar expressions refer to this Plan of Arrangement and not to any particular Article, Section or Subsection hereof and include any agreement or instrument supplementary or ancillary hereto.

1.3 Date for any Action

If the date on which any action is required to be taken hereunder is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

1.4 Number and Gender

In this Plan of Arrangement, unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing gender include all genders and neuter.

1.5 References to Persons and Statutes

A reference to a Person includes any successor to that Person. Any reference to a statute or to a rule of a self-regulatory organization, including any stock exchange, refers to such statute or rule, and all rules and regulations, administrative policy statements, instruments, blanket orders, notices, directions and rulings issued or adopted under it, as it or they may have been or may from time to time be amended or re-enacted, unless stated otherwise.

1.6 Currency

Unless otherwise stated in this Plan of Arrangement, all references herein to amounts of money are expressed in lawful money of Canada.

1.7 Computation of Time

A period of time is to be computed as beginning on the day following the event that began the period and ending at 4:30 p.m. on the last day of the period, if the last day of the period is a Business Day, or at 4:30 p.m. on the next Business Day if the last day of the period is not a Business Day.

1.8 Time References

Time shall be of the essence in every matter or action contemplated hereunder. References to time are to Toronto time.

1.9 Including

The word "including" means "including, without limiting the generality of the foregoing".

ARTICLE 2
ARRANGEMENT AGREEMENT; EFFECTIVENESS

2.1 Effectiveness

2.1.1 This Plan of Arrangement is made pursuant to and subject to the provisions of the Arrangement Agreement and constitutes an arrangement as referred to in Section 192 of the CBCA.

2.1.2 This Plan of Arrangement will become effective as at the Effective Time and will be binding (without any further authorization, act or formality on the part of the Court, the Director, or any other Person) from and after the Effective Time on:

(a) the Company,

(b) the Purchaser,

(c) all Company Shareholders,

(d) Mergerco,

(e) Purchaser Subco,

(f) Spartan Partners Corporation,

(g) Spartan Partners Holdings, LLC,

(h) holders of Company RSUs, Company Warrants, Company Stock Options, Hermiz Exchangeable Units, or Mayde Exchangeable Shares, and

(i) the Depositary.

ARTICLE 3
THE ARRANGEMENT

3.1 Arrangement

3.1.1 At the Effective Time each of the following events shall occur and shall be deemed to occur sequentially as set out below without any further authorization, act or formality, in each case, unless stated otherwise, effective as at one minute intervals starting at the Effective Time:

(a) each Company RSU, whether vested or unvested, shall be deemed to be vested to the fullest extent, and such Company RSU shall be, and shall be deemed to be, surrendered to the Company by the holder of Company RSUs at a ratio of one RSU for one Company Subordinate Voting Share, less any amounts required to be withheld pursuant to Article 7 and the Company Subordinate Voting Shares issuable in connection therewith shall be deemed to be issued to such holder of Company RSUs as fully paid and non-assessable shares in the capital of the Company, provided that no share certificates shall be issued with respect to such shares;

(b) each Company Share outstanding immediately prior to the Effective Time held by a Company Shareholder in respect of which Dissent Rights have been validly exercised will be deemed to have been transferred without any further act or formality to the Purchaser by the holder thereof for cancellation, free and clear of any Liens, and such Company Shareholder will cease to be the registered holder of such Dissenting Shares and will cease to have any rights as a registered holder of such Company Shares other than the right to be paid fair value for such Dissenting Shares as set out in Section 4.1.2, and such Company Shareholder's name will be removed as the registered holder of such Dissenting Shares from the register of holders of Company Shares maintained by or on behalf of the Company, and the Dissenting Shares shall be cancelled;

(c) each Mayde Exchangeable Share outstanding immediately prior to the Effective Time shall be transferred without any further act or formality to the Purchaser in exchange for 1,500.5 Purchaser Shares, and upon such transfer:

(i) the holder of the Mayde Exchangeable Shares will cease to be the registered holder of such Mayde Exchangeable Shares on the register of Spartan Partners Corporation and will cease to have any rights as a holder of such Mayde Exchangeable Shares;

(ii) such holder of the Mayde Exchangeable Shares shall be entered into the securities register of the Purchaser as the holder of such Purchaser Shares;

(d) concurrently with the transfer of Mayde Exchangeable Shares pursuant to Section 3.1.1(c), there shall be added to the stated capital of the Purchaser Shares, an amount equal to the cost (within the meaning of the Tax Act, including, if applicable, as determined under Section 85 of the Tax Act) of the Mayde Exchangeable Shares acquired by the Purchaser pursuant to Section 3.1.1(c);

(e) each Company Super Voting Share outstanding immediately prior to the Effective Time shall be transferred for no payment, and without any further act or formality, to the Purchaser, and the holder of such transferred Company Super Voting Share shall be removed from the Company's securities register for the Company Super Voting Shares**;**

(f) concurrently with the transfer of Company Super Voting Shares pursuant to Section 3.1.1(e), the stated capital of the Company Super Voting Shares shall be reduced to nil, and there shall be added to the stated capital of the Company Subordinate Voting Shares, an amount equal to the paid-up capital (within the meaning of the Tax Act) of the Company Super Voting Shares immediately prior to the Effective Time;

(g) immediately following the preceding steps, Purchaser Subco shall amalgamate and merge with and into the Company (the "**Merger**") under Section 181 of the CBCA and be one corporate entity ("**Mergerco**") and upon the Merger being effective:

(i) Survival. The legal existence of the Company shall not cease and the Company shall survive the Merger as Mergerco.

(ii) Name. The name of Mergerco shall be "Gage Growth Corp.", being the name of the Company.

(iii) Registered Office. The registered office of Mergerco shall continue to be the registered office of the Company.

(iv) Authorized Shares. The classes and maximum number of shares that Mergerco is authorized to issue shall be the same as the Company was authorized to issue immediately prior to the Merger.

(v) Restrictions on Share Transfer. The restrictions on share transfer shall be the same as the restrictions applicable to the transfer of shares of the Company contained in the Articles of the Company immediately prior to the Merger, if any.

(vi) Number of Directors. The minimum and maximum number of directors of Mergerco shall be the same minimum and maximum number of directors of the Company immediately prior to the Merger.

(vii) Restrictions on Business. The restrictions on business of Mergerco shall be the same as the restrictions on business of the Company contained in the Articles of the Company immediately prior to the Merger, if any.

(viii) Directors. The directors of Mergerco immediately after the Merger shall be Lisa Swartzman and Keith Stauffer.

(ix) Shares. The Purchaser shall receive on the Merger and amalgamation one Mergerco subordinate voting share in exchange for each Purchaser Subco common share previously held and each Company Share (other than Dissenting Shares held by Dissenting Shareholders who are ultimately determined to be entitled to be paid fair value for their Dissenting Shares in accordance with Article 4) shall entitle the holder thereof to the Consideration.

(x) Stated Capital. The stated capital account maintained for the subordinate voting shares of Mergerco will be equal to the aggregate of the paid-up capital, for purposes of the Tax Act, of the Purchaser Subco shares held by the Purchaser and the Company Shares, immediately prior to the Merger.

(xi) By-laws. The by-laws of Mergerco shall be the by-laws of the Company.

(xii) Effect of the Merger. The provisions of subsection 186(a) to (g) of the CBCA shall apply to the Merger with the result that:

i) the amalgamation of the amalgamating corporations and their continuance as one corporation becomes effective;

ii) the property of each amalgamating corporation continues to be the property of Mergerco;

iii) Mergerco continues to be liable for the obligations of each amalgamating corporation;

iv) the separate legal existence of Purchaser Subco shall cease without Purchaser Subco being liquidated or wound up, and the property, rights and interests of Purchaser Subco shall become the property, rights and interests and obligations of Mergerco;

v) an existing cause of action, claim or liability to prosecution is unaffected;

vi) a civil, criminal or administrative action or proceeding pending by or against an amalgamating corporation may be continued to be prosecuted by or against the amalgamated corporation;

vii) a conviction against, or ruling, order or judgment in favour of or against, an amalgamating corporation may be enforced by or against the amalgamated corporation; and

viii) the Articles of Arrangement are deemed to be the articles of incorporation of the amalgamated corporation and the Certificate of Arrangement is deemed to be the certificate of incorporation of the amalgamated corporation; and

(h) for greater certainty:

(i) immediately following the Merger, Purchaser Subco and the Company shall be one corporation;

(ii) the properties, rights, interests and obligations of the Company shall continue to be the properties, rights, interests and obligations of Mergerco, and the Merger shall not constitute an assignment by operation of law, a transfer or any other disposition of the property, rights, interests and obligations of the Company to Mergerco;

(iii) the legal existence of the Company shall not cease and the Company shall survive the Merger as Mergerco, notwithstanding the issue by the Director of a Certificate of Arrangement and the assignment of a new incorporation number to Mergerco; and

(iv) following the Merger, Mergerco shall make an election to cease to be a "public corporation" under paragraph (c) of the definition of "public corporation" contained in subsection 89(1) of Tax Act.

(i) each Company Stock Option outstanding at the Effective Time (whether vested or unvested) will be exchanged for a Replacement Option to acquire such number of Purchaser Shares as is equal to: (A) that number of Company Subordinate Voting Shares that were issuable upon exercise of such Company Stock Option immediately prior to the Effective Time, multiplied by (B) the Exchange Ratio, rounded down to the nearest whole number of Purchaser Shares, at an exercise price per Purchaser Share equal to the greater of (i) the quotient determined by dividing: (X) the exercise price per Company Subordinate Voting Share at which such Company Stock Option was exercisable immediately prior to the Effective Time, by (Y) the Exchange Ratio, rounded up to the nearest whole cent, and (ii) such minimum amount that meets the requirements of paragraph 7(1.4)(c) of the Tax Act. All terms and conditions of a Replacement Option, including the term to expiry, vesting, conditions to and manner of exercising, shall be the same as the Company Stock Option for which it was exchanged, and any certificate or option agreement previously evidencing the Company Stock Option shall thereafter evidence and be deemed to evidence such Replacement Option;

(j) each Company Warrant outstanding at the Effective Time will be exchanged for a Replacement Warrant evidencing a right to purchase such number of Purchaser Shares as is equal to: (A) that number of Company Subordinate Voting Shares that were issuable upon exercise of such Company Warrant immediately prior to the Effective Time, multiplied by (B) the Exchange Ratio, rounded down to the nearest whole number of Purchaser Shares, at an exercise price per Purchaser Share equal to the greater of (i) the quotient determined by dividing: (X) the exercise price per Company Subordinate Voting Share at which such Company Warrant was exercisable immediately prior to the Effective Time, by (Y) the Exchange Ratio, rounded up to the nearest whole cent, and (ii) such minimum amount that meets the requirements of paragraph 7(1.4)(c) of the Tax Act. All terms and conditions of a Replacement Warrant, including the term to expiry, conditions to and manner of exercising, shall be the same as set out in the warrant certificate for which it was exchanged, and the warrant certificate previously evidencing the Company Warrant shall thereafter evidence and be deemed to evidence such Replacement Warrant. Notwithstanding anything to the contrary contained herein, the assumption of warrants provided for in this Section 3.1(m) will be performed in a manner that complies with Sections 424(a) and 409A U.S. Tax Code (and the regulations promulgated thereunder);

3.1.2 The Consideration and the Exchange Ratio shall be adjusted to reflect fully the effect of any stock split, reverse split, stock dividend (including any dividend or distribution of securities convertible into Purchaser Shares or Company Shares, other than stock dividends paid in lieu of ordinary course dividends), consolidation, reorganization, recapitalization or other like change with respect to Purchaser Shares or the Company Shares occurring after the date of the Arrangement Agreement and prior to the Effective Time.

3.2 U.S. Securities Laws

3.2.1 Notwithstanding any provision herein to the contrary, the Purchaser and the Company agree that the Plan of Arrangement will be carried out with the intention that all Consideration to be issued in connection with the Arrangement shall be exempt from registration requirements of the U.S. Securities Act pursuant to the Section 3(a)(10) Exemption thereunder, and may be subject to restrictions on resale under the applicable securities laws of the United States, including Rule 144 under the U.S. Securities Act with respect to affiliates of the Company and the Purchaser.

3.3 U.S. Tax Treatment

3.3.1 The Company and Purchaser intend that for U.S. federal income tax purposes (and applicable state and local Tax purposes), (i) the Merger, together with the transactions described in Section 3.1.1, will qualify as a reorganization within the meaning of Sections 368(a)(1)(A) and 368(a)(2)(E) of the U.S. Tax Code and (ii) the Company will be considered to be the survivor of the Merger and Purchaser Subco will be considered to have ceased to exist as a result of the Merger.

ARTICLE 4
RIGHTS OF DISSENT

4.1 Dissent Rights

4.1.1 Registered holders of Company Shares may exercise rights of dissent (the "**Dissent Rights**") in connection with the Arrangement pursuant to the Interim Order and in the manner set forth in Sections 190 of the CBCA, as modified by the Interim Order, the Final Order and this Section 4.1 (collectively, the "**Dissent Procedures**"), provided that the written notice setting forth the objection of such registered Company Shareholder to the Arrangement contemplated by Section 190(5) of the CBCA must be received by the Company not later than 5:00 p.m. (Toronto time) on the Business Day that is two (2) Business Days before the Company Meeting.

4.1.2 Company Shareholders who duly and validly exercise Dissent Rights with respect to their Company Shares ("**Dissenting Shares**") and who:

(a) are ultimately determined to be entitled to be paid fair value for their Dissenting Shares shall be entitled to be paid the fair value by the Purchaser for the Dissenting Shares and will be deemed to have irrevocably transferred such Dissenting Shares to the Company (free and clear of all Liens) pursuant to Section 3.1.1(a); or

(b) for any reason, are ultimately not entitled to be paid fair value for their Dissenting Shares, will be deemed to have participated in the Arrangement on the same basis as a non-dissenting Company Shareholder and will receive Purchaser Shares on the same basis as every other non-dissenting Company Shareholder,

but in no case will the Company or the Purchaser be required to recognize such Persons as holding Company Shares on or after the Effective Date. For greater certainty, in no case shall the Company, the Purchaser or any other Person be required to recognize Dissenting Shareholders as Company Shareholders after the Effective Time, and the names of such Dissenting Shareholders shall be deleted from the central securities register of holders of Company Shares as of the Effective Time.

4.1.3 In addition to any other restrictions set forth in the CBCA, none of the following shall be entitled to exercise Dissent Rights:

(a) Company Shareholders who vote, or who have instructed a proxyholder to vote, in favour of the Arrangement Resolution; and

(b) holders of Company RSUs, Company Warrants, Company Stock Options, Hermiz Exchangeable Units and Mayde Exchangeable Shares.

ARTICLE 5
DELIVERY OF CONSIDERATION

5.1 Delivery of Consideration

5.1.1 Following receipt of the Final Order and prior to the Effective Date in accordance with the terms of the Arrangement Agreement, the Purchaser shall deposit with the Depositary such number of Purchaser Shares as is necessary in order to effect the exchange or settlement under Section 3.1 of this Plan of Arrangement. In addition, the Purchaser will (i) on the Effective Date, issue to the holders of Company Options and Company Warrants certificates representing the Replacement Options and Replacement Warrants required to be issued pursuant to Section 3.1 and reflect such holders as the registered holders of Replacement Options and/or Replacement Warrants, as applicable, on the registers of options and warrants maintained by the Purchaser, and (ii) deliver (or caused to be delivered) such certificates to the holders of the Company Options and Company Warrants as soon as reasonably practicable thereafter (and in any event not later than five Business Days following the Effective Date).

5.1.2 Subject to surrender to the Depositary of a certificate which immediately prior to the Effective Time represented outstanding Company Shares, together with a duly completed and executed Letter of Transmittal and such additional documents and instruments as the Depositary may reasonably require, following the Effective Time the holder of such surrendered certificate shall be entitled to receive in exchange therefor, and the Depositary shall deliver to such holder, the Purchaser Shares which such holder has the right to receive under Section 3.1 of this Plan of Arrangement, less any amounts withheld pursuant to Section 7.1 and any certificate so surrendered shall forthwith be cancelled.

5.1.3 Until surrendered as contemplated by this Section 5.1, each certificate that immediately prior to the Effective Time represented Company Shares shall be deemed after the Effective Time to represent only the right to receive, upon such surrender, the Purchaser Shares to which the holder thereof is entitled in lieu of such certificate as contemplated by Section 3.1 and this Section 5.1, less any amounts withheld pursuant to Section 7.1. Any such certificate formerly representing Company Shares not duly surrendered on or before the sixth anniversary of the Effective Date shall:

(a) cease to represent a claim by, or interest of, any former holder of Company Shares of any kind or nature against or in the Company or the Purchaser (or any successor to any of the foregoing); and

(b) be deemed to have been surrendered to the Purchaser and shall be cancelled.

5.1.4 No Company Shareholder or holder of Company RSUs, Company Warrants, Company Stock Options, or Mayde Exchangeable Shares shall be entitled to receive any consideration with respect to such Company Shares, Company RSUs, Company Warrants, Company Stock Options, or Mayde Exchangeable Shares other than the consideration to which such holder is entitled in accordance with Section 3.1 and, for greater certainty, no such holder will be entitled to receive any interest, dividends, premium or other payment in connection therewith.

5.2 Distributions with Respect to Unsurrendered Certificates

No dividend or other distribution declared or paid after the Effective Time with respect to Purchaser Shares shall be delivered to the holder of any certificate formerly representing Company Shares unless and until the holder of such certificate shall have complied with the provisions of Section 5.1. Subject to applicable Law, at the time of such compliance, there shall, in addition to the delivery of a certificate representing the Purchaser Shares to which such holder is thereby entitled, be delivered to such holder, without interest, the amount of the dividend or other distribution with a record date after the Effective Time theretofore paid with respect to such Purchaser Shares.

5.3 No Fractional Shares

No fractional Purchaser Shares shall be issued to any Person pursuant to this Plan of Arrangement. The number of Purchaser Shares, to be issued to any Person pursuant to this Plan of Arrangement shall, without additional compensation, be rounded down to the nearest whole Purchaser Share.

5.4 Lost Certificates

5.4.1 In the event any certificate, which immediately before the Effective Time represented one or more outstanding Company Shares that was exchanged pursuant to this Plan of Arrangement, is lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such certificate to be lost, stolen or destroyed, the Depositary will issue in exchange for such lost, stolen or destroyed certificate, the Consideration to which such Person is entitled in respect of the Company Shares represented by such lost, stolen, or destroyed certificate pursuant to this Plan of Arrangement deliverable in accordance with such Person's Letter of Transmittal.

5.4.2 When authorizing such delivery of Purchaser Shares that such holder is entitled to receive in exchange for any lost, stolen or destroyed certificate, the Person to whom such Purchaser Shares are to be delivered shall, as a condition precedent to the delivery of such Purchaser Shares, give a bond satisfactory to the Purchaser and the Depositary in such sum as the Purchaser and the Depositary may direct and indemnify the Purchaser and the Depositary in a manner satisfactory to the Purchaser and the Depositary, against any claim that may be made against the Purchaser or the Depositary with respect to the certificate alleged to have been lost, stolen or destroyed.

5.5 Calculations

All calculations and determinations made by the Purchaser, the Company or the Depositary, as applicable, for the purposes of this Plan of Arrangement shall be conclusive, final and binding.

ARTICLE 6
AMENDMENT

6.1 Amendments to Plan of Arrangement

6.1.1 The Company and the Purchaser may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment, modification and/or supplement must (i) be set out in writing, (ii) be approved by the Purchaser and the Company in writing (subject to the Arrangement Agreement), each acting reasonably, (iii) be filed with the Court and, if made following the Company Meeting, approved by the Court, and (iv) communicated to Company Shareholders if and as required by the Court.

6.1.2 Any amendment, modification or supplement to this Plan of Arrangement may be proposed by the Company or the Purchaser at any time prior to the Company Meeting (provided that the Purchaser or the Company (subject to the Arrangement Agreement), as applicable, shall have consented thereto) with or without any other prior notice or communication, and if so proposed and accepted by the Persons voting at the Company Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

6.1.3 Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the Company Meeting shall be effective only if (i) it is consented to in writing by each of the Company and the Purchaser (in each case, acting reasonably), and (ii) if required by the Court, it is consented to by some or all of the Company Shareholders voting in the manner directed by the Court.

6.1.4 Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date unilaterally by the Purchaser, provided that it concerns a matter which, in the reasonable opinion of the Purchaser, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the economic interest of any former Company Shareholder.

6.1.5 This Plan of Arrangement may be withdrawn prior to the Effective Time in accordance with the terms of the Arrangement Agreement.

ARTICLE 7
WITHHOLDING TAX

7.1 Withholding Tax

7.1.1 The Purchaser, the Company and the Depositary, as the case may be, shall be entitled to deduct or withhold from any amounts contemplated to be payable to any Person under this Plan of Arrangement (an "**Affected Person**") such amounts as are required, entitled or permitted to be deducted or withheld with respect to such payment (a "**Withholding Obligation**") under the Tax Act, the U.S. Tax Code or any other provision of federal, provincial, territorial, state, local or foreign tax Law, in each case, as amended, and shall remit or cause to be remitted the amount so deducted or withheld to the appropriate Governmental Entity. To the extent that amounts are so deducted or withheld, such deducted or withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of which such deduction or withholding was made, provided that such deducted or withheld amounts are actually remitted in accordance with applicable Law to the appropriate taxing authority.

7.1.2 Each of the Company, the Purchaser and the Depositary shall also have the right to:

(a) deduct, withhold and sell, or direct the Purchaser, the Company or the Depositary to deduct, withhold and sell through a broker (the "**Broker**"), and on behalf of any Affected Person; or

(b) require the Affected Person to irrevocably direct the sale through a Broker and irrevocably direct the Broker pay the proceeds of such sale to the Purchaser, the Company or the Depositary as appropriate (and, in the absence of such irrevocable direction, the Affected Person shall be deemed to have provided such irrevocable direction),

such number of Purchaser Shares delivered or deliverable to such Affected Person pursuant to this Plan of Arrangement as is necessary to produce sale proceeds (after deducting commissions payable to the Broker and other costs and expenses) sufficient to fund any Withholding Obligations. Any such sale of Purchaser Shares shall be effected on a public market and as soon as practicable following the Effective Date. None of the Purchaser, the Company, the Depositary or the Broker will be liable for any loss arising out of any sale of such Purchaser Shares, including any loss relating to the manner or timing of such sales, the prices at which the Purchaser Shares are sold or otherwise.

ARTICLE 8
PARAMOUNTCY

8.1 Paramountcy

8.1.1 From and after the Effective Time:

(a) this Plan of Arrangement shall take precedence and priority over any and all rights related to the Company RSUs, Company Warrants, Company Stock Options, or Mayde Exchangeable Shares and Company Shares issued and outstanding prior to the Effective Time;

(b) the rights and obligations of Company Shareholders and holders of the Company RSUs, Company Warrants, Company Stock Options or Mayde Exchangeable Shares, the Depositary and any trustee and transfer agent therefor, shall be solely as provided for in this Plan of Arrangement; and

(c) all actions, causes of action, claims or proceedings (actual or contingent and whether or not previously asserted) based on or in any way relating to the Company Shares, Company RSUs, Company Warrants, Company Stock Options or Mayde Exchangeable Shares shall be deemed to have been settled, compromised, released and determined without liability except as set forth in this Plan of Arrangement.

ARTICLE 9
FURTHER ASSURANCES

9.1 Further Assurances

9.1.1 Notwithstanding that the transactions and events set out in this Plan of Arrangement shall occur and be deemed to have occurred in the order set out herein without any further authorization, act or formality, each of the Parties shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order to implement this Plan of Arrangement and to further document or evidence any of the transactions or events set out herein.

****

RequestID: 019999472
Demande n°:
Transaction ID: 063790652
Transaction n°:
Category ID : CT
Catégorie:

Province of Ontario
Province de l'Ontario
Ministry of Government Services
Ministere des Services gouvernementaux

Date Report Produced:
2017/03/07
Document produit le:
Time Report Produced: 15:10:21
Imprimé à

Certificate of Incorporation
Certificat de constitution

This is to certify that **Ceci certifie que**

TERRASCEND CORP.

Ontario Corporation No. **Numéro matricule de la personne morale en Ontario**

002565066

is a corporation incorporated, under the laws of the Province of Ontario. **est une société constituée aux termes des lois de la province de l'Ontario.**

These articles of incorporation are effective on **Les présents statuts constitutifs entrent en vigueur le**

MARCH 07 MARS, 2017

/s/ [Illegible]
Director/Directeur
Business Corporations Act/Loi sur les sociétés par actions

Request ID / Demande n^{o}
19999472

Ontario Corporation Number
Numéro de la compagnie en Ontario
2565066

FORM 1 *FORUMLE NUMÉRO 1*

BUSINESS CORPORATIONS ACT *LOI SUR LES SOCIÉTÉS PAR ACTIONS*

ARTICLES OF INCORPORATION
STATUTS CONSTITUTIFS

1. The name of the corporation is: *Dénomination sociale de la compagnie:*

TERRASCEND CORP.

2. The address of the registered office is: *Adresse du siege social:*
3610 MAVIS ROAD

(Street & Number, or R.R. Number & if Multi-Office Building give Room No.)

(Rue et numéro, ou numéro de la R.R. et, s'il s'agit édifice à bureau, numéro du bureau)

MISSISSAUGA
CANADA

Ontario
L5C 1W2

(Name of Municipality or Post Office)
(*Nom de la municiplaité ou du bureau de poste)*

(Post Code / Code Postal)

3. Number (or minimum and maximum number) of directors is: *Nombre (ou nombres minimal et maximal) d'administrateurs:*

Minimum 1

Maximum 10

4. The first director(s) is/ are: *Premier(s) administrateur (s):*
First name, initials and surname Resident Canadian State Yes or No
Prénom, initiales et nom de famille *Résident Canadien Qui / Non*

Address for service, giving Street & No. or R.R. No., Municipality and Postal Code *Domicile élu, y compris la rue et le numéro, le numéro de la R.R., ou le nom de la municipalité et le code postal*

*BASEM
HANNA

YES

Request ID / Demande n^{o}	Ontario Corporation Number Numéro de la compagnie en Ontario
19999472	2565066

3610 MAVIS ROAD MISSISSAUGE, ONTARIO CANADA L5C 1W2	
*MICHAEL NASHAT 3610 MAVIS ROAD MISSISSAUGE, ONTARIO CANADA L5C 1W2	YES
*GOPAL BHATNAGAR 3610 MAVIS ROAD MISSISSAUGE, ONTARIO CANADA L5C 1W2	YES
*RICHARD MAVRINAC 3610 MAVIS ROAD MISSISSAUGE, ONTARIO CANADA L5C 1W2	YES

5. Restrictions, if any, on business the corporation may carry on or on powers the corporation may exercise.

   Limites, s'il y a lieu, imposées aux activités commerciales ou aux pouvoirs de la compagnie.

   None.

6. The classes and any maximum number of shares that the corporation is authorized to issue:

   Catégories et nombre maximal, s'il y a lieu, d'actions que la compagnie est autorisée à émettre:

   The Corporation is authorized to issue an unlimited number of common shares.

Request ID / Demande n^{o}	Ontario Corporation Number Numéro de la compagnie en Ontario
19999472	2565066

7. Rights, privileges, restrictions and conditions (if any) attaching to each class of shares and directors authority with respect to any class of shares which may be issued in series:

   Droits, privileges, restrictions et conditions, s'il y a lieu, rattaches a chaque categorie d'actions et pouvoirs des administrateurs relatifs a chaque categorie d'actions que peut etre emise en aerie:

   Not applicable.

8. The issue, transfer or ownership of shares is/is not restricted and the restrictions (if any) are as follows:

   L'emission, le transfert ou la propriete d'actions est/n'est pas restreinte. Les restrictions, s'il ya lieu, sont las suivantes:

   None.

9. Other provisions, (if any, are):

   Autres dispositions, s'il y a lieu:

   None.

10. The names and addresses of the incorporators are

    Nom et adresse des fondateurs

First name, initials and last name or corporate name *Prénom, initiale et nom de famille ou dénomination sociale*

Full address for service or address of registered office or of principal place of business giving street & No. or R.R. No., municipality and postal code

Domicile elu, adresse du siege social au adresse de l'etablissement principal, y compris la rue et le numero, le numero de la R.R., le nom de la municipalite et le code postal

*MAREK LORENC

100 KING STREET WEST Suite 1600
1 FIRST CANADIAN PLACE TORONTO ONTARIO
CANADA M5X 1G5

SCHEDULE TO
ARTICLES OF AMENDMENT
TERRASCEND CORP.

(the "Company")

The Articles of the Company are amended as follows:

(a) to increase the authorized capital of the Company by creating four series of Preferred Shares (as defined in the existing Articles of the Company) in the capital of the Company to be designated the "Series A Convertible Preferred Shares", the "Series B Convertible Preferred Shares", the "Series C Convertible Preferred Shares" and the "Series D Convertible Preferred Shares", of which an unlimited number of each series shall be authorized for issuance; and

(b) to attach the rights, privileges, restrictions and conditions to each of the Series A Convertible Preferred Shares as set forth in Exhibit A, the Series B Convertible Preferred Shares as set forth in Exhibit B, the Series C Convertible Preferred Shares as set forth in Exhibit C and the Series D Convertible Preferred Shares as set forth in Exhibit D.

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Exhibit A

PROVISIONS ATTACHING TO THE
SERIES A CONVERTIBLE PREFERRED SHARES

In addition to the rights, privileges, restrictions and conditions attaching to the preferred shares as a class, the Series A Convertible Preferred Shares shall have the following rights, privileges, restrictions and conditions. Capitalized terms not defined where used shall have the meanings ascribed to such terms in Section 8.

1. Liquidation Preference

(a) In the event of liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or upon any other return of capital or distribution of the assets of the Company among its shareholders, in each case for the purposes of winding up its affairs, each Series A Convertible Preferred Share entitles the holder thereof to receive and to be paid out of the assets of the Company available for distribution, before any distribution or payment may be made to a holder of any Common Shares, Proportionate Voting Shares, Exchangeable Shares or any other shares ranking junior in such liquidation, dissolution or winding up to the Series A Convertible Preferred Shares, an amount per Series A Convertible Preferred Share equal to the Liquidation Preference.

(b) The "**Liquidation Preference**" per Series A Convertible Preferred Share shall initially be equal to US$2,000; provided that if the Company makes a distribution to holders of all or substantially all of the Series A Convertible Preferred Shares, payable in Series A Convertible Preferred Shares, or if the Company effects a share split or share consolidation on the Series A Convertible Preferred Shares, then the Liquidation Preference shall be adjusted on the effective date of such event by multiplying the then-effective Liquidation Preference by:

$$\frac{CS_0}{CS_1}$$

where,

CS_0 = the number of Series A Convertible Preferred Shares outstanding immediately before giving effect to such share dividend, distribution, split or share consolidation, as the case may be; and

CS_1 = the number of Series A Convertible Preferred Shares outstanding immediately after giving effect to such dividend, distribution, share split or share consolidation.

(c) After payment to the holders of the Series A Convertible Preferred Shares of the full Liquidation Preference to which they are entitled in respect of outstanding Series A Convertible Preferred Shares (which, for greater certainty, have not been converted prior to such payment), such Series A Convertible Preferred Shares will have no further right or claim to any of the assets of the Company.

(d) The Liquidation Preference shall be payable to holders of Series A Convertible Preferred Shares in cash;*provided, however,* that to the extent the Company has, having exercised commercially reasonable efforts to make such payment, insufficient cash available to pay the Liquidation Preference in full in cash, the portion of the Liquidation Preference with respect to which the Company has insufficient cash may be paid in property or other assets of the Company. The value of any property or assets not consisting of cash that is distributed by the Company in satisfaction of any portion of the Liquidation Preference will equal the Fair Market Value thereof on the date of distribution.

2. Voting Rights

Except as otherwise provided in the *Business Corporations Act (Ontario)* (the "**Act**"), the holders of Series A Convertible Preferred Shares shall not be entitled to receive notice of, or to attend or to vote at any meeting of the shareholders of, the Company.

3. Dividends

The holders of Series A Convertible Preferred Shares shall not be entitled to receive any dividends, except that the Company shall issue such dividends as are necessary to comply with the provisions of Section 7(f)(iii) in respect of an adjustment to the Conversion Ratio in connection with any dividend paid on the Common Shares. The Company will provide holders of Series A Convertible Preferred Shares with 21 days' notice of the record date for any dividend payable on the Common Shares.

4. Purchase for Cancellation

Subject to such provisions of the Act as may be applicable, the Company may at any time or times purchase (if obtainable) for cancellation all or any part of the Series A Convertible Preferred Shares outstanding from time to time in one or more negotiated transactions at such price or prices as are determined by the Board of Directors and as may be agreed to with the relevant holders of the Series A Convertible Preferred Shares. From and after the date of purchase of any Series A Convertible Preferred Shares under the provisions of this Section 4, any shares so purchased shall be cancelled.

5. [RESERVED]

6. [RESERVED]

7. Conversion.

Each Series A Convertible Preferred Share is convertible into Proportionate Voting Shares as provided in this Section 7.

(a) **Conversion at the Option of Holders of Series A Convertible Preferred Shares.** Each holder of Series A Convertible Preferred Shares is entitled to convert, at any time and from time to time, at the option and election of such holder, any or all outstanding Series A Convertible Preferred Shares held by such holder into a number of duly authorized, validly issued, fully paid and non-assessable Proportionate Voting Shares equal to the product obtained by multiplying (i) the then-effective Conversion Ratio by (ii) the number of Series A Convertible Preferred Shares so converted; provided that the Company shall not effect any conversion pursuant to this Section 7(a), and no holder shall have the right to convert its Series A Convertible Preferred Shares pursuant to this Section 7(a), to the extent that after giving effect to such conversion such holder, alone or together with its affiliates and persons acting jointly or in concert with such holder and its affiliates (including any person not dealing at arm's length with the holder for the purpose of the *Income Tax Act (Canada)),* would beneficially own securities representing in excess of 49.9% of the voting power of the outstanding capital stock of the Company immediately after giving effect to such conversion and any concurrent conversion or exercise of Convertible Securities.

The "**Conversion Ratio**" is initially 1.00, as adjusted from time to time as provided in Section 7(f). In order to convert the Series A Convertible Preferred Shares into Proportionate Voting Shares pursuant to this Section 7(a), the holder must surrender the certificates representing such Series A Convertible Preferred Shares, accompanied by transfer instruments reasonably satisfactory to the Company, free of any adverse interest or liens at the office of the Company or its transfer agent for the Series A Convertible Preferred Shares (as directed by the Company), together with the prescribed form of written notice, set forth on the Series A Convertible Preferred Share certificates, that such holder elects to convert all or such number of shares represented by such certificates as specified therein.

(b) **Automatic Conversion upon a Change of Control.**

(i) The Company shall provide written notice (the "**Conversion Notice**") pursuant to this Section 7(b) at least 30 days prior to the effective date of a Change of Control to the holders of record of the Series A Convertible Preferred Shares as they appear in the records of the Company. The Conversion Notice must state: (A) the consideration per Series A Convertible Preferred Share deliverable upon conversion; and (B) the date (the "**Automatic Conversion Date**"), which shall be not less than 30 days after the date of delivery of the Conversion Notice, on which the Series A Convertible Preferred Shares will automatically convert pursuant to Section 7(b)(ii).

(ii) On the Automatic Conversion Date, each Series A Convertible Preferred Share that remains outstanding shall automatically convert into a number of duly authorized, validly issued, fully paid and non-assessable Proportionate Voting Shares (or equivalent Reference Property, as applicable) equal to the then-applicable Conversion Ratio.

(c) **Fractional Shares.** Any fractional Proportionate Voting Shares issuable upon conversion of the Series A Convertible Preferred Shares will be rounded down to the nearest 1/1000th of a Proportionate Voting Share. If more than one Series A Convertible Preferred Share is being converted at one time by or for the benefit of the same holder, then the number of Proportionate Voting Shares issuable upon conversion will be calculated on the basis of the aggregate number of Series A Convertible Preferred Shares converted by or for the benefit of such holder at such time.

(d) **Mechanics of Conversion.**

(i) Promptly after the Conversion Date, the Company shall issue and deliver to each holder of Series A Convertible Preferred Shares the number of Proportionate Voting Shares to which such holder is entitled in exchange for the certificates formerly representing Series A Convertible Preferred Shares. Such conversion will be deemed to have been made on the Conversion Date, and the person entitled to receive the Proportionate Voting Shares issuable upon such conversion shall be treated for all purposes as the record holder of such Proportionate Voting Shares on such Conversion Date. In case fewer than all the Series A Convertible Preferred Shares represented by any certificate are to be converted, a new certificate shall be issued representing the unconverted Series A Convertible Preferred Shares without cost to the holder thereof, except for any documentary, stamp or similar issue or transfer tax due because any certificates for Proportionate Voting Shares or Series A Convertible Preferred Shares are issued in a name other than the name of the converting holder. The Company shall pay any documentary, stamp or similar issue or transfer tax due on the issue of Proportionate Voting Shares upon conversion or due upon the issuance of a new certificate for any Series A Convertible Preferred Shares not converted other than any such tax due because Proportionate Voting Shares or a certificate for Series A Convertible Preferred Shares are issued in a name other than the name of the converting holder, which shall be paid by the converting holder.

(ii) From and after the Conversion Date, the Series A Convertible Preferred Shares to be converted on such Conversion Date will no longer be outstanding, and all rights and privileges of the holder thereof as a holder of Series A Convertible Preferred Shares (except the right to receive from the Company the Proportionate Voting Shares upon conversion) shall cease and terminate with respect to such shares.

(iii) All Proportionate Voting Shares issued upon conversion of the Series A Convertible Preferred Shares will, upon issuance by the Company, be duly and validly issued, as fully paid and non-assessable Proportionate Voting Shares in the capital of the Company.

(e) **[RESERVED]**

(f) **Adjustments to Conversion Ratio.**

(i) Adjustments for Change in Share Capital.

(A) *Adjustments for Common Shares and/or Exchangeable Shares.* If the Company shall, at any time and from time to time while any Series A Convertible Preferred Shares are outstanding, issue a dividend or make a distribution (other than, if applicable, dividends issued in the ordinary course) on its Common Shares and Exchangeable Shares payable in Common Shares or Exchangeable Shares to all or substantially all holders of its Common Shares and Exchangeable Shares, then the then-applicable Conversion Ratio at the opening of business on the Ex-Dividend Date for such dividend or distribution will be adjusted in accordance with the following formula:

$$CR_1 = CR_0 \times \frac{OS_1}{OS_0}$$

where

CR_0 = the Conversion Ratio in effect immediately prior to the opening of business on the Ex-Dividend Date for such dividend or distribution;

CR_1 = the Conversion Ratio in effect immediately after the open of business on the Ex-Dividend Date for such dividend or distribution;

OS_0 = number of Common Shares and Exchangeable Shares outstanding at the close of business on the Business Day immediately preceding such Ex-Dividend Date; and

OS_1 = the sum of the number of Common Shares and Exchangeable Shares outstanding at the close of business on the Business Day immediately preceding the Ex-Dividend Date for such dividend or distribution, plus the total number of Common Shares and Exchangeable Shares constituting such dividend or other distribution.

Any adjustment to the Conversion Ratio made pursuant to this Section 7(f)(i)(A) shall become effective immediately after the opening of business on the Ex-Dividend Date for such dividend or distribution. If any dividend or distribution of the type described in this Section 7(f)(i)(A) is declared but not so paid or made, the Conversion Ratio shall again be adjusted to the Conversion Ratio which would then be in effect if such dividend or distribution had not been declared.

(B) *Adjustments for share splits and combinations.* If the Company shall, at any time or from time to time while any of the Series A Convertible Preferred Shares are outstanding, subdivide or reclassify its outstanding Common Shares and/or Exchangeable Shares into a greater number of Common Shares and/or Exchangeable Shares, then the then-applicable Conversion Ratio in effect at the opening of business on the day upon which such subdivision or reclassification becomes effective shall be proportionately increased, and conversely, if the Company shall, at any time or from time to time while any of the Series A Convertible Preferred Shares are outstanding, combine or reclassify its outstanding Common Shares and/or Exchangeable Shares into a smaller number of Common Shares and/or Exchangeable Shares, then the then-applicable Conversion Ratio in effect at the opening of business on the day upon which such combination or reclassification becomes effective shall be proportionately decreased. In each such case, the Conversion Ratio shall be adjusted in accordance with the following formula:

$$CR_1 = CR_0 \times \frac{OS_1}{OS_0}$$

where,

CR_0 = the Conversion Ratio in effect immediately prior to the open of business on the effective date of such subdivision, combination or reclassification, as the case may be;

CR_1 = the Conversion Ratio in effect immediately after the open of business on the effective date of such subdivision, combination or reclassification, as the case may be;

OS_0 = the number of Common Shares and Exchangeable Shares outstanding immediately before giving effect to such subdivision, combination or reclassification; and

OS_1 = the number of Common Shares and Exchangeable Shares outstanding immediately after giving effect to such subdivision, combination or reclassification.

Any adjustment to the Conversion Ratio made pursuant to this Section 7(f)(i)(B) shall become effective immediately after the open of business on the effective date of such subdivision, combination or reclassification becomes effective.

(ii) *Adjustments for certain rights, options and warrants.* If the Company shall, at any time or from time to time, while any Series A Convertible Preferred Shares are outstanding, distribute rights, options or warrants to all or substantially all holders of its Common Shares and Exchangeable Shares entitling them, for a period expiring not more than forty-five (45) days immediately following the record date of such distribution, to purchase or subscribe for Common Shares, or securities convertible into, or exchangeable or exercisable for, Common Shares, in either case, at less than 95% of the average of the Closing Prices (if the Closing Price on any Trading Day is quoted only in Canadian dollars, the USD Equivalent Amount thereof on such Trading Day) for the ten (10) consecutive Trading Days immediately preceding the date of the first public announcement of the distribution, then the then-applicable Conversion Ratio shall be adjusted in accordance with the following formula:

$$CR_1 = CR_0 \times \frac{OS_{0+} Y}{OS_{0+} X}$$

where,

CR_0 = the Conversion Ratio in effect immediately prior to the opening of business on the Ex-Dividend Date for such distribution;

CR_1 = the Conversion Ratio in effect immediately after the opening of business on the Ex-Dividend Date for such distribution;

OS_0 = the number of Common Shares deemed to be outstanding immediately prior to the open of business on the Ex-Dividend Date for such distribution on a fully diluted basis, including on the conversion, exercise or exchange of any convertible, exercisable or exchangeable securities;

X = the number of Common Shares equal to the aggregate price payable to exercise such rights, options or warrants, divided by the average of the Closing Prices of the Common Shares over the ten (10) consecutive Trading Day period ending on, and including, the Trading Day immediately preceding the date of the first public announcement of the distribution of such rights, options or warrants;

Y = the total number of additional Common Shares issuable pursuant to such rights, options or warrants.

Any adjustment to the Conversion Ratio made pursuant to this Section 7(f)(ii) shall become effective immediately after the opening of business on the Ex-Dividend Date for such distribution. To the extent that such rights, options or warrants are not exercised prior to their expiration or Common Shares are otherwise not delivered pursuant to such rights, options or warrants upon the exercise of such rights or warrants, the Conversion Ratio shall be readjusted to such Conversion Ratio that would have then been in effect had the adjustment made upon the issuance of such rights, options or warrants been made on the basis of the delivery of only the number of Common Shares actually delivered. If such rights, options or warrants are only exercisable upon the occurrence of certain triggering events, then the Conversion Ratio shall not be adjusted until such triggering events occur. In determining the aggregate offering price payable for such Common Shares, the Company shall take into account the Fair Market Value of any consideration (if other than cash) received for such rights, options or warrants and the Fair Market Value of any consideration (if other than cash) paid or payable upon the exercise of such rights, options or warrants.

(iii) *Adjustments for Payment of Cash Dividends.* If the Company shall, at any time and from time to time while any Series A Convertible Preferred Shares are outstanding, declare a cash dividend on its Common Shares and Exchangeable Shares payable to all or substantially all holders of its Common Shares and Exchangeable Shares, then the then-applicable Conversion Ratio at the opening of business on the Ex-Dividend Date for such dividend will be adjusted in accordance with the following formula:

$$CR_1 = CR_0 \times \frac{SP_0}{(SP_0 - C)}$$

where,

CR_0 = the Conversion Ratio in effect immediately prior to the opening of business on the Ex-Dividend Date for such dividend;

CR_1 = the Conversion Ratio in effect immediately after the opening of business on the Ex-Dividend Date for such dividend;

SP_0 = the Current Market Price of the Common Shares on the Business Day immediately preceding such Ex-Dividend Date; and

C = the amount in cash per Common Share and Exchangeable Share the Company distributes to all or substantially all holders of the Common Shares and Exchangeable Shares (which cash dividend, if payable in Canadian dollars, shall be converted into the USD Equivalent Amount of such dividend as of the Business Day immediately preceding such ExDividend Date).

Any adjustment to the Conversion Ratio made pursuant to this Section 7(:f)(iii) shall become effective immediately after the opening of business on the Ex-Dividend Date for such dividend.

If any dividend of the type described in this Section 7(:f)(iii) is declared but not so paid or made, the Conversion Ratio shall again be adjusted to the Conversion Ratio which would then be in effect if such dividend had not been declared.

Notwithstanding the foregoing, if "**C**" (as defined above) is equal to or greater than '**SP_0**" (as defined above), in lieu of the foregoing increase, each holder of Series A Convertible Preferred Shares shall receive at the same time and upon the same terms as holders of Common Shares and Exchangeable Shares, the amount of cash as a dividend on the Series A Convertible Preferred Shares that such holder would have received if such holder owned a number of Proportionate Voting Shares at the Conversion Ratio in effect immediately prior to the opening of business on the Ex Dividend Date for such cash dividend or distribution.

(iv) *Adjustments for Proportionate Voting Shares.* If the number of Common Shares into which each Proportionate Voting Share is convertible is adjusted, then the Conversion Ratio will be adjusted upon giving effect to such adjustment by multiplying the then-applicable Conversion Ratio by the following fraction:

$$\frac{P_0}{P_1}$$

where,

P_0 = the number of Common Shares into which each Proportionate Voting Share is convertible immediately prior to the effective time of such adjustment to the Proportionate Voting Shares; and

P_1 = the number of Common Shares into which each Proportionate Voting Share is convertible immediately after the effective time of such adjustment to the Proportionate Voting Shares.

(v) *Adjustments for certain distributions.* If the Company shall, at any time and from time to time while any Series A Convertible Preferred Shares are outstanding, distribute to all or substantially all holders of Common Shares and Exchangeable Shares evidences of indebtedness, shares of capital stock, securities, cash or other assets (excluding any such distribution otherwise contemplated in Section 7(f)(i), (ii), or (iii) or in the case of a spin-off transaction as contemplated below in this Section 7(f)(v)), then the then applicable Conversion Ratio at the opening of business on the Ex-Dividend Date for such distribution will be adjusted by multiplying such then applicable Conversion Ratio by the following fraction:

$$\frac{SP_0}{(SP_0 - FMV)}$$

where,

SP_0 = the aggregate Current Market Price of the Common Shares into which the Proportionate Voting Shares issuable upon conversion of one Series A Convertible Preferred Share are convertible; and

FMV = the Fair Market Value of the portion of the distribution applicable to one Series A Convertible Preferred Share on such date.

In a "spin-off," where the Company makes a distribution to all holders of Common Shares and Exchangeable Shares consisting of capital stock of any class or series, or similar equity interests of, or relating to, a subsidiary of the Company or other business unit, the Conversion Ratio will be adjusted on the fifteenth Business Day after the effective date of the distribution by multiplying the then-applicable Conversion Ratio in effect immediately prior to such fifteenth Business Day by the following fraction:

$$\frac{(MP_0 + MP_S}{MP_0}$$

where,

MP_0 = the Current Market Price of the Common Shares on the Business Day immediately preceding such Ex-Dividend Date for the "**spin-off**" aggregated for all Common Shares underlying the Proportionate Voting Shares issuable upon conversion of one Series A Convertible Preferred Share; and

MP_S = the Fair Market Value of the portion of the distribution applicable to one Series A Convertible Preferred Share on such date.

In the event that such distribution described in this Section 7(f)(v) is not so paid or made, the Conversion Ratio shall be readjusted, effective as of the date the Board of Directors publicly announces its decision not to pay or make such distribution, to the Conversion Ratio that would then be in effect if such distribution had not been announced.

(vi) *Adjustments for Issuer Bids.* If the Company or any subsidiary of the Company shall, at any time and from time to time while any Series A Convertible Preferred Shares are outstanding, make an issuer bid or a tender or exchange offer (other than an odd lot offer or a normal course issuer bid) to all or substantially all of the holders of Common Shares and Exchangeable Shares for all or any portion of the Common Shares and/or Exchangeable Shares (any such issuer bid or tender or exchange offer being called an "**Issuer Bid**") where the cash and the value of any other consideration included in such payment per Common Share and/or Exchangeable Share exceeds the Current Market Price of the Common Shares on the Trading Day that is ten consecutive Trading Days after the Trading Day next succeeding the date such Issuer Bid expires, then the then-applicable Conversion Ratio will be adjusted by multiplying the then applicable Conversion Ratio by the following fraction:

$$\frac{AC + (SP_1 x 0S_1)}{OS_0 x SP_1}$$

where,

AC = the aggregate value of all cash and other consideration (as determined by the Board of Directors) paid or payable for shares purchased in such Issuer Bid;

OS_0 = the number of Common Shares and Exchangeable Shares outstanding immediately prior to the open of business on the Trading Day next succeeding the date such Issuer Bid expires;

OS_1 = the number of Common Shares and Exchangeable Shares outstanding immediately after the open of business on the Trading Day next succeeding the date such Issuer Bid expires (after giving to the purchase of all shares accepted for purchase in such Issuer Bid); and

SP_1 = the aggregate Current Market Price of the Common Shares on the day that is ten consecutive Trading Days after the Trading Day next succeeding the date such Issuer Bid expires.

If the Company or one of its subsidiaries is obligated to purchase Common Shares or Exchangeable Shares pursuant to any such Issuer Bid, but the Company or such subsidiary is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Ratio shall again be adjusted to be the Conversion Ratio that would then be in effect if such Issuer Bid had not been made.

(vii) *Adjustments for Certain Issuances of Additional Common Shares.*

(A) In the event the Company shall within one year after the Original Issuance Date issue Additional Common Shares in a financing transaction or transactions priced in accordance with the rules of the applicable Exchange, if any, pursuant to which the Company receives gross proceeds in excess of US$30,000,000 (a "**Qualified Financing**") at an average price that in the good faith determination of the Board of Directors, considering each transaction as a whole, is less than the average price of the offering pursuant to which the Series A Convertible Preferred Shares were initially issued, then the then-applicable Conversion Ratio shall be increased upon completion of such Qualified Financing to an amount that in the good faith determination of the Board of Directors is equitable in the circumstances to ensure that the economic value of the offering pursuant to which the Series A Convertible Preferred Shares were initially issued is at least equivalent to the economic value offered to purchasers in the Qualified Financing.

(B) For purposes of this Section 7(f)(vii), the term "**Additional Common Shares**" means any Common Shares or Convertible Securities (collectively, "**Common Share Equivalents**") issued by the Company after the Original Issuance Date, provided that Additional Common Shares will not include any of the following:

(1) Common Share Equivalents issued or issuable upon conversion of Series A Convertible Preferred Shares or pursuant to the terms of any other Convertible Security issued and outstanding on the Original Issuance Date;

(2) Any Common Shares or Common Share Equivalents issued or issuable pursuant to or under any equity incentive grants, plans, programs or similar arrangements adopted by the Company, including the Company's stock option plan;

(3) Common Share Equivalents issued or issuable as full or partial consideration for acquisitions of any entities, businesses and/or related assets or other business combinations by the Company or any of its subsidiaries, whether by merger, consolidation, sale of assets, sale or exchange of stock or otherwise (but, for the avoidance of doubt, not including any securities sold to finance or fund all or part of any cash consideration payable in connection with any such transaction); or

(4) Common Share Equivalents issued or issuable in an aggregate amount equal to less than one percent (1%) of the total issued and outstanding Common Shares on the Original Issuance Date for all issuances in the aggregate pursuant to this clause (4), after taking into account any subdivisions, combinations or reclassifications thereof, and assuming the conversion of all outstanding Series A Convertible Preferred Shares into Common Shares after taking into account any adjustments to the Conversion Ratio from time to time pursuant to the terms of this Section 7 and any increases to the Liquidation Preference from time to time.

In the case of the issuance of Additional Common Shares for cash, the consideration shall be deemed to be the amount of cash paid (with any Canadian dollar consideration being converted into the USD Equivalent Amount, if necessary) therefor before deducting any discounts, commissions or other expenses allowed, paid or incurred by the Company for any underwriting or otherwise in connection with the issuance and sale thereof. In the case of the issuance of Additional Common Shares for consideration in whole or in part other than cash, the consideration other than cash shall be deemed to be the Fair Market Value thereof. In the case of the issuance of Convertible Securities, the aggregate maximum number of Common Shares deliverable upon exercise, conversion or exchange of such Convertible Securities shall be deemed to have been issued at the time such Convertible Securities were issued and for a consideration equal to the consideration (determined in the manner provided in this paragraph) if any, received by the Company upon the issuance of such Convertible Securities plus the minimum additional consideration payable pursuant to the terms of such Convertible Securities for the Common Shares covered thereby, but no further adjustment shall be made for the actual issuance of Common Shares upon the exercise, conversion or exchange of any such Convertible Securities. Upon the expiration or forfeiture of any Additional Common Shares consisting of options, warrants or other rights to acquire Common Shares or Convertible Securities, the termination of any such rights to convert or exchange or the expiration or forfeiture of any options or rights related to such convertible or exchangeable securities, the Conversion Ratio, to the extent in any way affected by or computed using such options, rights or securities or options or rights related to such securities, shall be recomputed to reflect the issuance of only the number of Common Shares (and Convertible Securities that remain in effect) actually issued upon the exercise of such options, warrants or rights, upon the conversion or exchange of such securities or upon the exercise of the options or rights related to such securities.

(viii) *Adjustment upon a Fundamental Change.* On the effective date of a Fundamental Change, if the Liquidation Preference is greater than the product of (i) the Fair Market Value of the kind and amount of shares, other securities or other property or assets (or any combination thereof) that a holder of one Proportionate Voting Share would have owned or been entitled to receive (following conversion into Common Shares, if necessary) upon completion of such Fundamental Change (the "**Per Share Conversion Value**") and (ii) the Conversion Ratio, then the then-effective Conversion Ratio shall be increased to the amount obtained by dividing the Liquidation Preference by the Per Share Conversion Value.

(ix) *Capital Reorganization Events.* In the case of: (A) any recapitalization, reclassification or change of the Common Shares or the Proportionate Voting Shares (other than changes resulting from a subdivision or combination), (B) any consolidation, merger, amalgamation or combination involving the Company, (C) any sale, lease or other transfer to a third party of all or substantially all of the consolidated assets of the Company and its subsidiaries, or (D) any statutory share exchange, as a result of which the Common Shares or Proportionate Voting Shares are converted into, or exchanged for, shares, other securities, other property or assets (including cash or any combination thereof) (any such transaction or event, a "**Capital Reorganization**"), then, at and after the effective time of such Capital Reorganization, the right to exchange each Series A Convertible Preferred Share shall be changed into a right to exchange such share into the kind and amount of shares, other securities or other property or assets (or any combination thereof) that a holder of a number of Proportionate Voting Shares equal to the Conversion Ratio (with respect to such Series A Convertible Preferred Share) immediately prior to such Capital Reorganization would have owned or been entitled to receive (following conversion into Common Shares, if necessary) upon such Capital Reorganization (such shares, securities or other property or assets, the "**Reference Property**"). In each case, if a Capital Reorganization causes the Proportionate Voting Shares to be converted into, or exchanged for, the right to receive more than a single type of consideration (determined based in part upon any form of shareholder election), then the Reference Property into which the Series A Convertible Preferred Shares will be exchangeable shall be deemed to be the weighted average of the types and amounts of consideration received by the holders of Proportionate Voting Shares. The Company shall notify the holders of the Series A Convertible Preferred Shares of such weighted average as soon as practicable after such determination is made. None of the foregoing provisions shall affect (x) the right of a holder of Series A Convertible Preferred Shares to convert its Series A Convertible Preferred Shares (1) into Proportionate Voting Shares prior to the effective time of such Capital Reorganization or (2) into Proportionate Voting Shares or Reference Property, as applicable, following the effective time of such Capital Reorganization, in any case pursuant to Section 7(a), or, (y) if the event constituting a Capital Reorganization is also a Change of Control, the automatic conversion of the Series A Convertible Preferred Shares in connection with such transaction pursuant to Section 7(b). The provisions of this Section 7(f)(ix) shall similarly apply to successive Capital Reorganization events. This Section 7(f)(ix) shall not apply to any share split or combination to which Section 7(f)(i) is applicable or to a liquidation, dissolution or winding up to which Section 1 applies.

The Company shall not enter into any agreement for a transaction constituting a Capital Reorganization unless (i) such agreement provides for or does not interfere with or prevent (as applicable) conversion of the Series A Convertible Preferred Shares into the Reference Property in a manner that is consistent with and gives effect to this Section 7, and (ii) to the extent that the Company is not the surviving entity in such Capital Reorganization or will be dissolved in connection with such Capital Reorganization, proper provision shall be made in the agreements governing such Capital Reorganization for the conversion of the Series A Convertible Preferred Shares into Reference Property and, in the case of a Capital Reorganization constituting any sale, lease or other transfer to a third party of the consolidated assets of the Company and its subsidiaries substantially as an entirety, an exchange of Series A Convertible Preferred Shares for the shares of the person to whom the Company's assets are conveyed or transferred, having voting powers, preferences, and relative, participating, optional or other special rights as nearly equal as possible to those provided in these Articles of Amendment.

(x) *Other Adjustments.* In case the Company takes any action affecting the Series A Convertible Preferred Shares, the Proportionate Voting Shares or the Common Shares other than actions described in this Section 7, which in the opinion of the Board of Directors, would materially adversely affect the rights of the holders of the Series A Convertible Preferred Shares (including their conversion rights), the Conversion Ratio will be adjusted in such manner and at such time, by action of the Board of Directors, subject to the prior written consent of the Exchange on which the Common Shares are then listed if required, as the Board of Directors in its sole discretion may determine to be equitable in the circumstances.

(xi) *Minimum Adjustment.* Notwithstanding the foregoing, the Conversion Ratio will not be increased if the amount of such increase would be an amount less than 111000th of a Proportionate Voting Share, but any such amount will be carried forward and reduction with respect thereto will be made at the time that such amount, together with any subsequent amounts so carried forward, aggregates to 1/1000th of a Proportionate Voting Share or more.

(xii) *When No Adjustment Required.* Notwithstanding anything herein to the contrary, no adjustment to the Conversion Ratio need be made:

(A) for a transaction referred to in Section 7(f)(i), Section 7(f)(iii) or Section 7(f)(v) if the Series A Convertible Preferred Shares participate, without conversion, in the transaction or event that would otherwise give rise to an adjustment pursuant to such Section at the same time as holders of the Proportionate Voting Shares participate with respect to such transaction or event and on the same terms as holders of the Proportionate Voting Shares participate with respect to such transaction or event as if the holders of Series A Convertible Preferred Shares, at such time, held a number of Proportionate Voting Shares issuable to them upon conversion of the Series A Convertible Preferred Shares at such time;

(B) for rights to purchase Common Shares pursuant to any present or future plan by the Company for reinvestment of dividends or interest payable on the Company's securities and the investment of additional optional amounts in Common Shares under any plan;

(C) for any event otherwise requiring an adjustment under this Section 7 if such event is not consummated (in which case, any adjustment previously made as a result of such event shall be reversed); or

(D) to the extent such adjustment would not comply with the requirements of the Exchange.

(xiii) *Provisions Governing Adjustment to Conversion Ratio.* Rights, options or warrants distributed by the Company to all or substantially all holders of Common Shares and Exchangeable Shares entitling the holders thereof to subscribe for or purchase shares of the Company's capital (either initially or under certain circumstances), which rights, options or warrants, until the occurrence of a specified event or events ("**Rights Trigger**"): (A) are deemed to be transferred with such Common Shares and Exchangeable Shares; (B) are not exercisable; and (C) are also issued in respect of future issuances of Common Shares and Exchangeable Shares, shall be deemed not to have been distributed for purposes of Section 7(f) (and no adjustment to the Conversion Ratio under Section 7(:f) will be required) until the Rights Trigger occurs, whereupon such rights, options and warrants shall be deemed to have been distributed and, if and to the extent such rights, options and warrants are exercisable for Common Shares, Exchangeable Shares or the equivalents thereof, an appropriate adjustment (if any is required) to the Conversion Ratio shall be made under Section 7(:f)(ii). If any such right, option or warrant, including any such existing rights, options or warrants distributed prior to the Original Issuance Date, are subject to events upon the occurrence of which such rights, options or warrants become exercisable to purchase different securities, evidences of indebtedness or other assets, then the date of the occurrence of any and each such event shall be deemed to be the date of distribution and Ex-Dividend Date with respect to new rights, options or warrants with such rights (and a termination or expiration of the existing rights, options or warrants without exercise by any of the holders thereof). In addition, in the event of any distribution (or deemed distribution) of rights, options or warrants, or any Rights Trigger or other event (of the type described in the preceding sentence) with respect thereto that was counted for purposes of calculating a distribution amount for which an adjustment to the Conversion Ratio was made, (1) in the case of any such rights, options or warrants that shall all have been redeemed or repurchased without exercise by any holders thereof, such Conversion Ratio shall be readjusted upon such final redemption or repurchase to give effect to such distribution or Rights Trigger, as the case may be, as though it were a cash distribution in an amount equal to the per share redemption or repurchase price received by a holder or holders of Common Shares and Exchangeable Shares, as the case may be, with respect to such rights, options or warrants (assuming such holder had retained such rights, options or warrants), made to all or substantially all holders of Common Shares and Exchangeable Shares as of the date of such redemption or repurchase, and (2) in the case of such rights, options or warrants that shall have expired or been terminated without exercise by any holders thereof, the Conversion Ratio shall be readjusted as if such rights, options and warrants had not been issued. Notwithstanding the foregoing, to the extent any such rights, options or warrants are redeemed by the Company prior to a Rights Trigger or are exchanged by the Company, in either case for Common Shares, the Conversion Ratio shall be appropriately readjusted (if and to the extent previously adjusted pursuant to this Section 7(f)(xi)) as if such rights, options or warrants had not been issued, and instead the Conversion Ratio will be adjusted as if the Company had issued the Common Shares issued upon such redemption or exchange (if any) as a dividend or distribution of Common Shares subject to Section 7(f)(i)(A) and 7(f)(i)(B).

(xiv) *Rules of Calculation.* All calculations will be made to the nearest one hundredth of a cent or to the nearest one-ten thousandth of a share. Except as explicitly provided herein, the number of Common Shares and Exchangeable Shares outstanding will be calculated on the basis of the number of issued and outstanding Common Shares and Exchangeable Shares, as applicable, including Common Shares issuable upon the conversion of outstanding Proportionate Voting Shares.

(xv) *Waiver.* Notwithstanding anything in this Section 7(f) to the contrary, no adjustment need be made to the Conversion Ratio for any event with respect to which an adjustment would otherwise be required pursuant to this Section 7(f) if the Company receives, prior to the effective time of the adjustment to the Conversion Ratio, written notice from the holders representing at least a majority of the then outstanding Series A Convertible Preferred Shares that no adjustment is to be made as the result of a particular issuance of Common Shares or Exchangeable Shares or other dividend or other distribution on Common Shares or Exchangeable Shares. This waiver will be limited in scope and will not be valid for any issuance of Common Shares or Exchangeable Shares or other dividend or other distribution on Common Shares or Exchangeable Shares or any other event not specifically provided for in such notice.

(xvi) *No Duplication.* If any action would require adjustment of the Conversion Ratio pursuant to more than one of the provisions described in this Section 7 in a manner such that such adjustments are duplicative, only one adjustment shall be made (with the adjustment most favorable to the holders of Series A Convertible Preferred Shares being the adjustment that shall be made in such case).

(xvii) For the purpose of effecting the conversion of Series A Convertible Preferred Shares, the Company shall at all times reserve and keep available, free from any preemptive rights, out of its treasury or authorized but unissued Proportionate Voting Shares (or Reference Property, to the extent applicable), the full number of Proportionate Voting Shares (or Reference Property, to the extent applicable) deliverable upon the conversion of all outstanding Series A Convertible Preferred Shares and, out of its treasury or authorized but unissued Common Shares, the full number of Common Shares deliverable upon conversion of the Proportionate Voting Shares into which the Series A Convertible Preferred Shares are convertible, in each case after taking into account any adjustments to the Conversion Ratio from time to time pursuant to the terms of this Section 7 assuming for the purposes of this calculation that all outstanding Series A Convertible Preferred Shares are held by one holder.

(xviii) *Successive Adjustments.* For the avoidance of doubt, after an adjustment to the Conversion Ratio under this Section 7, any subsequent event requiring an adjustment under this Section 7 shall cause an adjustment to such Conversion Ratio as so adjusted.

(g) **Notice of Record Date.** In the event of:

(i) any share split or combination of the outstanding Common Shares or Exchangeable Shares;

(ii) any declaration or making of a dividend or other distribution to holders of Common Shares and Exchangeable Shares in additional Common Shares or Exchangeable Shares, any other share capital, other securities or other property (including, but not limited to, cash and evidences of indebtedness, other than ordinary cash dividends paid on a quarterly basis);

(iii) any reclassification or change to which Section 7(f)(i)(B) applies;

(iv) the dissolution, liquidation or winding up of the Company or other return of capital or distribution of the assets of the Company among its shareholders, in each case for the purposes of winding up its affairs; or

(v) any other event constituting a Capital Reorganization;

then the Company shall file with its corporate records and mail to the holders of the Series A Convertible Preferred Shares at their last addresses as shown on the records of the Company, at least ten (10) days prior to the record date specified in (A) below or ten (10) days prior to the date specified in (B) below, a notice stating:

(A) the record date of such share split, combination, dividend or other distribution, or, if a record is not to be taken, the date as of which the holders of Common Shares or Exchangeable Shares of record to be entitled to such share split, combination, dividend or other distribution are to be determined, or

(B) the date on which such reclassification, change, dissolution, liquidation, winding up of the Company or upon any other return of capital or distribution of the assets of the Company among its shareholders, in each case for the purposes of winding up its affairs, or any other event constituting a Capital Reorganization, is estimated to become effective, and the date as of which it is expected that holders of Common Shares or Proportionate Voting Shares of record will be entitled to exchange their Common Shares or Proportionate Voting Shares, as the case may be, for the share capital, other securities or other property (including, but not limited to, cash and evidences of indebtedness) deliverable upon such reclassification, change, liquidation, dissolution, winding up of the Company or other return of capital or distribution of the assets of the Company among its shareholders, in each case for the purposes of winding up its affairs or other Capital Reorganization.

(h) **Certificate of Adjustments.** Promptly upon the occurrence of any event requiring an adjustment or readjustment of the Conversion Ratio pursuant to this Section 7, the Company shall compute such adjustment or readjustment in accordance with the terms hereof and, within ten (10) Business Days of such event, furnish to each holder of Series A Convertible Preferred Shares a certificate, duly signed and executed by an officer of the Company, setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Company shall, upon the reasonable written request of any holder of Series A Convertible Preferred Shares, furnish to such holder a similar certificate setting forth (i) the calculation of such adjustments and readjustments in reasonable detail, (ii) the Conversion Ratio then in effect, and (iii) the number of Proportionate Voting Shares and the amount, if any, of share capital, other securities or other property (including, but not limited to, cash and evidences of indebtedness) which then would be received upon the conversion of Series A Convertible Preferred Shares.

8. Additional Definitions

For purposes of these Articles of Amendment, the following terms shall have the following meanings:

(a) "**Board of Directors**" means the board of directors of the Company, as constituted from time to time, or, with respect to any action to be taken by the Board of Directors, any committee of the Board of Directors duly authorized to take such action.

(b) "**Business Day**" means any day which is not a Saturday, a Sunday or a day on which the principal commercial banks located in the City of Toronto, Ontario or New York, New York are not open for business during normal banking hours.

(c) "**Change of Control**" means:

(i) a transaction or series of related transactions as a result of which a person or group of persons acting jointly or in concert (within the meaning of the *Securities Act* (Ontario)), excluding JW Asset Management LLC, Jason Wild (collectively, "**JW**") or any funds controlled by JW, acquires, directly or indirectly, securities representing at least a majority of the voting power of the Company's outstanding capital stock; and

(ii) a Fundamental Change.

(d) "**Closing Price**" means, with respect to any security on any date, the closing sale price per share (or if no closing sale price is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and the average ask prices) on that date as reported in composite transactions for the Canadian national stock exchange or automated inter-dealer quotation system upon which such security is listed or quoted (or, if such security are not listed and posted for trading on a Canadian national stock exchange or automated inter-dealer quotation system, such other over-the-counter market on which such security may be listed or quoted). If such securities are not so listed or quoted, the last reported sale price will be the average of the mid-point of the last bid and ask prices for such security on the relevant date from each of at least two recognized investment banking firms selected by the Company for this purpose. For purposes of these Articles of Amendment, all references herein to the "Closing Price" and "last reported sale price" of the Common Shares on the Exchange shall be such closing sale price and last reported sale price as reflected on the website of the Exchange. If the date of determination is not a Trading Day, then such determination shall be made as of the last Trading Day prior to such date.

(e) "**Common Shares**" means the common shares in the capital of the Company.

(f) "**Company**" means TerrAscend Corporation, a corporation governed by the Act.

(g) "**Conversion Date**" means the effective date of a conversion of Series A Convertible Preferred Shares to Proportionate Voting Shares, being (i) in the case of a conversion pursuant to Section 7(a), the date on which the Company shall have received such certificates, together with such notice and such other information or documents as may be required by the Company or its transfer agent, (ii) in the case of a conversion pursuant to Section 7(b), the Automatic Conversion Date.

(h) "**Convertible Security**" means any debt or other evidences of indebtedness, shares of capital, options, warrants, subscription rights or other securities of the Company directly or indirectly convertible into or exercisable or exchangeable for Common Shares.

(i) "**Current Market Price**" of Common Shares on any date means the average of the Closing Prices (or if the Closing Price on any Trading Day is quoted only in Canadian dollars, the USD Equivalent Amount thereof on such Trading Day) per Common Share for each of the 10 (ten) consecutive Trading Days ending on the earlier of the day in question and the day before the Ex-Dividend Date with respect to the issuance or distribution requiring such computation.

(j) "**Exchangeable Shares**" means the exchangeable shares in the capital of the Company.

(k) "**Ex-Dividend Date**" means, with respect to any issuance, dividend or distribution on the Common Shares, the first date on which the Common Shares trade on the applicable Exchange or in the applicable market, regular way, without the right to receive such issuance or distribution.

(l) "**Exchange**" means any United States or Canadian national stock exchange or automated inter-dealer quotation system upon which the Common Shares are listed or quoted, provided that if the Common Shares are dual listed on both a United States national stock exchange and a Canadian national stock exchange the United States national stock exchange shall be the Exchange; as of the date hereof, the Exchange for the Common Shares is the Canadian Securities Exchange.

(m) "**Fair Market Value**" of the Common Shares or any other security, property or assets means the fair market value thereof as reasonably determined in good faith by the Board of Directors, which determination must be set forth in a written resolution of the Board of Directors, in accordance with the following rules:

(i) for Common Shares, the Fair Market Value will be the average of the Closing Prices of such security on the Exchange over a ten (10) consecutive Trading Day period, ending on the Trading Day immediately prior to the date of determination;

(ii) for any security other than Common Shares that are traded or quoted on any United States or Canadian national stock exchange or automated inter dealer quotation system, the Fair Market Value will be the average of the Closing Prices of such security on such national stock exchange or automated inter-dealer quotation system over a ten (10) consecutive Trading Day period, ending on the Trading Day immediately prior to the date of determination; and

(iii) for any other property or assets, the Fair Market Value shall be determined by the Board of Directors as the monetary consideration that a prudent and informed buyer would pay to a prudent and informed seller, each acting at arm's length with the other and under no compulsion to act.

(n) "**Fundamental Change**" means:

(i) a merger or consolidation in which:

(A) the Company is a constituent party or

(B) a subsidiary of the Company is a constituent party and the Company issues shares of its capital stock pursuant to such merger or consolidation,

except any such merger or consolidation involving the Company or a subsidiary in which the shares of capital stock of the Company outstanding immediately prior to such merger or consolidation continue to represent, or are converted into or exchanged for shares of capital stock that represent, immediately following such merger or consolidation, at least a majority, by voting power, of the capital stock of (1) the surviving or resulting corporation; or (2) if the surviving or resulting corporation is a wholly owned subsidiary of another corporation immediately following such merger or consolidation, the parent corporation of such surviving or resulting corporation; or

(ii) the sale, lease, transfer or other disposition, in a single transaction or series of related transactions, by the Company or any subsidiary of the Company of all or substantially all the assets of the Company and its subsidiaries taken as a whole, except where such sale, lease, transfer or other disposition is to one or more subsidiaries of the Company.

(o) "**hereof,**" "**herein**" and "**hereunder**" and words of similar import refer to these Articles of Amendment as a whole and not merely to any particular clause, provision, section or subsection.

(p) "**Market Disruption Event**" means, with respect to the Common Shares, (i) a failure by the Exchange to open for trading during its regular trading session or (ii) the occurrence or existence for more than one half hour period in the aggregate on any scheduled Trading Day for the Common Shares of any suspension or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the Exchange, or otherwise) in the Common Shares or in any options, contracts or future contracts relating to the Common Shares, and such suspension or limitation occurs or exists at any time before 1:00 p.m. (Toronto time) on such day.

(q) "**Original Issuance Date**" means May 22, 2020.

(r) "**person**" means any individual, corporation, limited liability company, limited or general partnership, joint venture, association, joint-stock company, trust, unincorporated organization, government, any agency or political subdivisions thereof.

(s) "**Proportionate Voting Shares**" means the proportionate voting shares in the capital of the Company.

(t) "**share capital**" means any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) of capital, partnership interests (whether general or limited) or equivalent ownership interests in or issued by such person, and with respect to the Company includes, without limitation, any and all Common Shares, Proportionate Voting Shares, Exchangeable Shares and the Series A Convertible Preferred Shares.

(u) "**Trading Day**" means any date on which (i) there is no Market Disruption Event and (ii) the Exchange is open for trading or, if the Common Shares are not so listed, admitted for trading or quoted, any Business Day. A Trading Day only includes those days that have a scheduled closing time of 4:00 p.m. (Toronto time) or the then standard closing time for regular trading on the relevant Exchange.

(v) "**USD Equivalent Amount**" means on any date with respect to the specified amount of Canadian dollars the U.S. dollar equivalent amount after giving effect to the conversion of Canadian dollars to U.S. dollars at the Bank of Canada daily average exchange rate (as quoted or published from time to time by the Bank of Canada) on that date.

(w) Each of the following terms is defined in the Section set forth opposite such term:

Term	Section
Additional Common Shares	Section 7(f)(vii)(B)

Automatic Conversion Date	Section 7(b)(i)
Common Share Equivalents	Section 7(f)(vii)(B)
Conversion Ratio	Section 7(a)
Series A Convertible Preferred Shares	Recital
Liquidation Preference	Section 1(b)
Per Share Conversion Value	Section 7(f)(viii)
Reference Property	Section 7(f)(ix)
Rights Trigger	Section 7(f)(xiii)

(x) The expressions "ranking senior to", "ranking junior to" and similar expressions refer to the order of priority in the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company or any other return of capital or distribution of the assets of the Company among its shareholders, in each case for the purposes of winding up its affairs, in the payment of dividends or upon redemption.

(y) If any day on which any action is required to be taken by the Company is not a Business Day, then such action may be taken on or by the next succeeding day that is a Business Day.

9. Miscellaneous

For purposes of these Articles of Amendment, the following provisions shall apply:

(a) **Withholding Tax.** Notwithstanding any other provision of these Articles of Amendment, the Company may deduct or withhold from any payment, distribution, issuance or delivery (whether in cash or in shares) to be made pursuant to these Articles of Amendment any amounts required (or permitted, in the event that the Series A Convertible Preferred Shares are or become "taxable Canadian property" at any relevant time for purposes of the *Income Tax Act (Canada)* as determined by the Company acting reasonably) by applicable law to be deducted or withheld from any such payment, distribution, issuance or delivery and the Company will timely remit any such amounts to the relevant tax authority as required, and will provide evidence thereof reasonably acceptable to the affected holder(s) of Series A Convertible Preferred Shares. All such remitted amounts shall be treated as having been paid to the relevant holder(s). If the cash component of any payment, distribution, issuance or delivery to be made pursuant to these Articles of Amendment is less than the amount that the Company is so required (or permitted, in the event that the Series A Convertible Preferred Shares are or become "taxable Canadian property" at any relevant time for purposes of the *Income Tax Act (Canada)* as determined by the Company acting reasonably) to deduct or withhold, the Company shall be permitted to deduct and withhold from any noncash payment, distribution, issuance or delivery to be made pursuant to these Articles of Amendment any amounts required (or permitted, in the event that the Series A Convertible Preferred Shares are or become "taxable Canadian property" at any relevant time for purposes of the *Income Tax Act (Canada)* as determined by the Company acting reasonably) by law to be deducted or withheld from any such payment, distribution, issuance or delivery and to dispose of such property in order to remit any amount required to be remitted to any relevant tax authority.

(b) **Wire or Electronic Transfer of Funds.** Notwithstanding any other right, privilege, restriction or condition attaching to the Series A Convertible Preferred Shares, the Company may, at its option, make any payment due to registered holders of Series A Convertible Preferred Shares by way of a wire or electronic transfer of funds to such holders. If a payment is made by way of a wire or electronic transfer of funds, the Company shall be responsible for any applicable charges or fees relating to the making of such transfer. As soon as practicable following the determination by the Company that a payment is to be made by way of a wire or electronic transfer of funds, the Company shall provide a notice to the applicable registered holders of Series A Convertible Preferred Shares at their respective addresses appearing on the books of the Company. Such notice shall request that each applicable registered holder of Series A Convertible Preferred Shares provide the particulars of an account of such holder with a chartered bank in Canada or the United States to which the wire or electronic transfer of funds shall be directed. If the Company does not receive account particulars from a registered holder of Series A Convertible Preferred Shares prior to the date such payment is to be made, the Company shall deposit the funds otherwise payable to such holder in a special account or accounts in trust for such holder.

(c) **Approval.** Each issuance by the Company of shares of a class or series of preferred equity while any Series A Convertible Preferred Shares are outstanding shall be subject to the prior unanimous approval of the disinterested members of the Board of Directors.

(d) **Amendments.** The provisions attaching to the Series A Convertible Preferred Shares may be deleted, varied, modified, amended or amplified by articles of amendment with such approval as may then be required by the Act.

(e) **U.S. Currency.** Unless otherwise stated, all references herein to sums of money are expressed in lawful money of the United States.

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Exhibit B

PROVISIONS ATTACHING TO THE SERIES B CONVERTIBLE PREFERRED SHARES

In addition to the rights, privileges, restrictions and conditions attaching to the preferred shares as a class, the Series B Convertible Preferred Shares shall have the following rights, privileges, restrictions and conditions. Capitalized terms not defined where used shall have the meanings ascribed to such terms in Section 8.

1. Liquidation Preference

(a) In the event of liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or upon any other return of capital or distribution of the assets of the Company among its shareholders, in each case for the purposes of winding up its affairs, each Series B Convertible Preferred Share entitles the holder thereof to receive and to be paid out of the assets of the Company available for distribution, before any distribution or payment may be made to a holder of any Common Shares, Proportionate Voting Shares, Exchangeable Shares or any other shares ranking junior in such liquidation, dissolution or winding up to the Series B Convertible Preferred Shares, an amount per Series B Convertible Preferred Share equal to the Liquidation Preference.

(b) The "**Liquidation Preference**" per Series B Convertible Preferred Share shall initially be equal to US$2,000; provided that if the Company makes a distribution to holders of all or substantially all of the Series B Convertible Preferred Shares, payable in Series B Convertible Preferred Shares, or if the Company effects a share split or share consolidation on the Series B Convertible Preferred Shares, then the Liquidation Preference shall be adjusted on the effective date of such event by multiplying the then-effective Liquidation Preference by:

$$\frac{CS_0}{CS_1}$$

where,

CS_0 = the number of Series B Convertible Preferred Shares outstanding immediately before giving effect to such share dividend, distribution, split or share consolidation, as the case may be; and

CS_1 = the number of Series B Convertible Preferred Shares outstanding immediately after giving effect to such dividend, distribution, share split or share consolidation.

(c) After payment to the holders of the Series B Convertible Preferred Shares of the full Liquidation Preference to which they are entitled in respect of outstanding Series B Convertible Preferred Shares (which, for greater certainty, have not been converted prior to such payment), such Series B Convertible Preferred Shares will have no further right or claim to any of the assets of the Company.

(d) The Liquidation Preference shall be payable to holders of Series B Convertible Preferred Shares in cash;*provided, however,* that to the extent the Company has, having exercised commercially reasonable efforts to make such payment, insufficient cash available to pay the Liquidation Preference in full in cash, the portion of the Liquidation Preference with respect to which the Company has insufficient cash may be paid in property or other assets of the Company. The value of any property or assets not consisting of cash that is distributed by the Company in satisfaction of any portion of the Liquidation Preference will equal the Fair Market Value thereof on the date of distribution.

2. Voting Rights

Except as otherwise provided in the *Business Corporations Act (Ontario)* (the "**Act**"), the holders of Series B Convertible Preferred Shares shall not be entitled to receive notice of, or to attend or to vote at any meeting of the shareholders of, the Company.

3. Dividends

The holders of Series B Convertible Preferred Shares shall not be entitled to receive any dividends, except that the Company shall issue such dividends as are necessary to comply with the provisions of Section 7(f)(iii) in respect of an adjustment to the Conversion Ratio in connection with any dividend paid on the Common Shares. The Company will provide holders of Series B Convertible Preferred Shares with 21 days' notice of the record date for any dividend payable on the Common Shares.

4. Purchase for Cancellation

Subject to such provisions of the Act as may be applicable, the Company may at any time or times purchase (if obtainable) for cancellation all or any part of the Series B Convertible Preferred Shares outstanding from time to time in one or more negotiated transactions at such price or prices as are determined by the Board of Directors and as may be agreed to with the relevant holders of the Series B Convertible Preferred Shares. From and after the date of purchase of any Series B Convertible Preferred Shares under the provisions of this Section 4, any shares so purchased shall be cancelled.

5. [RESERVED]

6. [RESERVED]

7. Conversion.

Each Series B Convertible Preferred Share is convertible into Common Shares as provided in this Section 7.

(a) **Conversion at the Option of Holders of Series B Convertible Preferred Shares.** Each holder of Series B Convertible Preferred Shares is entitled to convert, at any time and from time to time, at the option and election of such holder, any or all outstanding Series B Convertible Preferred Shares held by such holder into a number of duly authorized, validly issued, fully paid and non-assessable Common Shares equal to the product obtained by multiplying (i) the then-effective Conversion Ratio by (ii) the number of Series B Convertible Preferred Shares so converted; provided that the Company shall not effect any conversion pursuant to this Section 7(a), and no holder shall have the right to convert its Series B Convertible Preferred Shares pursuant to this Section 7(a); to the extent that after giving effect to such conversion such holder, alone or together with its affiliates and persons acting jointly or in concert with such holder and its affiliates (including any person not dealing at arm's length with the holder for the purpose of the *Income Tax Act (Canada)),* would beneficially own securities representing in excess of 49.9% of the voting power of the outstanding capital stock of the Company immediately after giving effect to such conversion and any concurrent conversion or exercise of Convertible Securities.

The "**Conversion Ratio**" is initially 1,000, as adjusted from time to time as provided in Section 7(f). In order to convert the Series B Convertible Preferred Shares into Common Shares pursuant to this Section 7(a), the holder must surrender the certificates representing such Series B Convertible Preferred Shares, accompanied by transfer instruments reasonably satisfactory to the Company, free of any adverse interest or liens at the office of the Company or its transfer

agent for the Series B Convertible Preferred Shares (as directed by the Company), together with the prescribed form of written notice, set forth on the Series B Convertible Preferred Share certificates, that such holder elects to convert all or such number of shares represented by such certificates as specified therein.

(b) **Automatic Conversion upon a Change of Control.**

(i) The Company shall provide written notice (the "**Conversion Notice**") pursuant to this Section 7(b) at least 30 days prior to the effective date of a Change of Control to the holders of record of the Series B Convertible Preferred Shares as they appear in the records of the Company. The Conversion Notice must state: (A) the consideration per Series B Convertible Preferred Share deliverable upon conversion; and (B) the date (the "**Automatic Conversion Date**"), which shall be not less than 30 days after the date of delivery of the Conversion Notice, on which the Series B Convertible Preferred Shares will automatically convert pursuant to Section 7(b)(ii).

(ii) On the Automatic Conversion Date, each Series B Convertible Preferred Share that remains outstanding shall automatically convert into a number of duly authorized, validly issued, fully paid and non-assessable Common Shares (or equivalent Reference Property, as applicable) equal to the then applicable Conversion Ratio.

(c) **Fractional Shares.** Any fractional Common Shares issuable upon conversion of the Series B Convertible Preferred Shares will be rounded down to the nearest Common Share. If more than one Series B Convertible Preferred Share is being converted at one time by or for the benefit of the same holder, then the number of Common Shares issuable upon conversion will be calculated on the basis of the aggregate number of Series B Convertible Preferred Shares converted by or for the benefit of such holder at such time.

(d) **Mechanics of Conversion.**

(i) Promptly after the Conversion Date, the Company shall issue and deliver to each holder of Series B Convertible Preferred Shares the number of Common Shares to which such holder is entitled in exchange for the certificates formerly representing Series B Convertible Preferred Shares. Such conversion will be deemed to have been made on the Conversion Date, and the person entitled to receive the Common Shares issuable upon such conversion shall be treated for all purposes as the record holder of such Common Shares on such Conversion Date. In case fewer than all the Series B Convertible Preferred Shares represented by any certificate are to be converted, a new certificate shall be issued representing the unconverted Series B Convertible Preferred Shares without cost to the holder thereof, except for any documentary, stamp or similar issue or transfer tax due because any certificates for Common Shares or Series B Convertible Preferred Shares are issued in a name other than the name of the converting holder. The Company shall pay any documentary, stamp or similar issue or transfer tax due on the issue of Common Shares upon conversion or due upon the issuance of a new certificate for any Series B Convertible Preferred Shares not converted other than any such tax due because Common Shares or a certificate for Series B Convertible Preferred Shares are issued in a name other than the name of the converting holder, which shall be paid by the converting holder.

(ii) From and after the Conversion Date, the Series B Convertible Preferred Shares to be converted on such Conversion Date will no longer be outstanding, and all rights and privileges of the holder thereof as a holder of Series B Convertible Preferred Shares (except the right to receive from the Company the Common Shares upon conversion) shall cease and terminate with respect to such shares.

(iii) All Common Shares issued upon conversion of the Series B Convertible Preferred Shares will, upon issuance by the Company, be duly and validly issued, as fully paid and non-assessable Common Shares in the capital of the Company.

(e) **[RESERVED]**

(f) **Adjustments to Conversion Ratio.**

(i) Adjustments for Change in Share Capital.

(A) *Adjustments for Common Shares and/or Exchangeable Shares.* If the Company shall, at any time and from time to time while any Series B Convertible Preferred Shares are outstanding, issue a dividend or make a distribution (other than, if applicable, dividends issued in the ordinary course) on its Common Shares and Exchangeable Shares payable in Common Shares or Exchangeable Shares to all or substantially all holders of its Common Shares and Exchangeable Shares, then the then-applicable Conversion Ratio at the opening of business on the Ex-Dividend Date for such dividend or distribution will be adjusted in accordance with the following formula:

$$CR_1 = CR_0 \times \frac{OS_1}{OS_0}$$

where

CR_0 = the Conversion Ratio in effect immediately prior to the opening of business on the Ex-Dividend Date for such dividend or distribution;

CR_1 = the Conversion Ratio in effect immediately after the open of business on the Ex-Dividend Date for such dividend or distribution;

OS_0 = number of Common Shares and Exchangeable Shares outstanding at the close of business on the Business Day immediately preceding such Ex-Dividend Date; and

OS_1 = the sum of the number of Common Shares and Exchangeable Shares outstanding at the close of business on the Business Day immediately preceding the Ex-Dividend Date for such dividend or distribution, plus the total number of Common Shares and Exchangeable Shares constituting such dividend or other distribution.

Any adjustment to the Conversion Ratio made pursuant to this Section 7(f)(i)(A) shall become effective immediately after the opening of business on the Ex-Dividend Date for such dividend or distribution. If any dividend or distribution of the type described in this Section 7(f)(i)(A) is declared but not so paid or made, the Conversion Ratio shall again be adjusted to the Conversion Ratio which would then be in effect if such dividend or

distribution had not been declared.

(B) *Adjustments for share splits and combinations.* If the Company shall, at any time or from time to time while any of the Series B Convertible Preferred Shares are outstanding, subdivide or reclassify its outstanding Common Shares and/or Exchangeable Shares into a greater number of Common Shares and/or Exchangeable Shares, then the then-applicable Conversion Ratio in effect at the opening of business on the day upon which such subdivision or reclassification becomes effective shall be proportionately increased, and conversely, if the Company shall, at any time or from time to time while any of the Series B Convertible Preferred Shares are outstanding, combine or reclassify its outstanding Common Shares and/or Exchangeable Shares into a smaller number of Common Shares and/or Exchangeable Shares, then the then-applicable Conversion Ratio in effect at the opening of business on the day upon which such combination or reclassification becomes effective shall be proportionately decreased. In each such case, the Conversion Ratio shall be adjusted in accordance with the following formula:

$$CR_1 = CR_0 \times \frac{OS_1}{OS_0}$$

where,

CR_0 = the Conversion Ratio in effect immediately prior to the open of business on the effective date of such subdivision, combination or reclassification, as the case may be;

CR_1 = the Conversion Ratio in effect immediately after the open of business on the effective date of such subdivision, combination or reclassification, as the case may be;

OS_0 = the number of Common Shares and Exchangeable Shares outstanding immediately before giving effect to such subdivision, combination or reclassification; and

OS_1 = the number of Common Shares and Exchangeable Shares outstanding immediately after giving effect to such subdivision, combination or reclassification.

Any adjustment to the Conversion Ratio made pursuant to this Section 7(f)(i)(B) shall become effective immediately after the open of business on the effective date of such subdivision, combination or reclassification becomes effective.

(ii) *Adjustments for certain rights, options and warrants.* If the Company shall, at any time or from time to time, while any Series B Convertible Preferred Shares are outstanding, distribute rights, options or warrants to all or substantially all holders of its Common Shares and Exchangeable Shares entitling them, for a period expiring not more than forty-five (45) days immediately following the record date of such distribution, to purchase or subscribe for Common Shares, or securities convertible into, or exchangeable or exercisable for, Common Shares, in either case, at less than 95% of the average of the Closing Prices (if the Closing Price on any Trading Day is quoted only in Canadian dollars, the USD Equivalent Amount thereof on such Trading Day) for the ten (10) consecutive Trading Days immediately preceding the date of the first public announcement of the distribution, then the then-applicable Conversion Ratio shall be adjusted in accordance with the following formula:

$$CR_1 = CR_0 \times \frac{OS_0 + Y}{OS_0 + X}$$

where,

CR_0 = the Conversion Ratio in effect immediately prior to the opening of business on the Ex-Dividend Date for such distribution;

CR_1 = the Conversion Ratio in effect immediately after the opening of business on the Ex-Dividend Date for such distribution;

OS_0 = the number of Common Shares deemed to be outstanding immediately prior to the open of business on the Ex-Dividend Date for such distribution on a fully diluted basis, including on the conversion, exercise or exchange of any convertible, exercisable or exchangeable securities;

X = the number of Common Shares equal to the aggregate price payable to exercise such rights, options or warrants, divided by the average of the Closing Prices of the Common Shares over the ten (10) consecutive Trading Day period ending on, and including, the Trading Day immediately preceding the date of the first public announcement of the distribution of such rights, options or warrants;

Y = the total number of additional Common Shares issuable pursuant to such rights, options or warrants.

Any adjustment to the Conversion Ratio made pursuant to this Section 7(f)(ii) shall become effective immediately after the opening of business on the Ex-Dividend Date for such distribution.

To the extent that such rights, options or warrants are not exercised prior to their expiration or Common Shares are otherwise not delivered pursuant to such rights, options or warrants upon the exercise of such rights or warrants, the Conversion Ratio shall be readjusted to such Conversion Ratio that would have then been in effect had the adjustment made upon the issuance of such rights, options or warrants been made on the basis of the delivery of only the number of Common Shares actually delivered. If such rights, options or warrants are only exercisable upon the occurrence of certain triggering events, then the Conversion Ratio shall not be adjusted until such triggering events occur. In determining the aggregate offering price

payable for such Common Shares, the Company shall take into account the Fair Market Value of any consideration (if other than cash) received for such rights, options or warrants and the Fair Market Value of any consideration (if other than cash) paid or payable upon the exercise of such rights, options or warrants.

(iii) *Adjustments for Payment of Cash Dividends.* If the Company shall, at any time and from time to time while any Series B Convertible Preferred Shares are outstanding, declare a cash dividend on its Common Shares and Exchangeable Shares payable to all or substantially all holders of its Common Shares and Exchangeable Shares, then the then-applicable Conversion Ratio at the opening of business on the Ex-Dividend Date for such dividend will be adjusted in accordance with the following formula:

$$CR_1 = CR_0 \times \frac{SP_0}{(SP_0 - C)}$$

where,

CR_0 = the Conversion Ratio in effect immediately prior to the opening of business on the Ex-Dividend Date for such dividend;

CR_1 = the Conversion Ratio in effect immediately after the opening of business on the Ex-Dividend Date for such dividend;

SP_0 = the Current Market Price of the Common Shares on the Business Day immediately preceding such Ex-Dividend Date; and

C = the amount in cash per Common Share and Exchangeable Share the Company distributes to all or substantially all holders of the Common Shares and Exchangeable Shares (which cash dividend, if payable in Canadian dollars, shall be converted into the USD Equivalent Amount of such dividend as of the Business Day immediately preceding such Ex Dividend Date).

Any adjustment to the Conversion Ratio made pursuant to this Section 7(f)(iii) shall become effective immediately after the opening of business on the Ex-Dividend Date for such dividend.

If any dividend of the type described in this Section 7(f)(iii) is declared but not so paid or made, the Conversion Ratio shall again be adjusted to the Conversion Ratio which would then be in effect if such dividend had not been declared.

Notwithstanding the foregoing, if "C" (as defined above) is equal to or greater than "SP_0" (as defined above), in lieu of the foregoing increase, each holder of Series B Convertible Preferred Shares shall receive at the same time and upon the same terms as holders of Common Shares and Exchangeable Shares, the amount of cash as a dividend on the Series B Convertible Preferred Shares that such holder would have received if such holder owned a number of Common Shares at the Conversion Ratio in effect immediately prior to the opening of business on the Ex- Dividend Date for such cash dividend or distribution.

(iv) [Reserved].

(v) *Adjustments for certain distributions.* If the Company shall, at any time and from time to time while any Series B Convertible Preferred Shares are outstanding, distribute to all or substantially all holders of Common Shares and Exchangeable Shares evidences of indebtedness, shares of capital stock, securities, cash or other assets (excluding any such distribution otherwise contemplated in Section 7(f)(i), (ii), or (iii) or in the case of a spin-off transaction as contemplated below in this Section 7(f)(v)), then the then applicable Conversion Ratio at the opening of business on the Ex-Dividend Date for such distribution will be adjusted by multiplying such then applicable Conversion Ratio by the following fraction:

$$\frac{SP_0}{(SP_0 - FMV)}$$

where,

SP_0 = the aggregate Current Market Price of the Common Shares issuable upon conversion of one Series B Convertible Preferred Share are convertible; and

FMV = the Fair Market Value of the portion of the distribution applicable to one Series B Convertible Preferred Share on such date.

In a "spin-off," where the Company makes a distribution to all holders of Common Shares and Exchangeable Shares consisting of capital stock of any class or series, or similar equity interests of, or relating to, a subsidiary of the Company or other business unit, the Conversion Ratio will be adjusted on the fifteenth Business Day after the effective date of the distribution by multiplying the then-applicable Conversion Ratio in effect immediately prior to such fifteenth Business Day by the following fraction:

$$\frac{(MP_0 + MP_{S)}}{MP_0}$$

where,

MP_0 = the Current Market Price of the Common Shares on the Business Day immediately preceding such Ex-Dividend Date for the "spin-off" aggregated for all Common Shares issuable upon conversion of one Series B Convertible Preferred Share; and

MP_S = the Fair Market Value of the portion of the distribution applicable to one Series B Convertible Preferred Share on such date.

In the event that such distribution described in this Section 7(f)(v) is not so paid or made, the Conversion Ratio shall be readjusted, effective as of the

date the Board of Directors publicly announces its decision not to pay or make such distribution, to the Conversion Ratio that would then be in effect if such distribution had not been announced.

(vi) *Adjustments for Issuer Bids.* If the Company or any subsidiary of the Company shall, at any time and from time to time while any Series B Convertible Preferred Shares are outstanding, make an issuer bid or a tender or exchange offer (other than an odd lot offer or a normal course issuer bid) to all or substantially all of the holders of Common Shares and Exchangeable Shares for all or any portion of the Common Shares and/or Exchangeable Shares (any such issuer bid or tender or exchange offer being called an "**Issuer Bid**") where the cash and the value of any other consideration included in such payment per Common Share and/or Exchangeable Share exceeds the Current Market Price of the Common Shares on the Trading Day that is ten consecutive Trading Days after the Trading Day next succeeding the date such Issuer Bid expires, then the then applicable Conversion Ratio will be adjusted by multiplying the then applicable Conversion Ratio by the following fraction:

$$\frac{AC + (SP_1 x OS_1}{OS_0 - SP_1}$$

where,

AC = the aggregate value of all cash and other consideration (as determined by the Board of Directors) paid or payable for shares purchased in such Issuer Bid;

OS_0 = the number of Common Shares and Exchangeable Shares outstanding immediately prior to the open of business on the Trading Day next succeeding the date such Issuer Bid expires;

OS_1 = the number of Common Shares and Exchangeable Shares outstanding immediately after the open of business on the Trading Day next succeeding the date such Issuer Bid expires (after giving to the purchase of all shares accepted for purchase in such Issuer Bid); and

SP_1 = the aggregate Current Market Price of the Common Shares on the day that is ten consecutive Trading Days after the Trading Day next succeeding the date such Issuer Bid expires.

If the Company or one of its subsidiaries is obligated to purchase Common Shares or Exchangeable Shares pursuant to any such Issuer Bid, but the Company or such subsidiary is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Ratio shall again be adjusted to be the Conversion Ratio that would then be in effect if such Issuer Bid had not been made.

(vii) *Adjustments for Certain Issuances of Additional Common Shares.*

(A) In the event the Company shall within one year after the Original Issuance Date issue Additional Common Shares in a financing transaction or transactions priced in accordance with the rules of the applicable Exchange, if any, pursuant to which the Company receives gross proceeds in excess of US$30,000,000 (a "**Qualified Financing**") at an average price that in the good faith determination of the Board of Directors, considering each transaction as a whole, is less than the average price of the offering pursuant to which the Series B Convertible Preferred Shares were initially issued, then the then-applicable Conversion Ratio shall be increased upon completion of such Qualified Financing to an amount that in the good faith determination of the Board of Directors is equitable in the circumstances to ensure that the economic value of the offering pursuant to which the Series B Convertible Preferred Shares were initially issued is at least equivalent to the economic value offered to purchasers in the Qualified Financing.

(B) For purposes of this Section 7(:f)(vii), the term "**Additional Common Shares**" means any Common Shares or Convertible Securities (collectively, "Common Share Equivalents") issued by the Company after the Original Issuance Date, provided that Additional Common Shares will not include any of the following:

(1) Common Share Equivalents issued or issuable upon conversion of Series B Convertible Preferred Shares or pursuant to the terms of any other Convertible Security issued and outstanding on the Original Issuance Date;

(2) Any Common Shares or Common Share Equivalents issued or issuable pursuant to or under any equity incentive grants, plans, programs or similar arrangements adopted by the Company, including the Company's stock option plan;

(3) Common Share Equivalents issued or issuable as full or partial consideration for acquisitions of any entities, businesses and/or related assets or other business combinations by the Company or any of its subsidiaries, whether by merger, consolidation, sale of assets, sale or exchange of stock or otherwise (but, for the avoidance of doubt, not including any securities sold to finance or fund all or part of any cash consideration payable in connection with any such transaction); or

(4) Common Share Equivalents issued or issuable in an aggregate amount equal to less than one percent (1%) of the total issued and outstanding Common Shares on the Original Issuance Date for all issuances in the aggregate pursuant to this clause (4), after taking into account any subdivisions, combinations or reclassifications thereof, and assuming the conversion of all outstanding Series B Convertible Preferred Shares into Common Shares after taking into account any adjustments to the Conversion Ratio from time to time pursuant to the terms of this Section 7 and any increases to the Liquidation Preference from time to time.

In the case of the issuance of Additional Common Shares for cash, the consideration shall be deemed to be the amount of cash paid (with any Canadian dollar consideration being converted into the USD Equivalent Amount, if necessary) therefor before deducting any discounts, commissions or other expenses allowed, paid or incurred by the Company for any underwriting or otherwise in connection with the issuance and sale thereof. In the case of the issuance of Additional Common Shares for consideration in whole or in part other than cash, the consideration other than cash shall be deemed to be the Fair Market Value thereof. In the case of the issuance of Convertible Securities, the aggregate maximum number of Common Shares deliverable upon exercise, conversion or exchange of such Convertible Securities shall be deemed to have been issued at the time such Convertible Securities were issued and for a consideration equal to the consideration (determined in the manner provided in this paragraph) if any, received by the Company upon the issuance of such Convertible Securities plus the minimum additional consideration payable pursuant to the terms of such

Convertible Securities for the Common Shares covered thereby, but no further adjustment shall be made for the actual issuance of Common Shares upon the exercise, conversion or exchange of any such Convertible Securities. Upon the expiration or forfeiture of any Additional Common Shares consisting of options, warrants or other rights to acquire Common Shares or Convertible Securities, the termination of any such rights to convert or exchange or the expiration or forfeiture of any options or rights related to such convertible or exchangeable securities, the Conversion Ratio, to the extent in any way affected by or computed using such options, rights or securities or options or rights related to such securities, shall be recomputed to reflect the issuance of only the number of Common Shares (and Convertible Securities that remain in effect) actually issued upon the exercise of such options, warrants or rights, upon the conversion or exchange of such securities or upon the exercise of the options or rights related to such securities.

(viii) *Adjustment upon a Fundamental Change.* On the effective date of a Fundamental Change, if the Liquidation Preference is greater than the product of (i) the Fair Market Value of the kind and amount of shares, other securities or other property or assets (or any combination thereof) that a holder of one Common Share would have owned or been entitled to receive upon completion of such Fundamental Change (the "Per Share Conversion Value") and (ii) the Conversion Ratio, then the then-effective Conversion Ratio shall be increased to the amount obtained by dividing the Liquidation Preference by the Per Share Conversion Value.

(ix) *Capital Reorganization Events.* In the case of: (A) any recapitalization, reclassification or change of the Common Shares (other than changes resulting from a subdivision or combination), (B) any consolidation, merger, amalgamation or combination involving the Company, (C) any sale, lease or other transfer to a third party of all or substantially all of the consolidated assets of the Company and its subsidiaries, or (D) any statutory share exchange, as a result of which the Common Shares are converted into, or exchanged for, shares, other securities, other property or assets (including cash or any combination thereof) (any such transaction or event, a "Capital Reorganization"), then, at and after the effective time of such Capital Reorganization, the right to exchange each Series B Convertible Preferred Share shall be changed into a right to exchange such share into the kind and amount of shares, other securities or other property or assets (or any combination thereof) that a holder of a number of Common Shares equal to the Conversion Ratio (with respect to such Series B Convertible Preferred Share) immediately prior to such Capital Reorganization would have owned or been entitled to receive (following conversion into Common Shares, if necessary) upon such Capital Reorganization (such shares, securities or other property or assets, the "**Reference Property**"). In each case, if a Capital Reorganization causes the Common Shares to be converted into, or exchanged for, the right to receive more than a single type of consideration (determined based in part upon any form of shareholder election), then the Reference Property into which the Series B Convertible Preferred Shares will be exchangeable shall be deemed to be the weighted average of the types and amounts of consideration received by the holders of Common Shares. The Company shall notify the holders of the Series B Convertible Preferred Shares of such weighted average as soon as practicable after such determination is made. None of the foregoing provisions shall affect (x) the right of a holder of Series B Convertible Preferred Shares to convert its Series B Convertible Preferred Shares (1) into Common Shares prior to the effective time of such Capital Reorganization or (2) into Common Shares or Reference Property, as applicable, following the effective time of such Capital Reorganization, in any case pursuant to Section 7(a), or, (y) if the event constituting a Capital Reorganization is also a Change of Control, the automatic conversion of the Series B Convertible Preferred Shares in connection with such transaction pursuant to Section 7(b). The provisions of this Section 7(f)(ix) shall similarly apply to successive Capital Reorganization events. This Section 7(f)(ix) shall not apply to any share split or combination to which Section 7(f)(i) is applicable or to a liquidation, dissolution or winding up to which Section 1 applies.

The Company shall not enter into any agreement for a transaction constituting a Capital Reorganization unless (i) such agreement provides for or does not interfere with or prevent (as applicable) conversion of the Series B Convertible Preferred Shares into the Reference Property in a manner that is consistent with and gives effect to this Section 7, and (ii) to the extent that the Company is not the surviving entity in such Capital Reorganization or will be dissolved in connection with such Capital Reorganization, proper provision shall be made in the agreements governing such Capital Reorganization for the conversion of the Series B Convertible Preferred Shares into Reference Property and, in the case of a Capital Reorganization constituting any sale, lease or other transfer to a third party of the consolidated assets of the Company and its subsidiaries substantially as an entirety, an exchange of Series B Convertible Preferred Shares for the shares of the person to whom the Company's assets are conveyed or transferred, having voting powers, preferences, and relative, participating, optional or other special rights as nearly equal as possible to those provided in these Articles of Amendment.

(x) *Other Adjustments.* In case the Company takes any action affecting the Series B Convertible Preferred Shares or the Common Shares other than actions described in this Section 7, which in the opinion of the Board of Directors, would materially adversely affect the rights of the holders of the Series B Convertible Preferred Shares (including their conversion rights), the Conversion Ratio will be adjusted in such manner and at such time, by action of the Board of Directors, subject to the prior written consent of the Exchange on which the Common Shares are then listed if required, as the Board of Directors in its sole discretion may determine to be equitable in the circumstances.

(xi) *Minimum Adjustment.* Notwithstanding the foregoing, the Conversion Ratio will not be increased if the amount of such increase would be an amount less than one of a Common Share, but any such amount will be carried forward and reduction with respect thereto will be made at the time that such amount, together with any subsequent amounts so carried forward, aggregates to one Common Share or more.

(xii) *When No Adjustment Required.* Notwithstanding anything herein to the contrary, no adjustment to the Conversion Ratio need be made:

(A) for a transaction referred to in Section 7(f)(i), Section 7(f)(iii) or Section 7(f)(v) if the Series B Convertible Preferred Shares participate, without conversion, in the transaction or event that would otherwise give rise to an adjustment pursuant to such Section at the same time as holders of the Common Shares participate with respect to such transaction or event and on the same terms as holders of the Common Shares participate with respect to such transaction or event as if the holders of Series B Convertible Preferred Shares, at such time, held a number of Common Shares issuable to them upon conversion of the Series B Convertible Preferred Shares at such time;

(B) for rights to purchase Common Shares pursuant to any present or future plan by the Company for reinvestment of dividends or interest payable on the Company's securities and the investment of additional optional amounts in Common Shares under any plan;

(C) for any event otherwise requiring an adjustment under this Section 7 if such event is not consummated (in which case, any adjustment previously made as a result of such event shall be reversed); or

(D) to the extent such adjustment would not comply with the requirements of the Exchange.

(xiii) *Provisions Governing Adjustment to Conversion Ratio.* Rights, options or warrants distributed by the Company to all or substantially all holders of Common Shares and Exchangeable Shares entitling the holders thereof to subscribe for or purchase shares of the Company's capital (either initially or under certain circumstances), which rights, options or warrants, until the occurrence of a specified event or events ("Rights Trigger"): (A) are deemed to be transferred with such Common Shares and Exchangeable Shares; (B) are not exercisable; and (C) are also issued in respect of future issuances of Common Shares and Exchangeable Shares, shall be deemed not to have been distributed for purposes of Section 7(f) (and no adjustment to the Conversion Ratio under Section 7(f) will be required) until the Rights Trigger occurs, whereupon such rights, options and warrants shall be deemed to have been distributed and, if and to the extent such rights, options and warrants are exercisable for Common Shares, Exchangeable Shares or the equivalents thereof, an appropriate adjustment (if any is required) to the Conversion Ratio shall be made under Section 7(f)(ii). If any such right, option or warrant, including any such existing rights, options or warrants distributed prior to the Original Issuance Date, are subject to events upon the occurrence of which such rights, options or warrants become exercisable to purchase different securities, evidences of indebtedness or other assets, then the date of the occurrence of any and each such event shall be deemed to be the date of distribution and Ex-Dividend Date with respect to new rights, options or warrants with such rights (and a termination or expiration of the existing rights, options or warrants without exercise by any of the holders thereof). In addition, in the event of any distribution (or deemed distribution) of rights, options or warrants, or any Rights Trigger or other event (of the type described in the preceding sentence) with respect thereto that was counted for purposes of calculating a distribution amount for which an adjustment to the Conversion Ratio was made, (1) in the case of any such rights, options or warrants that shall all have been redeemed or repurchased without exercise by any holders thereof, such Conversion Ratio shall be readjusted upon such final redemption or repurchase to give effect to such distribution or Rights Trigger, as the case may be, as though it were a cash distribution in an amount equal to the per share redemption or repurchase price received by a holder or holders of Common Shares and Exchangeable Shares, as the case may be, with respect to such rights, options or warrants (assuming such holder had retained such rights, options or warrants), made to all or substantially all holders of Common Shares and Exchangeable Shares as of the date of such redemption or repurchase, and (2) in the case of such rights, options or warrants that shall have expired or been terminated without exercise by any holders thereof, the Conversion Ratio shall be readjusted as if such rights, options and warrants had not been issued. Notwithstanding the foregoing, to the extent any such rights, options or warrants are redeemed by the Company prior to a Rights Trigger or are exchanged by the Company, in either case for Common Shares, the Conversion Ratio shall be appropriately readjusted (if and to the extent previously adjusted pursuant to this Section 7(f)(xi)) as if such rights, options or warrants had not been issued, and instead the Conversion Ratio will be adjusted as if the Company had issued the Common Shares issued upon such redemption or exchange (if any) as a dividend or distribution of Common Shares subject to Section 7(f)(i)(A) and 7(f)(i)(B).

(xiv) *Rules of Calculation.* All calculations will be made to the nearest one hundredth of a cent or to the nearest one-ten thousandth of a share. Except as explicitly provided herein, the number of Common Shares and Exchangeable Shares outstanding will be calculated on the basis of the number of issued and outstanding Common Shares and Exchangeable Shares, as applicable, including Common Shares issuable upon the conversion of outstanding Proportionate Voting Shares.

(xv) *Waiver.* Notwithstanding anything in this Section 7(f) to the contrary, no adjustment need be made to the Conversion Ratio for any event with respect to which an adjustment would otherwise be required pursuant to this Section 7(f) if the Company receives, prior to the effective time of the adjustment to the Conversion Ratio, written notice from the holders representing at least a majority of the then outstanding Series B Convertible Preferred Shares that no adjustment is to be made as the result of a particular issuance of Common Shares or Exchangeable Shares or other dividend or other distribution on Common Shares or Exchangeable Shares. This waiver will be limited in scope and will not be valid for any issuance of Common Shares or Exchangeable Shares or other dividend or other distribution on Common Shares or Exchangeable Shares or any other event not specifically provided for in such notice.

(xvi) *No Duplication.* If any action would require adjustment of the Conversion Ratio pursuant to more than one of the provisions described in this Section 7 in a manner such that such adjustments are duplicative, only one adjustment shall be made (with the adjustment most favorable to the holders of Series B Convertible Preferred Shares being the adjustment that shall be made in such case).

(xvii) For the purpose of effecting the conversion of Series B Convertible Preferred Shares, the Company shall at all times reserve and keep available, free from any preemptive rights, out of its treasury or authorized but unissued Common Shares (or Reference Property, to the extent applicable), the full number of Common Shares (or Reference Property, to the extent applicable) deliverable upon the conversion of all outstanding Series B Convertible Preferred Shares, after taking into account any adjustments to the Conversion Ratio from time to time pursuant to the terms of this Section 7 assuming for the purposes of this calculation that all outstanding Series B Convertible Preferred Shares are held by one holder.

(xviii) *Successive Adjustments.* For the avoidance of doubt, after an adjustment to the Conversion Ratio under this Section 7, any subsequent event requiring an adjustment under this Section 7 shall cause an adjustment to such Conversion Ratio as so adjusted.

(g) **Notice of Record Date.** In the event of:

(i) any share split or combination of the outstanding Common Shares or Exchangeable Shares;

(ii) any declaration or making of a dividend or other distribution to holders of Common Shares and Exchangeable Shares in additional Common Shares or Exchangeable Shares, any other share capital, other securities or other property (including, but not limited to, cash and evidences of indebtedness, other than ordinary cash dividends paid on a quarterly basis);

(iii) any reclassification or change to which Section 7(f)(i)(B) applies;

(iv) the dissolution, liquidation or winding up of the Company or other return of capital or distribution of the assets of the Company among its shareholders, in each case for the purposes of winding up its affairs; or

(v) any other event constituting a Capital Reorganization;

then the Company shall file with its corporate records and mail to the holders of the Series B Convertible Preferred Shares at their last addresses as shown on the records of the Company, at least ten (10) days prior to the record date specified in

(A) below or ten (10) days prior to the date specified in (B) below, a notice stating:

(B) the record date of such share split, combination, dividend or other distribution, or, if a record is not to be taken, the date as of which the holders of Common Shares or Exchangeable Shares of record to be entitled to such share split, combination, dividend or other distribution are to be determined, or

(C) the date on which such reclassification, change, dissolution, liquidation, winding up of the Company or upon any other return of capital or distribution of the assets of the Company among its shareholders, in each case for the purposes of winding up its affairs, or any other event constituting a Capital Reorganization, is estimated to become effective, and the date as of which it is expected that holders of Common Shares of record will be entitled to exchange their Common Shares for the share capital, other securities or other property (including, but not limited to, cash and evidences of indebtedness) deliverable upon such reclassification, change, liquidation, dissolution, winding up of the Company or other return of capital or distribution of the assets of the Company among its shareholders, in each case for the purposes of winding up its affairs or other Capital Reorganization.

(h) **Certificate of Adjustments.** Promptly upon the occurrence of any event requiring an adjustment or readjustment of the Conversion Ratio pursuant to this Section 7, the Company shall compute such adjustment or readjustment in accordance with the terms hereof and, within ten (10) Business Days of such event, furnish to each holder of Series B Convertible Preferred Shares a certificate, duly signed and executed by an officer of the Company, setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Company shall, upon the reasonable written request of any holder of Series B Convertible Preferred Shares, furnish to such holder a similar certificate setting forth (i) the calculation of such adjustments and readjustments in reasonable detail, (ii) the Conversion Ratio then in effect, and (iii) the number of Common Shares and the amount, if any, of share capital, other securities or other property (including, but not limited to, cash and evidences of indebtedness) which then would be received upon the conversion of Series B Convertible Preferred Shares.

8. Additional Definitions

For purposes of these Articles of Amendment, the following terms shall have the following meanings:

(a) "**Board of Directors**" means the board of directors of the Company, as constituted from time to time, or, with respect to any action to be taken by the Board of Directors, any committee of the Board of Directors duly authorized to take such action.

(b) "**Business Day**" means any day which is not a Saturday, a Sunday or a day on which the principal commercial banks located in the City of Toronto, Ontario or New York, New York are not open for business during normal banking hours.

(c) "**Change of Control**" means:

(i) a transaction or series of related transactions as a result of which a person or group of persons acting jointly or in concert (within the meaning of the *Securities Act* (Ontario)), excluding JW Asset Management LLC, Jason Wild (collectively, "**JW**") or any funds controlled by JW, acquires, directly or indirectly, securities representing at least a majority of the voting power of the Company's outstanding capital stock; and

(ii) a Fundamental Change.

(d) "**Closing Price**" means, with respect to any security on any date, the closing sale price per share (or if no closing sale price is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and the average ask prices) on that date as reported in composite transactions for the Canadian national stock exchange or automated inter-dealer quotation system upon which such security is listed or quoted (or, if such security are not listed and posted for trading on a Canadian national stock exchange or automated inter-dealer quotation system, such other over-the-counter market on which such security may be listed or quoted). If such securities are not so listed or quoted, the last reported sale price will be the average of the mid-point of the last bid and ask prices for such security on the relevant date from each of at least two recognized investment banking firms selected by the Company for this purpose. For purposes of these Articles of Amendment, all references herein to the "Closing Price" and "last reported sale price" of the Common Shares on the Exchange shall be such closing sale price and last reported sale price as reflected on the website of the Exchange. If the date of determination is not a Trading Day, then such determination shall be made as of the last Trading Day prior to such date.

(e) "**Common Shares**" means the common shares in the capital of the Company.

(f) "**Company**" means TerrAscend Corporation, a corporation governed by the Act.

(g) "**Conversion Date**" means the effective date of a conversion of Series B Convertible Preferred Shares to Common Shares, being (i) in the case of a conversion pursuant to Section 7(a), the date on which the Company shall have received such certificates, together with such notice and such other information or documents as may be required by the Company or its transfer agent, (ii) in the case of a conversion pursuant to Section 7(b), the Automatic Conversion Date.

(h) "**Convertible Security**" means any debt or other evidences of indebtedness, shares of capital, options, warrants, subscription rights or other securities of the Company directly or indirectly convertible into or exercisable or exchangeable for Common Shares.

(i) "**Current Market Price**" of Common Shares on any date means the average of the· Closing Prices (or if the Closing Price on any Trading Day is quoted only in Canadian dollars, the USD Equivalent Amount thereof on such Trading Day) per Common Share for each of the 10 (ten) consecutive Trading Days ending on the earlier of the day in question and the day before the Ex-Dividend Date with respect to the issuance or distribution requiring such computation.

(j) "**Exchangeable Shares**" means the exchangeable shares in the capital of the Company.

(k) "**Ex-Dividend Date**" means, with respect to any issuance, dividend or distribution on the Common Shares, the first date on which the Common Shares trade on the applicable Exchange or in the applicable market, regular way, without the right to receive such issuance or distribution.

(l) "**Exchange**" means any United States or Canadian national stock exchange or automated inter-dealer quotation system upon which the Common Shares are listed or quoted, provided that if the Common Shares are dual listed on both a United States national stock exchange and a Canadian national stock exchange the United States national stock exchange shall be the Exchange; as of the date hereof, the Exchange for the Common Shares is the Canadian Securities Exchange.

(m) "**Fair Market Value**" of the Common Shares or any other security, property or assets means the fair market value thereof as reasonably determined in good faith by the Board of Directors, which determination must be set forth in a written resolution of the Board of Directors, in accordance with the following rules:

(i) for Common Shares, the Fair Market Value will be the average of the Closing Prices of such security on the Exchange over a ten (10) consecutive Trading Day period, ending on the Trading Day immediately prior to the date of determination;

(ii) for any security other than Common Shares that are traded or quoted on any United States or Canadian national stock exchange or automated inter dealer quotation system, the Fair Market Value will be the average of the Closing Prices of such security on such national stock exchange or automated inter-dealer quotation system over a ten (10) consecutive Trading Day period, ending on the Trading Day immediately prior to the date of determination; and

(iii) for any other property or assets, the Fair Market Value shall be determined by the Board of Directors as the monetary consideration that a prudent and informed buyer would pay to a prudent and informed seller, each acting at arm's length with the other and under no compulsion to act.

(n) "**Fundamental Change**" means:

(i) a merger or consolidation in which:

(A) the Company is a constituent party or

(B) a subsidiary of the Company is a constituent party and the Company issues shares of its capital stock pursuant to such merger or consolidation,

except any such merger or consolidation involving the Company or a subsidiary in which the shares of capital stock of the Company outstanding immediately prior to such merger or consolidation continue to represent, or are converted into or exchanged for shares of capital stock that represent, immediately following such merger or consolidation, at least a majority, by voting power, of the capital stock of (1) the surviving or resulting corporation; or (2) if the surviving or resulting corporation is a wholly owned subsidiary of another corporation immediately following such merger or consolidation, the parent corporation of such surviving or resulting corporation; or

(ii) the sale, lease, transfer or other disposition, in a single transaction or series of related transactions, by the Company or any subsidiary of the Company of all or substantially all the assets of the Company and its subsidiaries taken as a whole, except where such sale, lease, transfer or other disposition is to one or more subsidiaries of the Company.

(o) "**hereof,**" "**herein**" and "**hereunder**" and words of similar import refer to these Articles of Amendment as a whole and not merely to any particular clause, provision, section or subsection.

(p) "**Market Disruption Event**" means, with respect to the Common Shares, (i) a failure by the Exchange to open for trading during its regular trading session or (ii) the occurrence or existence for more than one half hour period in the aggregate on any scheduled Trading Day for the Common Shares of any suspension or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the Exchange, or otherwise) in the Common Shares or in any options, contracts or future contracts relating to the Common Shares, and such suspension or limitation occurs or exists at any time before 1:00 p.m. (Toronto time) on such day.

(q) "**Original Issuance Date**" means May 22, 2020.

(r) "**person**" means any individual, corporation, limited liability company, limited or general partnership, joint venture, association, joint-stock company, trust, unincorporated organization, government, any agency or political subdivisions thereof.

(s) "**Proportionate Voting Shares**" means the proportionate voting shares in the capital of the Company.

(t) "**share capital**" means any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) of capital, partnership interests (whether general or limited) or equivalent ownership interests in or issued by such person, and with respect to the Company includes, without limitation, any and all Common Shares, Proportionate Voting Shares, Exchangeable Shares and the Series. B Convertible Preferred Shares.

(u) "**Trading Day**" means any date on which (i) there is no Market Disruption Event and (ii) the Exchange is open for trading or, if the Common Shares are not so listed, admitted for trading or quoted, any Business Day. A Trading Day only includes those days that have a scheduled closing time of 4:00 p.m. (Toronto time) or the then standard closing time for regular trading on the relevant Exchange.

(v) "**USD Equivalent Amount**" means on any date with respect to the specified amount of Canadian dollars the U.S. dollar equivalent amount after giving effect to the conversion of Canadian dollars to U.S. dollars at the Bank of Canada daily average exchange rate (as quoted or published from time to time by the Bank of Canada) on that date.

(w) Each of the following terms is defined in the Section set forth opposite such term:

Term	Section
Additional Common Shares	Section 7(f)(vii)(B)
Automatic Conversion Date	Section 7(b)(i)
Common Share Equivalents	Section 7(f)(vii)(B)
Conversion Ratio	Section 7(a)
Series B Convertible Preferred Shares	Recital
Liquidation Preference	Section 1(b)
Per Share Conversion Value	Section 7(f)(viii)
Reference Property	Section 7(f)(ix)
Rights Trigger	Section 7(f)(xiii)

(x) The expressions "ranking senior to", "ranking junior to" and similar expressions refer to the order of priority in the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company or any other return of capital or distribution of the assets of the Company among its shareholders, in each case for the purposes of winding up its affairs, in the payment of dividends or upon redemption.

(y) If any day on which any action is required to be taken by the Company is not a Business Day, then such action may be taken on or by the next succeeding day that is a Business Day.

9. Miscellaneous

For purposes of these Articles of Amendment, the following provisions shall apply:

(a) **Withholding Tax.** Notwithstanding any other provision of these Articles of Amendment, the Company may deduct or withhold from any payment, distribution, issuance or delivery (whether in cash or in shares) to be made pursuant to these Articles of Amendment any amounts required (or permitted, in the event that the Series B Convertible Preferred Shares are or become "taxable Canadian property" at any relevant time for purposes of the *Income Tax Act (Canada)* as determined by the Company acting reasonably) by applicable law to be deducted or withheld from any such payment, distribution, issuance or delivery and the Company will timely remit any such amounts to the relevant tax authority as required, and will provide evidence thereof reasonably acceptable to the affected holder(s) of Series B Convertible Preferred Shares. All such remitted amounts shall be treated as having been paid to the relevant holder(s). If the cash component of any payment, distribution, issuance or delivery to be made pursuant to these Articles of Amendment is less than the amount that the Company is so required (or permitted, in the event that the Series B Convertible Preferred Shares are or become "taxable Canadian property" at any relevant time for purposes of the *Income Tax Act (Canada)* as determined by the Company acting reasonably) to deduct or withhold, the Company shall be permitted to deduct and withhold from any noncash payment, distribution, issuance or delivery to be made pursuant to these Articles of Amendment any amounts required (or permitted, in the event that the Series B Convertible Preferred Shares are or become "taxable Canadian property" at any relevant time for purposes of the *Income Tax Act (Canada)* as determined by the Company acting reasonably) by law to be deducted or withheld from any such payment, distribution, issuance or delivery and to dispose of such property in order to remit any amount required to be remitted to any relevant tax authority.

(b) **Wire or Electronic Transfer of Funds.** Notwithstanding any other right, privilege, restriction or condition attaching to the Series B Convertible Preferred Shares, the Company may, at its option, make any payment due to registered holders of Series B Convertible Preferred Shares by way of a wire or electronic transfer of funds to such holders. If a payment is made by way of a wire or electronic transfer of funds, the Company shall be responsible for any applicable charges or fees relating to the making of such transfer. As soon as practicable following the determination by the Company that a payment is to be made by way of a wire or electronic transfer of funds, the Company shall provide a notice to the applicable registered holders of Series B Convertible Preferred Shares at their respective addresses appearing on the books of the Company. Such notice shall request that each applicable registered holder of Series B Convertible Preferred Shares provide the particulars of an account of such holder with a chartered bank in Canada or the United States to which the wire or electronic transfer of funds shall be directed. If the Company does not receive account particulars from a registered holder of Series B Convertible Preferred Shares prior to the date such payment is to be made, the Company shall deposit the funds otherwise payable to such holder in a special account or accounts in trust for such holder.

(c) **Approval.** Each issuance by the Company of shares of a class or series of preferred equity while any Series B Convertible Preferred Shares are outstanding shall be subject to the prior unanimous approval of the disinterested members of the Board of Directors.

(d) **Amendments.** The provisions attaching to the Series B Convertible Preferred Shares may be deleted, varied, modified, amended or amplified by articles of amendment with such approval as may then be required by the Act.

(e) **U.S. Currency.** Unless otherwise stated, all references herein to sums of money are expressed in lawful money of the United States.

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PROVISIONS ATTACHING TO THE
SERIES C CONVERTIBLE PREFERRED SHARES

In addition to the rights, privileges, restrictions and conditions attaching to the preferred shares as a class, the Series C Convertible Preferred Shares shall have the following rights, privileges, restrictions and conditions. Capitalized terms not defined where used shall have the meanings ascribed to such terms in Section 8.

1. Liquidation Preference

(a) In the event of liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or upon any other return of capital or distribution of the assets of the Company among its shareholders, in each case for the purposes of winding up its affairs, each Series C Convertible Preferred Share entitles the holder thereof to receive and to be paid out of the assets of the Company available for distribution, before any distribution or payment may be made to a holder of any Common Shares, Proportionate Voting Shares, Exchangeable Shares or any other shares ranking junior in such liquidation, dissolution or winding up to the Series C Convertible Preferred Shares, an amount per Series C Convertible Preferred Share equal to the Liquidation Preference.

(b) The "**Liquidation Preference**" per Series C Convertible Preferred Share shall initially be equal to US$3,000; provided that if the Company makes a distribution to holders of all or substantially all of the Series C Convertible Preferred Shares, payable in Series C Convertible Preferred Shares, or if the Company effects a share split or share consolidation on the Series C Convertible Preferred Shares, then the Liquidation Preference shall be adjusted on the effective date of such event by multiplying the then-effective Liquidation Preference by:

$$\frac{CS_0}{CS_1}$$

where,

CS_0 = the number of Series C Convertible Preferred Shares outstanding immediately before giving effect to such share dividend, distribution, split or share consolidation, as the case may be; and

CS_1 = the number of Series C Convertible Preferred Shares outstanding immediately after giving effect to such dividend, distribution, share split or share consolidation.

(c) After payment to the holders of the Series C Convertible Preferred Shares of the full Liquidation Preference to which they are entitled in respect of outstanding Series C Convertible Preferred Shares (which, for greater certainty, have not been converted prior to such payment), such Series C Convertible Preferred Shares will have no further right or claim to any of the assets of the Company.

(d) The Liquidation Preference shall be payable to holders of Series C Convertible Preferred Shares in cash;*provided, however,* that to the extent the Company has, having exercised commercially reasonable efforts to make such payment, insufficient cash available to pay the Liquidation Preference in full in cash, the portion of the Liquidation Preference with respect to which the Company has insufficient cash may be paid in property or other assets of the Company. The value of any property or assets not consisting of cash that is distributed by the Company in satisfaction of any portion of the Liquidation Preference will equal the Fair Market Value thereof on the date of distribution.

2. Voting Rights

Except as otherwise provided in the *Business Corporations Act (Ontario)* (the "**Act**"), the holders of Series C Convertible Preferred Shares shall not be entitled to receive notice of, or to attend or to vote at any meeting of the shareholders of, the Company.

3. Dividends

The holders of Series C Convertible Preferred Shares shall not be entitled to receive any dividends, except that the Company shall issue such dividends as are necessary to comply with the provisions of Section 7(:f)(iii) in respect of an adjustment to the Conversion Ratio in connection with any dividend paid on the Common Shares. The Company will provide holders of Series C Convertible Preferred Shares with 21 days' notice of the record date for any dividend payable on the Common Shares.

4. Purchase for Cancellation

Subject to such provisions of the Act as may be applicable, the Company may at any time or times purchase (if obtainable) for cancellation all or any part of the Series C Convertible Preferred Shares outstanding from time to time in one or more negotiated transactions at such price or prices as are determined by the Board of Directors and as may be agreed to with the relevant holders of the Series C Convertible Preferred Shares. From and after the date of purchase of any Series C Convertible Preferred Shares under the provisions of this Section 4, any shares so purchased shall be cancelled.

5. [RESERVED]

6. [RESERVED]

7. Conversion.

Each Series C Convertible Preferred Share is convertible into Proportionate Voting Shares as provided in this Section 7.

(a) **Conversion at the Option of Holders of Series C Convertible Preferred Shares.** Each holder of Series C Convertible Preferred Shares is entitled to convert, at any time and from time to time, at the option and election of such holder, any or all outstanding Series C Convertible Preferred Shares held by such holder into a number of duly authorized, validly issued, fully paid and non-assessable Proportionate Voting Shares equal to the product obtained by multiplying (i) the then-effective Conversion Ratio by (ii) the number of Series C Convertible Preferred Shares so converted; provided that the Company shall not effect any conversion pursuant to this Section 7(a), and no holder shall have the right to convert its Series C Convertible Preferred Shares pursuant to this Section 7(a), to the extent that after giving effect to such conversion such holder, alone or together with its affiliates and persons acting jointly or in concert with such holder and its affiliates (including any person not dealing at arm's length with the holder for the purpose of the *Income Tax Act (Canada)),* would beneficially own securities representing in excess of 49.9% of the voting power of the outstanding capital stock of the Company immediately after giving effect to such conversion and any concurrent conversion or exercise of Convertible Securities.

The "**Conversion Ratio**" is initially 1.00, as adjusted from time to time as provided in Section 7(f). In order to convert the Series C Convertible Preferred Shares into Proportionate Voting Shares pursuant to this Section 7(a), the holder must surrender the certificates representing such Series C Convertible Preferred Shares, accompanied by transfer instruments reasonably satisfactory to the Company, free of any adverse interest or liens at the office of the Company or its transfer agent for the Series C Convertible Preferred Shares (as directed by the Company), together with the prescribed form of written notice, set forth on the Series C Convertible Preferred Share certificates, that such holder elects to convert all or such number of shares represented by such certificates as specified therein.

(b) **Automatic Conversion upon a Change of Control.**

(i) The Company shall provide written notice (the "**Conversion Notice**") pursuant to this Section 7(b) at least 30 days prior to the effective date of a Change of Control to the holders of record of the Series C Convertible Preferred Shares as they appear in the records of the Company. The Conversion Notice must state: (A) the consideration per Series C Convertible Preferred Share deliverable upon conversion; and (B) the date (the "**Automatic Conversion Date**"), which shall be not less than 30 days after the date of delivery of the Conversion Notice, on which the Series C Convertible Preferred Shares will automatically convert pursuant to Section 7(b)(ii).

(ii) On the Automatic Conversion Date, each Series C Convertible Preferred Share that remains outstanding shall automatically convert into a number of duly authorized, validly issued, fully paid and non-assessable Proportionate Voting Shares (or equivalent Reference Property, as applicable) equal to the then-applicable Conversion Ratio.

(c) **Fractional Shares.** Any fractional Proportionate Voting Shares issuable upon conversion of the Series C Convertible Preferred Shares will be rounded down to the nearest 1/1000th of a Proportionate Voting Share. If more than one Series C Convertible Preferred Share is being converted at one time by or for the benefit of the same holder, then the number of Proportionate Voting Shares issuable upon conversion will be calculated on the basis of the aggregate number of Series C Convertible Preferred Shares converted by or for the benefit of such holder at such time.

(d) **Mechanics of Conversion.**

(i) Promptly after the Conversion Date, the Company shall issue and deliver to each holder of Series C Convertible Preferred Shares the number of Proportionate Voting Shares to which such holder is entitled in exchange for the certificates formerly representing Series C Convertible Preferred Shares. Such conversion will be deemed to have been made on the Conversion Date, and the person entitled to receive the Proportionate Voting Shares issuable upon such conversion shall be treated for all purposes as the record holder of such Proportionate Voting Shares on such Conversion Date. In case fewer than all the Series C Convertible Preferred Shares represented by any certificate are to be converted, a new certificate shall be issued representing the unconverted Series C Convertible Preferred Shares without cost to the holder thereof, except for any documentary, stamp or similar issue or transfer tax due because any certificates for Proportionate Voting Shares or Series C Convertible Preferred Shares are issued in a name other than the name of the converting holder. The Company shall pay any documentary, stamp or similar issue or transfer tax due on the issue of Proportionate Voting Shares upon conversion or due upon the issuance of a new certificate for any Series C Convertible Preferred Shares not converted other than any such tax due because Proportionate Voting Shares or a certificate for Series C Convertible Preferred Shares are issued in a name other than the name of the converting holder, which shall be paid by the converting holder.

(ii) From and after the Conversion Date, the Series C Convertible Preferred Shares to be converted on such Conversion Date will no longer be outstanding, and all rights and privileges of the holder thereof as a holder of Series C Convertible Preferred Shares (except the right to receive from the Company the Proportionate Voting Shares upon conversion) shall cease and terminate with respect to such shares.

(iii) All Proportionate Voting Shares issued upon conversion of the Series C Convertible Preferred Shares will, upon issuance by the Company, be duly and validly issued, as fully paid and non-assessable Proportionate Voting Shares in the capital of the Company.

(e) **[RESERVED]**

(f) **Adjustments to Conversion Ratio.**

(i) Adjustments for Change in Share Capital.

(A) *Adjustments for Common Shares and/or Exchangeable Shares.* If the Company shall, at any time and from time to time while any Series C Convertible Preferred Shares are outstanding, issue a dividend or make a distribution (other than, if applicable, dividends issued in the ordinary course) on its Common Shares and Exchangeable Shares payable in Common Shares or Exchangeable Shares to all or substantially all holders of its Common Shares and Exchangeable Shares, then the then-applicable Conversion Ratio at the opening of business on the Ex-Dividend Date for such dividend or distribution will be adjusted in accordance with the following formula:

$$CR_1 = CR_0 \times \frac{OS_1}{OS_0}$$

where

CR_0 = the Conversion Ratio in effect immediately prior to the opening of business on the Ex-Dividend Date for such dividend or distribution;

CR_1 =.the Conversion Ratio in effect immediately after the open of business on the Ex-Dividend Date for such dividend or distribution;

OS_0 = number of Common Shares and Exchangeable Shares outstanding at the close of business on the Business Day immediately preceding such Ex-Dividend Date; and

OS_1 = the sum of the number of Common Shares and Exchangeable Shares outstanding at the close of business on the Business Day immediately preceding the Ex-Dividend Date for such dividend or distribution, plus the total number of Common Shares and Exchangeable Shares constituting such dividend or other distribution.

Any adjustment to the Conversion Ratio made pursuant to this Section 7(f)(i)(A) shall become effective immediately after the opening of business on the Ex-Dividend Date for such dividend or distribution. If any dividend or distribution of the type described in this Section 7(f)(i)(A) is declared but not so paid or made, the Conversion Ratio shall again be adjusted to the Conversion Ratio which would then be in effect if such dividend or distribution had not been declared.

(B) *Adjustments for share splits and combinations.* If the Company shall, at any time or from time to time while any of the Series C Convertible Preferred Shares are outstanding, subdivide or reclassify its outstanding Common Shares and/or Exchangeable Shares into a greater number of Common Shares and/or Exchangeable Shares, then the then-applicable Conversion Ratio in effect at the opening of business on the day upon which such subdivision or reclassification becomes effective shall be proportionately increased, and conversely, if the Company shall, at any time or from time to time while any of the Series C Convertible Preferred Shares are outstanding, combine or reclassify its outstanding Common Shares and/or Exchangeable Shares into a smaller number of Common Shares and/or Exchangeable Shares, then the then-applicable Conversion Ratio in effect at the opening of business on the day upon which such combination or reclassification becomes effective shall be proportionately decreased. In each such case, the Conversion Ratio shall be adjusted in accordance with the following formula:

$$CR_1 = CR_0 \times \frac{OS_1}{OS_0}$$

where,

CR_0 = the Conversion Ratio in effect immediately prior to the open of business on the effective date of such subdivision, combination or reclassification, as the case may be;

CR_1 = the Conversion Ratio in effect immediately after the open of business on the effective date of such subdivision, combination or reclassification, as the case may be;

OS_0 = the number of Common Shares and Exchangeable Shares outstanding immediately before giving effect to such subdivision, combination or reclassification; and

OS_1 = the number of Common Shares and Exchangeable Shares outstanding immediately after giving effect to such subdivision, combination or reclassification.

Any adjustment to the Conversion Ratio made pursuant to this Section 7(f)(i)(B) shall become effective immediately after the open of business on the effective date of such subdivision, combination or reclassification becomes effective.

(ii) *Adjustments for certain rights, options and warrants.* If the Company shall, at any time or from time to time, while any Series C Convertible Preferred Shares are outstanding, distribute rights, options or warrants to all or substantially all holders of its Common Shares and Exchangeable Shares entitling them, for a period expiring not more than forty-five (45) days immediately following the record date of such distribution, to purchase or subscribe for Common Shares, or securities convertible into, or exchangeable or exercisable for, Common Shares, in either case, at less than 95% of the average of the Closing Prices (if the Closing Price on any Trading Day is quoted only in Canadian dollars, the USD Equivalent Amount thereof on such Trading Day) for the ten (10) consecutive Trading Days immediately preceding the date of the first public announcement of the distribution, then the then-applicable Conversion Ratio shall be adjusted in accordance with the following formula:

$$CR_1 = CR_0 \times \frac{OS_0 + Y}{OS_0 + X}$$

where,

CR_0 = the Conversion Ratio in effect immediately prior to the opening of business on the Ex-Dividend Date for such distribution;

CR_1 = the Conversion Ratio in effect immediately after the opening of business on the Ex-Dividend Date for such distribution;

OS_0 = the number of Common Shares deemed to be outstanding immediately prior to the open of business on the Ex-Dividend Date for such distribution on a fully diluted basis, including on the conversion, exercise or exchange of any convertible, exercisable or exchangeable securities;

X = the number of Common Shares equal to the aggregate price payable to exercise such rights, options or warrants, divided by the average of the Closing Prices of the Common Shares over the ten (10) consecutive Trading Day period ending on, and including, the Trading Day immediately preceding the date of the first public announcement of the distribution of such rights, options or warrants;

Y = the total number of additional Common Shares issuable pursuant to such rights, options or warrants.

Any adjustment to the Conversion Ratio made pursuant to this Section 7(f)(ii) shall become effective immediately after the opening of business on the Ex-Dividend Date for such distribution.

To the extent that such rights, options or warrants are not exercised prior to their expiration or Common Shares are otherwise not delivered pursuant to such rights, options or warrants upon the exercise of such rights or warrants, the Conversion Ratio shall be readjusted to such Conversion Ratio that would have then been in effect had the adjustment made upon the issuance of such rights, options or warrants been made on the basis of the delivery of only the number of Common Shares actually delivered. If such rights, options or warrants are only exercisable upon the occurrence of certain triggering events, then the Conversion Ratio shall not be adjusted until such triggering events occur. In determining the aggregate offering price payable for such Common Shares, the Company shall take into account the Fair Market Value of any consideration (if other than cash) received for such rights, options or warrants and the Fair Market Value of any consideration (if other than cash) paid or payable upon the exercise of such rights, options or warrants.

(iii) *Adjustments for Payment of Cash Dividends.* If the Company shall, at any time and from time to time while any Series C Convertible Preferred Shares are outstanding, declare a cash dividend on its Common Shares and Exchangeable Shares payable to all or substantially all holders of its Common Shares and Exchangeable Shares, then the then-applicable Conversion Ratio at the opening of business on the Ex-Dividend Date for such dividend will be adjusted in accordance with the following formula:

$$\frac{P_0}{P_1}$$

where,

CR_0 = the Conversion Ratio in effect immediately prior to the opening of business on the Ex-Dividend Date for such dividend;

CR_1 = the Conversion Ratio in effect immediately after the opening of business on the Ex-Dividend Date for such dividend;

SP_0 = the Current Market Price of the Common Shares on the Business Day immediately preceding such Ex-Dividend Date; and

C = the amount in cash per Common Share and Exchangeable Share the Company distributes to all or substantially all holders of the Common Shares and Exchangeable Shares (which cash dividend, if payable in Canadian dollars, shall be converted into the USD Equivalent Amount of such dividend as of the Business Day immediately preceding such Ex Dividend Date).

Any adjustment to the Conversion Ratio made pursuant to this Section 7(:f)(iii) shall become effective immediately after the opening of business on the Ex-Dividend Date for such dividend.

If any dividend of the type described in this Section 7(:f)(iii) is declared but not so paid or made, the Conversion Ratio shall again be adjusted to the Conversion Ratio which would then be in effect if such dividend had not been declared.

Notwithstanding the foregoing, if "C" (as defined above) is equal to or greater than "SP_0" (as defined above), in lieu of the foregoing increase, each holder of Series C Convertible Preferred Shares shall receive at the same time and upon the same terms as holders of Common Shares and Exchangeable Shares, the amount of cash as a dividend on the Series C Convertible Preferred Shares that such holder would have received if such holder owned a number of Proportionate Voting Shares at the Conversion Ratio in effect immediately prior to the opening of business on the Ex Dividend Date for such cash dividend or distribution.

(iv) *Adjustments for Proportionate Voting Shares.* If the number of Common Shares into which each Proportionate Voting Share is convertible is adjusted, then the Conversion Ratio will be adjusted upon giving effect to such adjustment by multiplying the then-applicable Conversion Ratio by the following fraction:

$$\frac{P_0}{P_1}$$

where,

P_0 = the number of Common Shares into which each Proportionate Voting Share is convertible immediately prior to the effective time of such adjustment to the Proportionate Voting Shares; and

P_1 = the number of Common Shares into which each Proportionate Voting Share is convertible immediately after the effective time of such adjustment to the Proportionate Voting Shares.

(v) *Adjustments for certain distributions.* If the Company shall, at any time and from time to time while any Series C Convertible Preferred Shares are outstanding, distribute to all or substantially all holders of Common Shares and Exchangeable Shares evidences of indebtedness, shares of capital stock, securities, cash or other assets (excluding any such distribution otherwise contemplated in Section 7(f)(i), (ii), or (iii) or in the case of a spin-off transaction as contemplated below in this Section 7(f)(v)), then the then applicable Conversion Ratio at the opening of business on the Ex-Dividend Date for such distribution will be adjusted by multiplying such then applicable Conversion Ratio by the following fraction:

$$\frac{SP_0}{(SP_0 - FMV)}$$

where,

SP_0 = the aggregate Current Market Price of the Common Shares into which the Proportionate Voting Shares issuable upon conversion of one Series C Convertible Preferred Share are convertible; and

FMV = the Fair Market Value of the portion of the distribution applicable to one Series C Convertible Preferred Share on such date.

In a "spin-off," where the Company makes a distribution to all holders of Common Shares and Exchangeable Shares consisting of capital stock of any class or series, or similar equity interests of, or relating to, a subsidiary of the Company or other business unit, the Conversion Ratio will be adjusted on the fifteenth Business Day after the effective date of the distribution by multiplying the then-applicable Conversion Ratio in effect immediately prior to such fifteenth Business Day by the following fraction:

$$\frac{(MP_0 + MP_S}{MP_0}$$

where,

MP_0 = the Current Market Price of the Common Shares on the Business Day immediately preceding such Ex-Dividend Date for the "**spin-off**" aggregated for all Common Shares underlying the Proportionate Voting Shares issuable upon conversion of one Series C Convertible Preferred Share; and

MP_S = the Fair Market Value of the portion of the distribution applicable to one Series C Convertible Preferred Share on such date.

In the event that such distribution described in this Section 7(f)(v) is not so paid or made, the Conversion Ratio shall be readjusted, effective as of the date the Board of Directors publicly announces its decision not to pay or make such distribution, to the Conversion Ratio that would then be in effect if such distribution had not been announced.

(vi) *Adjustments for Issuer Bids.* If the Company or any subsidiary of the Company shall, at any time and from time to time while any Series C Convertible Preferred Shares are outstanding, make an issuer bid or a tender or exchange offer (other than an odd lot offer or a normal course issuer bid) to all or substantially all of the holders of Common Shares and Exchangeable Shares for all or any portion of the Common Shares and/or Exchangeable Shares (any such issuer bid or tender or exchange offer being called an "**Issuer Bid**") where the cash and the value of any other consideration included in such payment per Common Share and/or Exchangeable Share exceeds the Current Market Price of the Common Shares on the Trading Day that is ten consecutive Trading Days after the Trading Day next succeeding the date such Issuer Bid expires, then the then-applicable Conversion Ratio will be adjusted by multiplying the then applicable Conversion Ratio by the following fraction:

$$\frac{AC + (SP_1 x 0 S_1)}{OS_0 x SP_1}$$

where,

AC = the aggregate value of all cash and other consideration (as determined by the Board of Directors) paid or payable for shares purchased in such Issuer Bid;

OS_0 = the number of Common Shares and Exchangeable Shares outstanding immediately prior to the open of business on the Trading Day next succeeding the date such Issuer Bid expires;

OS_1 = the number of Common Shares and Exchangeable Shares outstanding immediately after the open of business on the Trading Day next succeeding the date such Issuer Bid expires (after giving to the purchase of all shares accepted for purchase in such Issuer Bid); and

SP_1 = the aggregate Current Market Price of the Common Shares on the day that is ten consecutive Trading Days after the Trading Day next succeeding the date such Issuer Bid expires.

If the Company or one of its subsidiaries is obligated to purchase Common Shares or Exchangeable Shares pursuant to any such Issuer Bid, but the Company or such subsidiary is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Ratio shall again be adjusted to be the Conversion Ratio that would then be in effect if such Issuer Bid had not been made.

(vii) *Adjustments for Certain Issuances of Additional Common Shares.*

(A) In the event the Company shall within one year after the Original Issuance Date issue Additional Common Shares in a financing transaction or transactions priced in accordance with the rules of the applicable Exchange, if any, pursuant to which the Company receives gross proceeds in excess of US$30,000,000 (a "**Qualified Financing**") at an average price that in the good faith determination of the Board of Directors, considering each transaction as a whole, is less than the average price of the offering pursuant to which the Series C Convertible Preferred Shares were initially issued, then the then-applicable Conversion Ratio shall be increased upon completion of such Qualified Financing to an amount that in the good faith determination of the Board of Directors is equitable in the circumstances to ensure that the economic value of the offering pursuant to which the Series C Convertible Preferred Shares were initially issued is at least equivalent to the economic value offered to purchasers in the Qualified Financing.

(B) For purposes of this Section 7(:t)(vii), the term "**Additional Common Shares**" means any Common Shares or Convertible Securities (collectively, "**Common Share Equivalents**") issued by the Company after the Original Issuance Date, provided that Additional Common Shares will not include any of the following:

(1) Common Share Equivalents issued or issuable upon conversion of Series C Convertible Preferred Shares or pursuant to the terms of any other Convertible Security issued and outstanding on the Original Issuance Date;

(2) Any Common Shares or Common Share Equivalents issued or issuable pursuant to or under any equity incentive grants, plans, programs or similar arrangements adopted by the Company, including the Company's stock option plan;

(3) Common Share Equivalents issued or issuable as full or partial consideration for acquisitions of any entities, businesses and/or related assets or other business combinations by the Company or any of its subsidiaries, whether by merger, consolidation, sale of assets, sale or exchange of stock or otherwise (but, for the avoidance of doubt, not including any securities sold to finance or fund all or part of any cash consideration payable in connection with any such transaction); or

(4) Common Share Equivalents issued or issuable in an aggregate amount equal to less than one percent (1%) of the total issued and outstanding Common Shares on the Original Issuance Date for all issuances in the aggregate pursuant to this clause (4), after taking into account any subdivisions, combinations or reclassifications thereof, and assuming the conversion of all outstanding Series C Convertible Preferred Shares into Common Shares after taking into account any adjustments to the Conversion Ratio from time to time pursuant to the terms of this Section 7 and any increases to the Liquidation Preference from time to time.

In the case of the issuance of Additional Common Shares for cash, the consideration shall be deemed to be the amount of cash paid (with any Canadian dollar consideration being converted into the USD Equivalent Amount, if necessary) therefor before deducting any discounts, commissions or other expenses allowed, paid or incurred by the Company for any underwriting or otherwise in connection with the issuance and sale thereof. In the case of the issuance of Additional Common Shares for consideration in whole or in part other than cash, the consideration other than cash shall be deemed to be the Fair Market Value thereof. In the case of the issuance of Convertible Securities, the aggregate maximum number of Common Shares deliverable upon exercise, conversion or exchange of such Convertible Securities shall be deemed to have been issued at the time such Convertible Securities were issued and for a consideration equal to the consideration (determined in the manner provided in this paragraph) if any, received by the Company upon the issuance of such Convertible Securities plus the minimum additional consideration payable pursuant to the terms of such Convertible Securities for the Common Shares covered thereby, but no further adjustment shall be made for the actual issuance of Common Shares upon the exercise, conversion or exchange of any such Convertible Securities. Upon the expiration or forfeiture of any Additional Common Shares consisting of options, warrants or other rights to acquire Common Shares or Convertible Securities, the termination of any such rights to convert or exchange or the expiration or forfeiture of any options or rights related to such convertible or exchangeable securities, the Conversion Ratio, to the extent in any way affected by or computed using such options, rights or securities or options or rights related to such securities, shall be recomputed to reflect the issuance of only the number of Common Shares (and Convertible Securities that remain in effect) actually issued upon the exercise of such options, warrants or rights, upon the conversion or exchange of such securities or upon the exercise of the options or rights related to such securities.

(viii) *Adjustment upon a Fundamental Change.* On the effective date of a Fundamental Change, if the Liquidation Preference is greater than the product of (i) the Fair Market Value of the kind and amount of shares, other securities or other property or assets (or any combination thereof) that a holder of one Proportionate Voting Share would have owned or been entitled to receive (following conversion into Common Shares, if necessary) upon completion of such Fundamental Change (the "**Per Share Conversion Value**") and (ii) the Conversion Ratio, then the then-effective Conversion Ratio shall be increased to the amount obtained by dividing the Liquidation Preference by the Per Share Conversion Value.

(ix) *Capital Reorganization Events.* In the case of: (A) any recapitalization, reclassification or change of the Common Shares or the Proportionate Voting Shares (other than changes resulting from a subdivision or combination), (B) any consolidation, merger, amalgamation or combination involving the Company, (C) any sale, lease or other transfer to a third party of all or substantially all of the consolidated assets of the Company and its subsidiaries, or (D) any statutory share exchange, as a result of which the Common Shares or Proportionate Voting Shares are converted into, or exchanged for, shares, other securities, other property or assets (including cash or any combination thereof) (any such transaction or event, a "**Capital Reorganization**"), then, at and after the effective time of such Capital Reorganization, the right to exchange each Series C Convertible Preferred Share shall be changed into a right to exchange such share into the kind and amount of shares, other securities or other property or assets (or any combination thereof) that a holder of a number of Proportionate Voting Shares equal to the Conversion Ratio (with respect to such Series C Convertible Preferred Share) immediately prior to such Capital Reorganization would have owned or been entitled to receive (following conversion into Common Shares, if necessary) upon such Capital Reorganization (such shares, securities or other property or assets, the "**Reference Property**"). In each case, if a Capital Reorganization causes the Proportionate Voting Shares to be converted into, or exchanged for, the right to receive more than a single type of consideration (determined based in part upon any form of shareholder election), then the Reference Property into which the Series C Convertible Preferred Shares will be exchangeable shall be deemed to be the weighted average of the types and amounts of consideration received by the holders of Proportionate Voting Shares. The Company shall notify the holders of the Series C Convertible Preferred Shares of such weighted average as soon as practicable after such. determination is made. None of the foregoing provisions shall affect (x) the right of a holder of Series C Convertible Preferred Shares to convert its Series C Convertible Preferred Shares (1) into Proportionate Voting Shares prior to the effective time of such Capital Reorganization or (2) into Proportionate Voting Shares or Reference Property, as applicable, following the effective time of such Capital Reorganization, in any case pursuant to Section 7(a), or, (y) if the event constituting a Capital Reorganization is also a Change of Control, the automatic conversion of the Series C Convertible Preferred Shares in connection with such transaction pursuant to Section 7(b). The provisions of this Section 7(f)(ix) shall similarly apply to successive Capital Reorganization events. This Section 7(f)(ix) shall not apply to any share split or combination to which Section 7(f)(i) is applicable or to a liquidation, dissolution or winding up to which Section 1 applies.

The Company shall not enter into any agreement for a transaction constituting a Capital Reorganization unless (i) such agreement provides for or does not interfere with or prevent (as applicable) conversion of the Series C Convertible Preferred Shares into the Reference Property in a manner that is

consistent with and gives effect to this Section 7, and (ii) to the extent that the Company is not the surviving entity in such Capital Reorganization or will be dissolved in connection with such Capital Reorganization, proper provision shall be made in the agreements governing such Capital Reorganization for the conversion of the Series C Convertible Preferred Shares into Reference Property and, in the case of a Capital Reorganization constituting any sale, lease or other transfer to a third party of the consolidated assets of the Company and its subsidiaries substantially as an entirety, an exchange of Series C Convertible Preferred Shares for the shares of the person to whom the Company's assets are conveyed or transferred, having voting powers, preferences, and relative, participating, optional or other special rights as nearly equal as possible to those provided in these Articles of Amendment.

(x) *Other Adjustments.* In case the Company takes any action affecting the Series C Convertible Preferred Shares, the Proportionate Voting Shares or the Common Shares other than actions described in this Section 7, which in the opinion of the Board of Directors, would materially adversely affect the rights of the holders of the Series C Convertible Preferred Shares (including their conversion rights), the Conversion Ratio will be adjusted in such manner and at such time, by action of the Board of Directors, subject to the prior written consent of the Exchange on which the Common Shares are then listed if required, as the Board of Directors in its sole discretion may determine to be equitable in the circumstances.

(xi) *Minimum Adjustment.* Notwithstanding the foregoing, the Conversion Ratio will not be increased if the amount of such increase would be an amount less than 1/1000th of a Proportionate Voting Share, but any such amount will be carried forward and reduction with respect thereto will be made at the time that such amount, together with any subsequent amounts so carried forward, aggregates to 1/1000th of a Proportionate Voting Share or more.

(xii) *When No Adjustment Required.* Notwithstanding anything herein to the contrary, no adjustment to the Conversion Ratio need be made:

(A) for a transaction referred to in Section 7(f)(i), Section 7(f)(iii) or Section 7(f)(v) if the Series C Convertible Preferred Shares participate, without conversion, in the transaction or event that would otherwise give rise to an adjustment pursuant to such Section at the same time as holders of the Proportionate Voting Shares participate with respect to such transaction or event and on the same terms as holders of the Proportionate Voting Shares participate with respect to such transaction or event as if the holders of Series C Convertible Preferred Shares, at such time, held a number of Proportionate Voting Shares issuable to them upon conversion of the Series C Convertible Preferred Shares at such time;

(B) for rights to purchase Common Shares pursuant to any present or future plan by the Company for reinvestment of dividends or interest payable on the Company's securities and the investment of additional optional amounts in Common Shares under any plan;

(C) for any event otherwise requiring an adjustment under this Section 7 if such event is not consummated (in which case, any adjustment previously made as a result of such event shall be reversed); or

(D) to the extent such adjustment would not comply with the requirements of the Exchange.

(xiii) *Provisions Governing Adjustment to Conversion Ratio.* Rights, options or warrants distributed by the Company to all or substantially all holders of Common Shares and Exchangeable Shares entitling the holders thereof to subscribe for or purchase shares of the Company's capital (either initially or under certain circumstances), which rights, options or warrants, until the occurrence of a specified event or events ("**Rights Trigger**"): (A) are deemed to be transferred with such Common Shares and Exchangeable Shares; (B) are not exercisable; and (C) are also issued in respect of future issuances of Common Shares and Exchangeable Shares, shall be deemed not to have been distributed for purposes of Section 7(f) (and no adjustment to the Conversion Ratio under Section 7(f) will be required) until the Rights Trigger occurs, whereupon such rights, options and warrants shall be deemed to have been distributed and, if and to the extent such rights, options and warrants are exercisable for Common Shares, Exchangeable Shares or the equivalents thereof, an appropriate adjustment (if any is required) to the Conversion Ratio shall be made under Section 7(f)(ii). If any such right, option or warrant, including any such existing rights, options or warrants distributed prior to the Original Issuance Date, are subject to events upon the occurrence of which such rights, options or warrants become exercisable to purchase different securities, evidences of indebtedness or other assets, then the date of the occurrence of any and each such event shall be deemed to be the date of distribution and Ex-Dividend Date with respect to new rights, options or warrants with such rights (and a termination or expiration of the existing rights, options or warrants without exercise by any of the holders thereof). In addition, in the event of any distribution (or deemed distribution) of rights, options or warrants, or any Rights Trigger or other event (of the type described in the preceding sentence) with respect thereto that was counted for purposes of calculating a distribution amount for which an adjustment to the Conversion Ratio was made, (1) in the case of any such rights, options or warrants that shall all have been redeemed or repurchased without exercise by any holders thereof, such Conversion Ratio shall be readjusted upon such final redemption or repurchase to give effect to such distribution or Rights Trigger, as the case may be, as though it were a cash distribution in an amount equal to the per share redemption or repurchase price received by a holder or holders of Common Shares and Exchangeable Shares, as the case may be, with respect to such rights, options or warrants (assuming such holder had retained such rights, options or warrants), made to all or substantially all holders of Common Shares and Exchangeable Shares as of the date of such redemption or repurchase, and (2) in the case of such rights, options or warrants that shall have expired or been terminated without exercise by any holders thereof, the Conversion Ratio shall be readjusted as if such rights, options and warrants had not been issued. Notwithstanding the foregoing, to the extent any such rights, options or warrants are redeemed by the Company prior to a Rights Trigger or are exchanged by the Company, in either case for Common Shares, the Conversion Ratio shall be appropriately readjusted (if and to the extent previously adjusted pursuant to this Section 7(f)(xi)) as if such rights, options or warrants had not been issued, and instead the Conversion Ratio will be adjusted as if the Company had issued the Common Shares issued upon such redemption or exchange (if any) as a dividend or distribution of Common Shares subject to Section 7(f)(i)(A) and 7(:f)(i)(B).

(xiv) *Rules of Calculation.* All calculations will be made to the nearest one hundredth of a cent or to the nearest one-ten thousandth of a share. Except as explicitly provided herein, the number of Common Shares and Exchangeable Shares outstanding will be calculated on the basis of the number of issued and outstanding Common Shares and Exchangeable Shares, as applicable, including Common Shares issuable upon the conversion of outstanding Proportionate Voting Shares.

(xv) *Waiver.* Notwithstanding anything in this Section 7(f) to the contrary, no adjustment need be made to the Conversion Ratio for any event with respect to which an adjustment would otherwise be required pursuant to this Section 7(f) if the Company receives, prior to the effective time of the adjustment to the Conversion Ratio, written notice from the holders representing at least a majority of the then outstanding Series C Convertible Preferred Shares that no adjustment is to be made as the result of a particular issuance of Common Shares or Exchangeable Shares or other dividend or other distribution on Common Shares or Exchangeable Shares. This waiver will be limited in scope and will not be valid for any issuance of Common Shares or Exchangeable Shares or other dividend or other distribution on Common Shares or Exchangeable Shares or any other event not specifically provided for in such notice.

(xvi) *No Duplication.* If any action would require adjustment of the Conversion Ratio pursuant to more than one of the provisions described in this Section 7 in a manner such that such adjustments are duplicative, only one adjustment shall be made (with the adjustment most favorable to the holders of Series C Convertible Preferred Shares being the adjustment that shall be made in such case).

(xvii) For the purpose of effecting the conversion of Series C Convertible Preferred Shares, the Company shall at all times reserve and keep available, free from any preemptive rights, out of its treasury or authorized but unissued Proportionate Voting Shares (or Reference Property, to the extent applicable), the full number of Proportionate Voting Shares (or Reference Property, to the extent applicable) deliverable upon the conversion of all outstanding Series C Convertible Preferred Shares and, out of its treasury or authorized but unissued Common Shares, the full number of Common Shares deliverable upon conversion of the Proportionate Voting Shares into which the Series C Convertible Preferred Shares are convertible, in each case after taking into account any adjustments to the Conversion Ratio from time to time pursuant to the terms of this Section 7 assuming for the purposes of this calculation that all outstanding Series C Convertible Preferred Shares are held by one holder.

(xviii) *Successive Adjustments.* For the avoidance of doubt, after an adjustment to the Conversion Ratio under this Section 7, any subsequent event requiring an adjustment under this Section 7 shall cause an adjustment to such Conversion Ratio as so adjusted.

(g) **Notice of Record Date.** In the event of:

(i) any share split or combination of the outstanding Common Shares or Exchangeable Shares;

(ii) any declaration or making of a dividend or other distribution to holders of Common Shares and Exchangeable Shares in additional Common Shares or Exchangeable Shares, any other share capital, other securities or other property (including, but not limited to, cash and evidences of indebtedness, other than ordinary cash dividends paid on a quarterly basis);

(iii) any reclassification or change to which Section 7(f)(i)(B) applies;

(iv) the dissolution, liquidation or winding up of the Company or other return of capital or distribution of the assets of the Company among its shareholders, in each case for the purposes of winding up its affairs; or

(v) any other event constituting a Capital Reorganization;

then the Company shall file with its corporate records and mail to the holders of the Series C Convertible Preferred Shares at their last addresses as shown on the records of the Company, at least ten (10) days prior to the record date specified in (A) below or ten (10) days prior to the date specified in (B) below, a notice stating:

(A) the record date of such share split, combination, dividend or other distribution, or, if a record is not to be taken, the date as of which the holders of Common Shares or Exchangeable Shares of record to be entitled to such share split, combination, dividend or other distribution are to be determined, or

(B) the date on which such reclassification, change, dissolution, liquidation, winding up of the Company or upon any other return of capital or distribution of the assets of the Company among its shareholders, in each case for the purposes of winding up its affairs, or any other event constituting a Capital Reorganization, is estimated to become effective, and the date as of which it is expected that holders of Common Shares or Proportionate Voting Shares of record will be entitled to exchange their Common Shares or Proportionate Voting Shares, as the case may be, for the share capital, other securities or other property (including, but not limited to, cash and evidences of indebtedness) deliverable upon such reclassification, change, liquidation, dissolution, winding up of the Company or other return of capital or distribution of the assets of the Company among its shareholders, in each case for the purposes of winding up its affairs or other Capital Reorganization.

(h) **Certificate of Adjustments.** Promptly upon the occurrence of any event requiring an adjustment or readjustment of the Conversion Ratio pursuant to this Section 7, the Company shall compute such adjustment or readjustment in accordance with the terms hereof and, within ten (10) Business Days of such event, furnish to each holder of Series C Convertible Preferred Shares a certificate, duly signed and executed by an officer of the Company, setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Company shall, upon the reasonable written request of any holder of Series C Convertible Preferred Shares, furnish to such holder a similar certificate setting forth (i) the calculation of such adjustments and readjustments in reasonable detail, (ii) the Conversion Ratio then in effect, and (iii) the number of Proportionate Voting Shares and the amount, if any, of share capital, other securities or other property (including, but not limited to, cash and evidences of indebtedness) which then would be received upon the conversion of Series C Convertible Preferred Shares.

8. Additional Definitions

For purposes of these Articles of Amendment, the following terms shall have the following meanings:

(a) "**Board of Directors**" means the board of directors of the Company, as constituted from time to time, or, with respect to any action to be taken by the Board of Directors, any committee of the Board of Directors duly authorized to take such action.

(b) "**Business Day**" means any day which is not a Saturday, a Sunday or a day on which the principal commercial banks located in the City of Toronto, Ontario or New York, New York are not open for business during normal banking hours.

(c) "**Change of Control**" means:

(i) a transaction or series of related transactions as a result of which a person or group of persons acting jointly or in concert (within the meaning of the *Securities Act* (Ontario)), excluding JW Asset Management LLC, Jason Wild (collectively, "**JW**") or any funds controlled by JW, acquires, directly or indirectly, securities representing at least a majority of the voting power of the Company's outstanding capital stock; and

(ii) a Fundamental Change.

(d) "**Closing Price**" means, with respect to any security on any date, the closing sale price per share (or if no closing sale price is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and the average ask prices) on that date as reported in composite transactions for the Canadian national stock exchange or automated inter-dealer quotation system upon which such security is listed or quoted (or, if such security are not listed and posted for trading on a Canadian national stock exchange or automated inter-dealer quotation system, such other over-the-counter market on which such security may be listed or quoted). If such securities are not so listed or quoted, the last reported sale price will be the average of the mid-point of the last bid and ask prices for such security on the relevant date from each of at least two recognized investment banking firms selected by the Company for this purpose. For purposes of these Articles of Amendment, all references herein to the "Closing Price" and "last reported sale price" of the Common Shares on the Exchange shall be such closing sale price and last reported sale price as reflected on the website of the Exchange. If the date of determination is not a Trading Day, then such determination shall be made as of the last Trading Day prior to such date.

(e) "**Common Shares**" means the common shares in the capital of the Company.

(f) "**Company**" means TerrAscend Corporation, a corporation governed by the Act.

(g) "**Conversion Date**" means the effective date of a conversion of Series C Convertible Preferred Shares to Proportionate Voting Shares, being (i) in the case of a conversion pursuant to Section 7(a), the date on which the Company shall have received such certificates, together with such notice and such other information or documents as may be required by the Company or its transfer agent, (ii) in the case of a conversion pursuant to Section 7(b), the Automatic Conversion Date.

(h) "**Convertible Security**" means any debt or other evidences of indebtedness, shares of capital, options, warrants, subscription rights or other securities of the Company directly or indirectly convertible into or exercisable or exchangeable for Common Shares.

(i) "**Current Market Price**" of Common Shares on any date means the average of the Closing Prices (or if the Closing Price on any Trading Day is quoted only in Canadian dollars, the USD Equivalent Amount thereof on such Trading Day) per Common Share for each of the 10 (ten) consecutive Trading Days ending on the earlier of the day in question and the day before the Ex-Dividend Date with respect to the issuance or distribution requiring such computation.

(j) "**Exchangeable Shares**" means the exchangeable shares in the capital of the Company.

(k) "**Ex-Dividend Date**" means, with respect to any issuance, dividend or distribution on the Common Shares, the first date on which the Common Shares trade on the applicable Exchange or in the applicable market, regular way, without the right to receive such issuance or distribution.

(l) "**Exchange**" means any United States or Canadian national stock exchange or automated inter-dealer quotation system upon which the Common Shares are listed or quoted, provided that if the Common Shares are dual listed on both a United States national stock exchange and a Canadian national stock exchange the United States national stock exchange shall be the Exchange; as of the date hereof, the Exchange for the Common Shares is the Canadian Securities Exchange.

(m) "**Fair Market Value**" of the Common Shares or any other security, property or assets means the fair market value thereof as reasonably determined in good faith by the Board of Directors, which determination must be set forth in a written resolution of the Board of Directors, in accordance with the following rules:

(i) for Common Shares, the Fair Market Value will be the average of the Closing Prices of such security on the Exchange over a ten (10) consecutive Trading Day period, ending on the Trading Day immediately prior to the date of determination;

(ii) for any security other than Common Shares that are traded or quoted on any United States or Canadian national stock exchange or automated inter dealer quotation system, the Fair Market Value will be the average of the Closing Prices of such security on such national stock exchange or automated inter-dealer quotation system over a ten (10) consecutive Trading Day period, ending on the Trading Day immediately prior to the date of determination; and

(iii) for any other property or assets, the Fair Market Value shall be determined by the Board of Directors as the monetary consideration that a prudent and informed buyer would pay to a prudent and informed seller, each acting at arm's length with the other and under no compulsion to act.

(n) "**Fundamental Change**" means:

(i) a merger or consolidation in which:

(A) the Company is a constituent party or

(B) a subsidiary of the Company is a constituent party and the Company issues shares of its capital stock pursuant to such merger or consolidation, except any such merger or consolidation involving the Company or a subsidiary in which the shares of capital stock of the Company outstanding immediately prior to such merger or consolidation continue to represent, or are converted into or exchanged for shares of capital stock that represent, immediately following such merger or consolidation, at least a majority, by voting power, of the capital stock of (1) the surviving or resulting corporation; or (2) if the surviving or resulting corporation is a wholly owned subsidiary of another corporation immediately following such merger or consolidation, the parent corporation of such surviving or resulting corporation; or

(ii) the sale, lease, transfer or other disposition, in a single transaction or series of related transactions, by the Company or any subsidiary of the Company of all or substantially all the assets of the Company and its subsidiaries taken as a whole, except where such sale, lease, transfer or other disposition is to one or more subsidiaries of the Company.

(o) "**hereof,**" "**herein**" and "**hereunder**" and words of similar import refer to these Articles of Amendment as a whole and not merely to any particular clause, provision, section or subsection.

(p) "**Market Disruption Event**" means, with respect to the Common Shares, (i) a failure by the Exchange to open for trading during its regular trading session or (ii) the occurrence or existence for more than one half hour period in the aggregate on any scheduled Trading Day for the Common Shares of any suspension or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the Exchange, or otherwise) in the Common Shares or in any options, contracts or future contracts relating to the Common Shares, and such suspension or limitation occurs or exists at any time before 1:00 p.m. (Toronto time) on such day.

(q) "**Original Issuance Date**" means May 22, 2020.

(r) "**person**" means any individual, corporation, limited liability company, limited or general partnership, joint venture, association, joint-stock company, trust, unincorporated organization, government, any agency or political subdivisions thereof.

(s) "**Proportionate Voting Shares**" means the proportionate voting shares in the capital of the Company.

(t) "**share capital**" means any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) of capital, partnership interests (whether general or limited) or equivalent ownership interests in or issued by such person, and with respect to the Company includes, without limitation, any and all Common Shares, Proportionate Voting Shares, Exchangeable Shares and the Series C Convertible Preferred Shares.

(u) "**Trading Day**" means any date on which (i) there is no Market Disruption Event and (ii) the Exchange is open for trading or, if the Common Shares are not so listed, admitted for trading or quoted, any Business Day. A Trading Day only includes those days that have a scheduled closing time of 4:00 p.m. (Toronto time) or the then standard closing time for regular trading on the relevant Exchange.

(v) "**USD Equivalent Amount**" means on any date with respect to the specified amount of Canadian dollars the U.S. dollar equivalent amount after giving effect to the conversion of Canadian dollars to U.S. dollars at the Bank of Canada daily average exchange rate (as quoted or published from time to time by the Bank of Canada) on that date.

(w) Each of the following terms is defined in the Section set forth opposite such term:

Term	Section
Additional Common Shares	Section 7(f)(vii)(B)
Automatic Conversion Date	Section 7(b)(i)
Common Share Equivalents	Section 7(f)(vii)(B)
Conversion Ratio	Section 7(a)
Series C Convertible Preferred Shares	Recital
Liquidation Preference	Section 1(b)
Per Share Conversion Value	Section 7(f)(viii)
Reference Property	Section 7(f)(ix)
Rights Trigger	Section 7(f)(xiii)

(x) The expressions "ranking senior to", "ranking junior to" and similar expressions refer to the order of priority in the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company or any other return of capital or distribution of the assets of the Company among its shareholders, in each case for the purposes of winding up its affairs, in the payment of dividends or upon redemption.

(y) If any day on which any action is required to be taken by the Company is not a Business Day, then such action may be taken on or by the next succeeding day that is a Business Day.

9. Miscellaneous

For purposes of these Articles of Amendment, the following provisions shall apply:

(a) **Withholding Tax.** Notwithstanding any other provision of these Articles of Amendment, the Company may deduct or withhold from any payment, distribution, issuance or delivery (whether in cash or in shares) to be made pursuant to these Articles of Amendment any amounts required (or permitted, in the event that the Series C Convertible Preferred Shares are or become "taxable Canadian property" at any relevant time for purposes of the *Income Tax Act (Canada)* as determined by the Company acting reasonably) by applicable law to be deducted or withheld from any such payment, distribution, issuance or delivery and the Company will timely remit any such amounts to the relevant tax authority as required, and will provide evidence thereof reasonably acceptable to the affected holder(s) of Series C Convertible Preferred Shares. All such remitted amounts shall be treated as having been paid to the relevant holder(s). If the cash component of any payment, distribution, issuance or delivery to be made pursuant to these Articles of Amendment is less than the amount that the Company is so required (or permitted, in the event that the Series C Convertible Preferred Shares are or become "taxable Canadian property" at any relevant time for purposes of the *Income Tax Act (Canada)* as determined by the Company acting reasonably) to deduct or withhold, the Company shall be permitted to deduct and withhold from any noncash payment, distribution, issuance or delivery to be made pursuant to these Articles of Amendment any amounts required (or permitted, in the event that the Series C Convertible Preferred Shares are or become "taxable Canadian property" at any relevant time for purposes of the *Income Tax Act (Canada)* as determined by the Company acting reasonably) by law to be deducted or withheld from any such payment, distribution, issuance or delivery and to dispose of such property in order to remit any amount required to be remitted to any relevant tax authority.

(b) **Wire or Electronic Transfer of Funds.** Notwithstanding any other right, privilege, restriction or condition attaching to the Series C Convertible Preferred Shares, the Company may, at its option, make any payment due to registered holders of Series C Convertible Preferred Shares by way of a wire or electronic transfer of funds to such holders. If a payment is made by way of a wire or electronic transfer of funds, the Company shall be responsible for any applicable charges or fees relating to the making of such transfer. As soon as practicable following the determination by the Company that a payment is to be made by way of a wire or electronic transfer of funds, the Company shall provide a notice to the applicable registered holders of Series C Convertible Preferred Shares at their respective addresses appearing on the books of the Company. Such notice shall request that each applicable registered holder of Series C Convertible Preferred Shares provide the particulars of an account of such holder with a chartered bank in Canada or the United States to which the wire or electronic transfer of funds shall be directed. If the Company does not receive account particulars from a registered holder of Series C Convertible Preferred Shares prior to the date such payment is to be made, the Company shall deposit the funds otherwise payable to such holder in a special account or accounts in trust for such holder.

(c) **Approval.** Each issuance by the Company of shares of a class or series of preferred equity while any Series C Convertible Preferred Shares are outstanding shall be subject to the prior unanimous approval of the disinterested members of the Board of Directors.

(d) **Amendments.** The provisions attaching to the Series C Convertible Preferred Shares may be deleted, varied, modified, amended or amplified by articles of amendment with such approval as may then be required by the Act.

(e) **U.S. Currency.** Unless otherwise stated, all references herein to sums of money are expressed in lawful money of the United States.

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Exhibit D

PROVISIONS ATTACHING TO THE
SERIES D CONVERTIBLE PREFERRED SHARES

In addition to the rights, privileges, restrictions and conditions attaching to the preferred shares as a class, the Series D Convertible Preferred Shares shall have the following rights, privileges, restrictions and conditions. Capitalized terms not defined where used shall have the meanings ascribed to such terms in Section 8.

1. Liquidation Preference

(a) In the event of liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or upon any other return of capital or distribution of the assets of the Company among its shareholders, in each case for the purposes of winding up its affairs, each Series D Convertible Preferred Share entitles the holder thereof to receive and to be paid out of the assets of the Company available for distribution, before any distribution or payment may be made to a holder of any Common Shares, Proportionate Voting Shares, Exchangeable Shares or any other shares ranking junior in such liquidation, dissolution or winding up to the Series D Convertible Preferred Shares, an amount per Series D Convertible Preferred Share equal to the Liquidation Preference.

(b) The "**Liquidation Preference**" per Series D Convertible Preferred Share shall initially be equal to US$3,000; provided that if the Company makes a distribution to holders of all or substantially all of the Series D Convertible Preferred Shares, payable in Series D Convertible Preferred Shares, or if the Company effects a share split or share consolidation on the Series D Convertible Preferred Shares, then the Liquidation Preference shall be adjusted on the effective date of such event by multiplying the then-effective Liquidation Preference by:

$$\frac{CS_0}{CS_1}$$

where,

CS_0 = the number of Series D Convertible Preferred Shares outstanding immediately before giving effect to such share dividend, distribution, split or share consolidation, as the case may be; and

CS_1 = the number of Series D Convertible Preferred Shares outstanding immediately after giving effect to such dividend, distribution, share split or share consolidation.

(c) After payment to the holders of the Series D Convertible Preferred Shares of the full Liquidation Preference to which they are entitled in respect of outstanding Series D Convertible Preferred Shares (which, for greater certainty, have not been converted prior to such payment), such Series D Convertible Preferred Shares will have no further right or claim to any of the assets of the Company.

(d) The Liquidation Preference shall be payable to holders of Series D Convertible Preferred Shares in cash; *provided, however,* that to the extent the Company has, having exercised commercially reasonable efforts to make such payment, insufficient cash available to pay the Liquidation Preference in full in cash, the portion of the Liquidation Preference with respect to which the Company has insufficient cash may be paid in property or other assets of the Company. The value of any property or assets not consisting of cash that is distributed by the Company in satisfaction of any portion of the Liquidation Preference will equal the Fair Market Value thereof on the date of distribution.

2. Voting Rights

Except as otherwise provided in the *Business Corporations Act (Ontario)* (the "**Act**"), the holders of Series D Convertible Preferred Shares shall not be entitled to receive notice of, or to attend or to vote at any meeting of the shareholders of, the Company.

3. Dividends

The holders of Series D Convertible Preferred Shares shall not be entitled to receive any dividends, except that the Company shall issue such dividends as are necessary to comply with the provisions of Section 7(f)(iii) in respect of an adjustment to the Conversion Ratio in connection with any dividend paid on the Common Shares. The Company will provide holders of Series D Convertible Preferred Shares with 21 days' notice of the record date for any dividend payable on the Common Shares.

4. Purchase for Cancellation

Subject to such provisions of the Act as may be applicable, the Company may at any time or times purchase (if obtainable) for cancellation all or any part of the Series D Convertible Preferred Shares outstanding from time to time in one or more negotiated transactions at such price or prices as are determined by the Board of Directors and as may be agreed to with the relevant holders of the Series D Convertible Preferred Shares. From and after the date of purchase of any Series D Convertible Preferred Shares under the provisions of this Section 4, any shares so purchased shall be cancelled.

5. [RESERVED]

6. [RESERVED]

7. Conversion.

Each Series D Convertible Preferred Share is convertible into Common Shares as provided in this Section 7.

(a) **Conversion at the Option of Holders of Series D Convertible Preferred Shares.** Each holder of Series D Convertible Preferred Shares is entitled to convert, at any time and from time to time, at the option and election of such holder, any or all outstanding Series D Convertible Preferred Shares held by such holder into a number of duly authorized, validly issued, fully paid and non-assessable Common Shares equal to the product obtained by multiplying (i) the then-effective Conversion Ratio by (ii) the number of Series D Convertible Preferred Shares so converted; provided that the Company shall not effect any conversion pursuant to this Section 7(a), and no holder shall have the right to convert its Series D Convertible Preferred Shares pursuant to this Section 7(a), to the extent that after giving effect to such conversion such holder, alone or together with its affiliates and persons acting jointly or in concert with such holder and its affiliates (including any person not dealing at arm's length with the holder for the purpose of the *Income Tax Act (Canada)),* would beneficially own securities representing in excess of 49.9% of the voting power of the outstanding capital stock of the Company immediately after giving effect to such conversion and any concurrent conversion or exercise of Convertible Securities.

The "**Conversion Ratio**" is initially 1,000, as adjusted from time to time as provided in Section 7(:f). In order to convert the Series D Convertible Preferred Shares into Common Shares pursuant to this Section 7(a), the holder must surrender the certificates representing such Series D Convertible Preferred Shares, accompanied by transfer instruments reasonably satisfactory to the Company, free of any adverse interest or liens at the office of the Company or its transfer agent for the Series D Convertible Preferred Shares (as directed by the Company), together with the prescribed form of written notice, set forth on the Series D Convertible Preferred Share certificates, that such holder elects to convert all or such number of shares represented by such certificates as specified therein.

(b) **Automatic Conversion upon a Change of Control.**

(i) The Company shall provide written notice (the "**Conversion Notice**") pursuant to this Section 7(b) at least 30 days prior to the effective date of a Change of Control to the holders of record of the Series D Convertible Preferred Shares as they appear in the records of the Company. The Conversion Notice must state: (A) the consideration per Series D Convertible Preferred Share deliverable upon conversion; and (B) the date (the "**Automatic Conversion Date**"), which shall be not less than 30 days after the date of delivery of the Conversion Notice, on which the Series D Convertible Preferred Shares will automatically convert pursuant to Section 7(b)(ii).

(ii) On the Automatic Conversion Date, each Series D Convertible Preferred Share that remains outstanding shall automatically convert into a number of duly authorized, validly issued, fully paid and non-assessable Common Shares (or equivalent Reference Property, as applicable) equal to the then applicable Conversion Ratio.

(c) **Fractional Shares.** Any fractional Common Shares issuable upon conversion of the Series D Convertible Preferred Shares will be rounded down to the nearest Common Share. If more than one Series D Convertible Preferred Share is being converted at one time by or for the benefit of the same holder, then the number of Common Shares issuable upon conversion will be calculated on the basis of the aggregate number of Series D Convertible Preferred Shares converted by or for the benefit of such holder at such time.

(d) **Mechanics of Conversion.**

(i) Promptly after the Conversion Date, the Company shall issue and deliver to each holder of Series D Convertible Preferred Shares the number of Common Shares to which such holder is entitled in exchange for the certificates formerly representing Series D Convertible Preferred Shares. Such conversion will be deemed to have been made on the Conversion Date, and the person entitled to receive the Common Shares issuable upon such conversion shall be treated for all purposes as the record holder of such Common Shares on such Conversion Date. In case fewer than all the Series D Convertible Preferred Shares represented by any certificate are to be converted, a new certificate shall be issued representing the unconverted Series D Convertible Preferred Shares without cost to the holder thereof, except for any documentary, stamp or similar issue or transfer tax due because any certificates for Common Shares or Series D Convertible Preferred Shares are issued in a name other than the name of the converting holder. The Company shall pay any documentary, stamp or similar issue or transfer tax due on the issue of Common Shares upon conversion or due upon the issuance of a new certificate for any Series D Convertible Preferred Shares not converted other than any such tax due because Common Shares or a certificate for Series D Convertible Preferred Shares are issued in a name other than the name of the converting holder, which shall be paid by the converting holder.

(ii) From and after the Conversion Date, the Series D Convertible Preferred Shares to be converted on such Conversion Date will no longer be outstanding, and all rights and privileges of the holder thereof as a holder of Series D Convertible Preferred Shares (except the right to receive from the Company the Common Shares upon conversion) shall cease and terminate with respect to such shares.

(iii) All Common Shares issued upon conversion of the Series D Convertible Preferred Shares will, upon issuance by the Company, be duly and validly issued, as fully paid and non-assessable Common Shares in the capital of the Company.

(e) **[RESERVED]**

(f) **Adjustments to Conversion Ratio.**

(i) Adjustments for Change in Share Capital.

(A) *Adjustments for Common Shares and/or Exchangeable Shares.* If the Company shall, at any time and from time to time while any Series D Convertible Preferred Shares are outstanding, issue a dividend or make a distribution (other than, if applicable, dividends issued in the ordinary course) on its Common Shares and Exchangeable Shares payable in Common Shares or Exchangeable Shares to all or substantially all holders of its Common Shares and Exchangeable Shares, then the then-applicable Conversion Ratio at the opening of business on the Ex-Dividend Date for such dividend or distribution will be adjusted in accordance with the following formula:

$$CR_1 = CR_0 \times \frac{OS_1}{OS_0}$$

where

CR_0 = the Conversion Ratio in effect immediately prior to the opening of business on the Ex-Dividend Date for such dividend or distribution;

CR_1 = the Conversion Ratio in effect immediately after the open of business on the Ex-Dividend Date for such dividend or distribution;

OS_0 = number of Common Shares and Exchangeable Shares outstanding at the close of business on the Business Day immediately preceding such Ex-Dividend Date; and

OS_1 = the sum of the number of Common Shares and Exchangeable Shares outstanding at the close of business on the Business Day immediately preceding the Ex-Dividend Date for such dividend or distribution, plus the total number of Common Shares and Exchangeable Shares constituting such dividend or other distribution.

Any adjustment to the Conversion Ratio made pursuant to this Section 7(f)(i)(A) shall become effective immediately after the opening of business on the Ex-Dividend Date for such dividend or distribution. If any dividend or distribution of the type described in this Section 7(f)(i)(A) is declared but not so paid or made, the Conversion Ratio shall again be adjusted to the Conversion Ratio which would then be in effect if such dividend or distribution had not been declared.

(B) *Adjustments for share splits and combinations.* If the Company shall, at any time or from time to time while any of the Series D Convertible Preferred Shares are outstanding, subdivide or reclassify its outstanding Common Shares and/or Exchangeable Shares into a greater number of Common Shares and/or Exchangeable Shares, then the then-applicable Conversion Ratio in effect at the opening of business on the day upon which such subdivision or reclassification becomes effective shall be proportionately increased, and conversely, if the Company shall, at any time or from time to time while any of the Series D Convertible Preferred Shares are outstanding, combine or reclassify its outstanding Common Shares and/or Exchangeable Shares into a smaller number of Common Shares and/or Exchangeable Shares, then the then-applicable Conversion Ratio in effect at the opening of business on the day upon which such combination or reclassification becomes effective shall be proportionately decreased. In each such case, the Conversion Ratio shall be adjusted in accordance with the following formula:

$$CR_1 = CR_0 \times \frac{OS_1}{OS_0}$$

where,

CR_0 = the Conversion Ratio in effect immediately prior to the open of business on the effective date of such subdivision, combination or reclassification, as the case may be;

CR_1 = the Conversion Ratio in effect immediately after the open of business on the effective date of such subdivision, combination or reclassification, as the case may be;

OS_0 = the number of Common Shares and Exchangeable Shares outstanding immediately before giving effect to such subdivision, combination or reclassification; and

OS_1 = the number of Common Shares and Exchangeable Shares outstanding immediately after giving effect to such subdivision, combination or reclassification.

Any adjustment to the Conversion Ratio made pursuant to this Section 7(f)(i)(B) shall become effective immediately after the open of business on the effective date of such subdivision, combination or reclassification becomes effective.

(ii) *Adjustments for certain rights, options and warrants.* If the Company shall, at any time or from time to time, while any Series D Convertible Preferred Shares are outstanding, distribute rights, options or warrants to all or substantially all holders of its Common Shares and Exchangeable Shares entitling them, for a period expiring not more than forty-five (45) days immediately following the record date of such distribution, to purchase or subscribe for Common Shares, or securities convertible into, or exchangeable or exercisable for, Common Shares, in either case, at less than 95% of the average of the Closing Prices (if the Closing Price on any Trading Day is quoted only in Canadian dollars, the USD Equivalent Amount thereof on such Trading Day) for the ten (10) consecutive Trading Days immediately preceding the date of the first public announcement of the distribution, then the then-applicable Conversion Ratio shall be adjusted in accordance with the following formula:

$$CR_1 = CR_0 \times \frac{OS_0 + Y}{OS_0 + X}$$

where,

CR_0 = the Conversion Ratio in effect immediately prior to the opening of business on the Ex-Dividend Date for such distribution;

CR_1 = the Conversion Ratio in effect immediately after the opening of business on the Ex-Dividend Date for such distribution;

OS_0 = the number of Common Shares deemed to be outstanding immediately prior to the open of business on the Ex-Dividend Date for such distribution on a fully diluted basis, including on the conversion, exercise or exchange of any convertible, exercisable or exchangeable securities;

X = the number of Common Shares equal to the aggregate price payable to exercise such rights, options or warrants, divided by the average of the Closing Prices of the Common Shares over the ten (10) consecutive Trading Day period ending on, and including, the Trading Day immediately preceding the date of the first public announcement of the distribution of such rights, options or warrants;

Y = the total number of additional Common Shares issuable pursuant to such rights, options or warrants.

Any adjustment to the Conversion Ratio made pursuant to this Section 7(f)(ii) shall become effective immediately after the opening of business on the Ex-Dividend Date for such distribution.

To the extent that such rights, options or warrants are not exercised prior to their expiration or Common Shares are otherwise not delivered pursuant to such rights, options or warrants upon the exercise of such rights or warrants, the Conversion Ratio shall be readjusted to such Conversion Ratio that would have then been in effect had the adjustment made upon the issuance of such rights, options or warrants been made on the basis of the delivery of only the number of Common Shares actually delivered. If such rights, options or warrants are only exercisable upon the occurrence of certain triggering events, then the Conversion Ratio shall not be adjusted until such triggering events occur. In determining the aggregate offering price payable for such Common Shares, the Company shall take into account the Fair Market Value of any consideration (if other than cash) received for such rights, options or warrants and the Fair Market Value of any consideration (if other than cash) paid or payable upon the exercise of such rights, options or warrants.

(iii) *Adjustments for Payment of Cash Dividends.* If the Company shall, at any time and from time to time while any Series D Convertible Preferred Shares are outstanding, declare a cash dividend on its Common Shares and Exchangeable Shares payable to all or substantially all holders of its Common Shares and Exchangeable Shares, then the then-applicable Conversion Ratio at the opening of business on the Ex-Dividend Date for such dividend will be adjusted in accordance with the following formula:

$$CR_1 = CR_0 \times \frac{SP_0}{(SP_0 - C)}$$

where,

CR_0 = the Conversion Ratio in effect immediately prior to the opening of business on the Ex-Dividend Date for such dividend;

CR_1 = the Conversion Ratio in effect immediately after the opening of business on the Ex-Dividend Date for such dividend;

SP_0 = the Current Market Price of the Common Shares on the Business Day immediately preceding such Ex-Dividend Date; and

C = the amount in cash per Common Share and Exchangeable Share the Company distributes to all or substantially all holders of the Common Shares and Exchangeable Shares (which cash dividend, if payable in Canadian dollars, shall be converted into the USD Equivalent Amount of such dividend as of the Business Day immediately preceding such Ex Dividend Date).

Any adjustment to the Conversion Ratio made pursuant to this Section 7(f)(iii) shall become effective immediately after the opening of business on the Ex-Dividend Date for such dividend.

If any dividend of the type described in this Section 7(f)(iii) is declared but not so paid or made, the Conversion Ratio shall again be adjusted to the Conversion Ratio which would then be in effect if such dividend had not been declared.

Notwithstanding the foregoing, if "C" (as defined above) is equal to or greater than "SP_0" (as defined above), in lieu of the foregoing increase, each holder of Series D Convertible Preferred Shares shall receive at the same time and upon the same terms as holders of Common Shares and Exchangeable Shares, the amount of cash as a dividend on the Series D Convertible Preferred Shares that such holder would have received if such holder owned a number of Common Shares at the Conversion Ratio in effect immediately prior to the opening of business on the Ex- Dividend Date for such cash dividend or distribution.

(iv) [Reserved].

(v) *Adjustments for certain distributions.* If the Company shall, at anytime and from time to time while any Series D Convertible Preferred Shares are outstanding, distribute to all or substantially all holders of Common Shares and Exchangeable Shares evidences of indebtedness, shares of capital stock, securities, cash or other assets (excluding any such distribution otherwise contemplated in Section 7(f)(i), (ii), or (iii) or in the case of a spin-off transaction as contemplated below in this Section 7(f)(v)), then the then applicable Conversion Ratio at the opening of business on the Ex-Dividend Date for such distribution will be adjusted by multiplying such then applicable Conversion Ratio by the following fraction:

$$\frac{SP_0}{(SP_0 - FMV)}$$

where,

SP_0 = the aggregate Current Market Price of the Common Shares issuable upon conversion of one Series D Convertible Preferred Share are convertible; and

FMV = the Fair Market Value of the portion of the distribution applicable to one Series D Convertible Preferred Share on such date.

In a "spin-off," where the Company makes a distribution to all holders of Common Shares and Exchangeable Shares consisting of capital stock of any class or series, or similar equity interests of, or relating to, a subsidiary of the Company or other business unit, the Conversion Ratio will be adjusted on the fifteenth Business Day after the effective date of the distribution by multiplying the then-applicable Conversion Ratio in effect immediately prior to such fifteenth Business Day by the following fraction:

$$\frac{(MP_0 + MP_S)}{MP_0}$$

where,

MP_0 = the Current Market Price of the Common Shares on the Business Day immediately preceding such Ex-Dividend Date for the "spin-off" aggregated for all Common Shares issuable upon conversion of one Series D Convertible Preferred Share; and

MP_S = the Fair Market Value of the portion of the distribution applicable to one Series D Convertible Preferred Share on such date.

In the event that such distribution described in this Section 7(:f)(v) is not so paid or made, the Conversion Ratio shall be readjusted, effective as of the date the Board of Directors publicly announces its decision not to pay or make such distribution, to the Conversion Ratio that would then be in effect if such distribution had not been announced.

(vi) *Adjustments for Issuer Bids.* If the Company or any subsidiary of the Company shall, at any time and from time to time while any Series D Convertible Preferred Shares are outstanding, make an issuer bid or a tender or exchange offer (other than an odd lot offer or a normal course issuer bid) to all or substantially all of the holders of Common Shares and Exchangeable Shares for all or any portion of the Common Shares and/or Exchangeable Shares (any such issuer bid or tender or exchange offer being called an "**Issuer Bid**") where the cash and the value of any other consideration included in such payment per Common Share and/or Exchangeable Share exceeds the Current Market Price of the Common Shares on the Trading Day that is ten consecutive Trading Days after the Trading Day next succeeding the date such Issuer Bid expires, then the thenapplicable Conversion Ratio will be adjusted by multiplying the thenapplicable Conversion Ratio by the following fraction:

$$\frac{AC + (SP_1 x 0S_1)}{OS_0 x SP_1}$$

where,

AC = the aggregate value of all cash and other consideration (as determined by the Board of Directors) paid or payable for shares purchased in such Issuer Bid;

OS_0 = the number of Common Shares and Exchangeable Shares outstanding immediately prior to the open of business on the Trading Day next succeeding the date such Issuer Bid expires;

OS_1 = the number of Common Shares and Exchangeable Shares outstanding immediately after the open of business on the Trading Day next succeeding the date such Issuer Bid expires (after giving to the purchase of all shares accepted for purchase in such Issuer Bid); and

SP_1 = the aggregate Current Market Price of the Common Shares on the day that is ten consecutive Trading Days after the Trading Day next succeeding the date such Issuer Bid expires.

If the Company or one of its subsidiaries is obligated to purchase Common Shares or Exchangeable Shares pursuant to any such Issuer Bid, but the Company or such subsidiary is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Ratio shall again be adjusted to be the Conversion Ratio that would then be in effect if such Issuer Bid had not been made.

(vii) *Adjustments for Certain Issuances of Additional Common Shares.*

(A) In the event the Company shall within one year after the Original Issuance Date issue Additional Common Shares in a financing transaction or transactions priced in accordance with the rules of the applicable Exchange, if any, pursuant to which the Company receives gross proceeds in excess of US$30,000,000 (a "**Qualified Financing**") at an average price that in the good faith determination of the Board of Directors, considering each transaction as a whole, is less than the average price of the offering pursuant to which the Series D Convertible Preferred Shares were initially issued, then the then-applicable Conversion Ratio shall be increased upon completion of such Qualified Financing to an amount that in the good faith determination of the Board of Directors is equitable in the circumstances to ensure that the economic value of the offering pursuant to which the Series D Convertible Preferred Shares were initially issued is at least equivalent to the economic value offered to purchasers in the Qualified Financing.

(B) For purposes of this Section 7(t)(vii), the term "**Additional Common Shares**" means any Common Shares or Convertible Securities (collectively, "**Common Share Equivalents**") issued by the Company after the Original Issuance Date, provided that Additional Common Shares will not include any of the following:

(1) Common Share Equivalents issued or issuable upon conversion of Series D Convertible Preferred Shares or pursuant to the terms of any other Convertible Security issued and outstanding on the Original Issuance Date;

(2) Any Common Shares or Common Share Equivalents issued or issuable pursuant to or under any equity incentive grants, plans, programs or similar arrangements adopted by the Company, including the Company's stock option plan;

(3) Common Share Equivalents issued or issuable as full or partial consideration for acquisitions of any entities, businesses and/or related assets or other business combinations by the Company or any of its subsidiaries, whether by merger, consolidation, sale of assets, sale or exchange of stock or otherwise (but, for the avoidance of doubt, not including any securities sold to finance or fund all or part of any cash consideration payable in connection with any such transaction); or

(4) Common Share Equivalents issued or issuable in an aggregate amount equal to less than one percent (1%) of the total issued and outstanding Common Shares on the Original Issuance Date for all issuances in the aggregate pursuant to this clause (4), after taking into account any subdivisions, combinations or reclassifications thereof, and assuming the conversion of all outstanding Series D Convertible Preferred Shares into Common Shares after taking into account any adjustments to the Conversion Ratio from time to time pursuant to the terms of this Section 7 and any increases to the Liquidation Preference from time to time.

In the case of the issuance of Additional Common Shares for cash, the consideration shall be deemed to be the amount of cash paid (with any Canadian dollar consideration being converted into the USD Equivalent Amount, if necessary) therefor before deducting any discounts, commissions or other expenses allowed, paid or incurred by the Company for any underwriting or otherwise in connection with the issuance and sale thereof. In the case of the issuance of Additional Common Shares for consideration in whole or in part other than cash, the consideration other than cash shall be deemed to be the Fair Market Value thereof. In the case of the issuance of Convertible Securities, the aggregate maximum number of Common Shares deliverable upon exercise, conversion or exchange of such Convertible Securities shall be deemed to have been issued at the time such Convertible Securities were issued and for a consideration equal to the consideration (determined in the manner provided in this paragraph) if any, received by the Company upon the issuance of such Convertible Securities plus the minimum additional consideration payable pursuant to the terms of such Convertible Securities for the Common Shares covered thereby, but no further adjustment shall be made for the actual issuance of Common Shares upon the exercise, conversion or exchange of any such Convertible Securities. Upon the expiration or forfeiture of any Additional Common Shares consisting of options, warrants or other rights to acquire Common Shares or Convertible Securities, the termination of any such rights to convert or exchange or the expiration or forfeiture of any options or rights related to such convertible or exchangeable securities, the Conversion Ratio, to the extent in any way affected by or computed using such options, rights or securities or options or rights related to such securities, shall be recomputed to reflect the issuance of only the number of Common Shares (and Convertible Securities that remain in effect) actually issued upon the exercise of such options, warrants or rights, upon the conversion or exchange of such securities or upon the exercise of the options or rights related to such securities.

(viii) *Adjustment upon a Fundamental Change.* On the effective date of a Fundamental Change, if the Liquidation Preference is greater than the product of (i) the Fair Market Value of the kind and amount of shares, other securities or other property or assets (or any combination thereof) that a holder of one Common Share would have owned or been entitled to receive upon completion of such Fundamental Change (the "Per Share Conversion Value") and (ii) the Conversion Ratio, then the then-effective Conversion Ratio shall be increased to the amount obtained by dividing the Liquidation Preference by the Per Share Conversion Value.

(ix) *Capital Reorganization Events.* In the case of: (A) any recapitalization, reclassification or change of the Common Shares (other than changes resulting from a subdivision or combination), (B) any consolidation, merger, amalgamation or combination involving the Company, (C) any sale, lease or other transfer to a third party of all or substantially all of the consolidated assets of the Company and its subsidiaries, or (D) any statutory share exchange, as a result of which the Common Shares are converted into, or exchanged for, shares, other securities, other property or assets (including cash or any combination thereof) (any such transaction or event, a "**Capital Reorganization**"), then, at and after the effective time of such Capital Reorganization, the right to exchange each Series D Convertible Preferred Share shall be changed into a right to exchange such share into the kind and amount of shares, other securities or other property or assets (or any combination thereof) that a holder of a number of Common Shares equal to the Conversion Ratio (with respect to such Series D Convertible Preferred Share) immediately prior to such Capital Reorganization would have owned or been entitled to receive (following conversion into Common Shares, if necessary) upon such Capital Reorganization (such shares, securities or other property or assets, the "**Reference Property**"). In each case, if a Capital Reorganization causes the Common Shares to be converted into, or exchanged for, the right to receive more than a single type of consideration (determined based in part upon any form of shareholder election), then the Reference Property into which the Series D Convertible Preferred Shares will be exchangeable shall be deemed to be the weighted average of the types and amounts of consideration received by the holders of Common Shares. The Company shall notify the holders of the Series D Convertible Preferred Shares of such weighted average as soon as practicable after such determination is made. None of the foregoing provisions shall affect (x) the right of a holder of Series D Convertible Preferred Shares to convert its Series D Convertible Preferred Shares (1) into Common Shares prior to the effective time of such Capital Reorganization or (2) into Common Shares or Reference Property, as applicable, following the effective time of such Capital Reorganization, in any case pursuant to Section 7(a), or, (y) if the event constituting a Capital Reorganization is also a Change of Control, the automatic conversion of the Series D Convertible Preferred Shares in connection with such transaction pursuant to Section 7(b). The provisions of this Section 7(t)(ix) shall similarly apply to successive Capital Reorganization events. This Section 7(t)(ix) shall not apply to any share split or combination to which Section 7(t)(i) is applicable or to a liquidation, dissolution or winding up to which Section 1 applies.

The Company shall not enter into any agreement for a transaction constituting a Capital Reorganization unless (i) such agreement provides for or does not interfere with or prevent (as applicable) conversion of the Series D Convertible Preferred Shares into the Reference Property in a manner that is consistent with and gives effect to this Section 7, and (ii) to the extent that the Company is not the surviving entity in such Capital Reorganization or will be dissolved in connection with such Capital Reorganization, proper provision shall be made in the agreements governing such Capital Reorganization for the conversion of the Series D Convertible Preferred Shares into Reference Property and, in the case of a Capital Reorganization constituting any sale, lease or other transfer to a third party of the consolidated assets of the Company and its subsidiaries substantially as an entirety, an exchange of Series D Convertible Preferred Shares for the shares of the person to whom the Company's assets are conveyed or transferred, having voting powers, preferences, and relative, participating, optional or other special rights as nearly equal as possible to those provided in these Articles of Amendment.

(x) *Other Adjustments.* In case the Company takes any action affecting the Series D Convertible Preferred Shares or the Common Shares other than actions described in this Section 7, which in the opinion of the Board of Directors, would materially adversely affect the rights of the holders of the Series D Convertible Preferred Shares (including their conversion rights), the Conversion Ratio will be adjusted in such manner and at such time, by action of the Board of Directors, subject to the prior written consent of the Exchange on which the Common Shares are then listed if required, as the Board of Directors in its sole discretion may determine to be equitable in the circumstances.

(xi) *Minimum Adjustment.* Notwithstanding the foregoing, the Conversion Ratio will not be increased if the amount of such increase would be an amount less than one of a Common Share, but any such amount will be carried forward and reduction with respect thereto will be made at the time that such amount, together with any subsequent amounts so carried forward, aggregates to one Common Share or more.

(xii) *When No Adjustment Required.* Notwithstanding anything herein to the contrary, no adjustment to the Conversion Ratio need be made:

(A) for a transaction referred to in Section 7(f)(i), Section 7(f)(iii) or Section 7(f)(v) if the Series D Convertible Preferred Shares participate, without conversion, in the transaction or event that would otherwise give rise to an adjustment pursuant to such Section at the same time as holders of the Common Shares participate with respect to such transaction or event and on the same terms as holders of the Common Shares participate with respect to such transaction or event as if the holders of Series D Convertible Preferred Shares, at such time, held a number of Common Shares issuable to them upon conversion of the Series D Convertible Preferred Shares at such time;

(B) for rights to purchase Common Shares pursuant to any present or future plan by the Company for reinvestment of dividends or interest payable on the Company's securities and the investment of additional optional amounts in Common Shares under any plan;

(C) for any event otherwise requiring an adjustment under this Section 7 if such event is not consummated (in which case, any adjustment previously made as a result of such event shall be reversed); or

(D) to the extent such adjustment would not comply with the requirements of the Exchange.

(xiii) *Provisions Governing Adjustment to Conversion Ratio.* Rights, options or warrants distributed by the Company to all or substantially all holders of Common Shares and Exchangeable Shares entitling the holders thereof to subscribe for or purchase shares of the Company's capital (either initially or under certain circumstances); which rights, options or warrants, until the occurrence of a specified event or events ("Rights Trigger"): (A) are deemed to be transferred with such Common Shares and Exchangeable Shares; (B) are not exercisable; and (C) are also issued in respect of future issuances of Common Shares and Exchangeable Shares, shall be deemed not to have been distributed for purposes of Section 7(f) (and no adjustment to the Conversion Ratio under Section 7(f) will be required) until the Rights Trigger occurs, whereupon such rights, options and warrants shall be deemed to have been distributed and, if and to the extent such rights, options and warrants are exercisable for Common Shares, Exchangeable Shares or the equivalents thereof, an appropriate adjustment (if any is required) to the Conversion Ratio shall be made under Section 7(f)(ii). If any such right, option or warrant, including any such existing rights, options or warrants distributed prior to the Original Issuance Date, are subject to events upon the occurrence of which such rights, options or warrants become exercisable to purchase different securities, evidences of indebtedness or other assets, then the date of the occurrence of any and each such event shall be deemed to be the date of distribution and Ex-Dividend Date with respect to new rights, options or warrants with such rights (and a termination or expiration of the existing rights, options or warrants without exercise by any of the holders thereof). In addition, in the event of any distribution (or deemed distribution) of rights, options or warrants, or any Rights Trigger or other event (of the type described in the preceding sentence) with respect thereto that was counted for purposes of calculating a distribution amount for which an adjustment to the Conversion Ratio was made, (1) in the case of any such rights, options or warrants that shall all have been redeemed or repurchased without exercise by any holders thereof, such Conversion Ratio shall be readjusted upon such final redemption or repurchase to give effect to such distribution or Rights Trigger, as the case may be, as though it were a cash distribution in an amount equal to the per share redemption or repurchase price received by a holder or holders of Common Shares and Exchangeable Shares, as the case may be, with respect to such rights, options or warrants (assuming such holder had retained such rights, options or warrants); made to all or substantially all holders of Common Shares and Exchangeable Shares as of the date of such redemption or repurchase, and (2) in the case of such rights, options or warrants that shall have expired or been terminated without exercise by any holders thereof, the Conversion Ratio shall be readjusted as if such rights, options and warrants had not been issued. Notwithstanding the foregoing, to the extent any such rights, options or warrants are redeemed by the Company prior to a Rights Trigger or are exchanged by the Company, in either case for Common Shares, the Conversion Ratio shall be appropriately readjusted (if and to the extent previously adjusted pursuant to this Section 7(f)(xi)) as if such rights, options or warrants had not been issued, and instead the Conversion Ratio will be adjusted as if the Company had issued the Common Shares issued upon such redemption or exchange (if any) as a dividend or distribution of Common Shares subject to Section 7(f)(i)(A) and 7(f)(i)(B).

(xiv) *Rules of Calculation.* All calculations will be made to the nearest one hundredth of a cent or to the nearest one-ten thousandth of a share. Except as explicitly provided herein, the number of Common Shares and Exchangeable Shares outstanding will be calculated on the basis of the number of issued and outstanding Common Shares and Exchangeable Shares, as applicable, including Common Shares issuable upon the conversion of outstanding Proportionate Voting Shares.

(xv) *Waiver.* Notwithstanding anything in this Section 7(f) to the contrary, no adjustment need be made to the Conversion Ratio for any event with respect to which an adjustment would otherwise be required pursuant to this Section 7(f) if the Company receives, prior to the effective time of the adjustment to the Conversion Ratio, written notice from the holders representing at least a majority of the then outstanding Series D Convertible Preferred Shares that no adjustment is to be made as the result of a particular issuance of Common Shares or Exchangeable Shares or other dividend or other distribution on Common Shares or Exchangeable Shares. This waiver will be limited in scope and will not be valid for any issuance of Common Shares or Exchangeable Shares or other dividend or other distribution on Common Shares or Exchangeable Shares or any other event not specifically provided for in such notice.

(xvi) *No Duplication.* If any action would require adjustment of the Conversion Ratio pursuant to more than one of the provisions described in this Section 7 in a manner such that such adjustments are duplicative, only one adjustment shall be made (with the adjustment most favorable to the holders of Series D Convertible Preferred Shares being the adjustment that shall be made in such case).

(xvii) For the purpose of effecting the conversion of Series D Convertible Preferred Shares, the Company shall at all times reserve and keep available, free from any preemptive rights, out of its treasury or authorized but unissued Common Shares (or Reference Property, to the extent applicable), the full number of Common Shares (or Reference Property, to the extent applicable) deliverable upon the conversion of all outstanding Series D Convertible Preferred Shares, after taking into account any adjustments to the Conversion Ratio from time to time pursuant to the terms of this Section 7 assuming for the purposes of this calculation that all outstanding Series D Convertible Preferred Shares are held by one holder.

(xviii) *Successive Adjustments.* For the avoidance of doubt, after an adjustment to the Conversion Ratio under this Section 7, any subsequent event requiring an adjustment under this Section 7 shall cause an adjustment to such Conversion Ratio as so adjusted.

(g) **Notice of Record Date.** In the event of:

(i) any share split or combination of the outstanding Common Shares or Exchangeable Shares;

(ii) any declaration or making of a dividend or other distribution to holders of Common Shares and Exchangeable Shares in additional Common Shares or Exchangeable Shares, any other share capital, other securities or other property (including, but not limited to, cash and evidences of indebtedness, other than ordinary cash dividends paid on a quarterly basis);

(iii) any reclassification or change to which Section 7(f)(i)(B) applies;

(iv) the dissolution, liquidation or winding up of the Company or other return of capital or distribution of the assets of the Company among its shareholders, in each case for the purposes of winding up its affairs; or

(v) any other event constituting a Capital Reorganization;

then the Company shall file with its corporate records and mail to the holders of the Series D Convertible Preferred Shares at their last addresses as shown on the records of the Company, at least ten (10) days prior to the record date specified in

(A) below or ten (10) days prior to the date specified in (B) below, a notice stating:

(B) the record date of such share split, combination, dividend or other distribution, or, if a record is not to be taken, the date as of which the holders of Common Shares or Exchangeable Shares of record to be entitled to such share split, combination, dividend or other distribution are to be determined, or

(C) the date on which such reclassification, change, dissolution, liquidation, winding up of the Company or upon any other return of capital or distribution of the assets of the Company among its shareholders, in each case for the purposes of winding up its affairs, or any other event constituting a Capital Reorganization, is estimated to become effective, and the date as of which it is expected that holders of Common Shares of record will be entitled to exchange their Common Shares for the share capital, other securities or other property (including, but not limited to, cash and evidences of indebtedness) deliverable upon such reclassification, change, liquidation, dissolution, winding up of the Company or other return of capital or distribution of the assets of the Company among its shareholders, in each case for the purposes of winding up its affairs or other Capital Reorganization.

(h) **Certificate of Adjustments.** Promptly upon the occurrence of any event requiring an adjustment or readjustment of the Conversion Ratio pursuant to this Section 7, the Company shall compute such adjustment or readjustment in accordance with the terms hereof and, within ten (10) Business Days of such event, furnish to each holder of Series D Convertible Preferred Shares a certificate, duly signed and executed by an officer of the Company, setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Company shall, upon the reasonable written request of any holder of Series D Convertible Preferred Shares, furnish to such holder a similar certificate setting forth (i) the calculation of such adjustments and readjustments in reasonable detail, (ii) the Conversion Ratio then in effect, and (iii) the number of Common Shares and the amount, if any, of share capital, other securities or other property (including, but not limited to, cash and evidences of indebtedness) which then would be received upon the conversion of Series D Convertible Preferred Shares.

8. Additional Definitions

For purposes of these Articles of Amendment, the following terms shall have the following meanings:

(a) "**Board of Directors**" means the board of directors of the Company, as constituted from time to time, or, with respect to any action to be taken by the Board of Directors, any committee of the Board of Directors duly authorized to take such action.

(b) "**Business Day**" means any day which is not a Saturday, a Sunday or a day on which the principal commercial banks located in the City of Toronto, Ontario or New York, New York are not open for business during normal banking hours.

(c) "**Change of Control**" **means:**

(i) a transaction or series of related transactions as a result of which a person or group of persons acting jointly or in concert (within the meaning of the *Securities Act* (Ontario)), excluding JW Asset Management LLC, Jason Wild (collectively, "**JW**") or any funds controlled by JW, acquires, directly or indirectly, securities representing at least a majority of the voting power of the Company's outstanding capital stock; and

(ii) a Fundamental Change.

(d) "**Closing Price**" means, with respect to any security on any date, the closing sale price per share (or if no closing sale price is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and the average ask prices) on that date as reported in composite transactions for the Canadian national stock exchange or automated inter-dealer quotation system upon which such security is listed or quoted (or, if such security are not listed and posted for trading on a Canadian national stock exchange or automated inter-dealer quotation system, such other over-the-counter market on which such security may be listed or quoted). If such securities are not so listed or quoted, the last reported sale price will be the average of the mid-point of the last bid and ask prices for such security on the relevant date from each of at least two recognized investment banking firms selected by the Company for this purpose. For purposes of these Articles of Amendment, all references herein to the "Closing Price" and "last reported sale price" of the Common Shares on the Exchange shall be such closing sale price and last reported sale price as reflected on the website of the Exchange. If the date of determination is not a Trading Day, then such determination shall be made as of the last Trading Day prior to such date.

(e) "**Common Shares**" means the common shares in the capital of the Company.

(f) "**Company**" means TerrAscend Corporation, a corporation governed by the Act.

(g) "**Conversion Date**" means the effective date of a conversion of Series D Convertible Preferred Shares to Common Shares, being (i) in the case of a conversion pursuant to Section 7(a), the date on which the Company shall have received such certificates, together with such notice and such other information or documents as may be required by the Company or its transfer agent, (ii) in the case of a conversion pursuant to Section 7(b), the Automatic Conversion Date.

(h) "**Convertible Security**" means any debt or other evidences of indebtedness, shares of capital, options, warrants, subscription rights or other securities of the Company directly or indirectly convertible into or exercisable or exchangeable for Common Shares.

(i) "**Current Market Price**" of Common Shares on any date means the average of the Closing Prices (or if the Closing Price on any Trading Day is quoted only in Canadian dollars, the USD Equivalent Amount thereof on such Trading Day) per Common Share for each of the 10 (ten) consecutive Trading Days ending on the earlier of the day in question and the day before the Ex-Dividend Date with respect to the issuance or distribution requiring such computation.

(j) "**Exchangeable Shares**" means the exchangeable shares in the capital of the Company.

(k) "**Ex-Dividend Date**" means, with respect to any issuance, dividend or distribution on the Common Shares, the first date on which the Common Shares trade on the applicable Exchange or in the applicable market, regular way, without the right to receive such issuance or distribution.

(l) "**Exchange**" means any United States or Canadian national stock exchange or automated inter-dealer quotation system upon which the Common Shares are listed or quoted, provided that if the Common Shares are dual listed on both a United States national stock exchange and a Canadian national stock exchange the United States national stock exchange shall be the Exchange; as of the date hereof, the Exchange for the Common Shares is the Canadian Securities Exchange.

(m) "**Fair Market Value**" of the Common Shares or any other security, property or assets means the fair market value thereof as reasonably determined in good faith by the Board of Directors, which determination must be set forth in a written resolution of the Board of Directors, in accordance with the following rules:

(i) for Common Shares, the Fair Market Value will be the average of the Closing Prices of such security on the Exchange over a ten (10) consecutive Trading Day period, ending on the Trading Day immediately prior to the date of determination;

(ii) for any security other than Common Shares that are traded or quoted on any United States or Canadian national stock exchange or automated inter dealer quotation system, the Fair Market Value will be the average of the Closing Prices of such security on such national stock exchange or automated inter-dealer quotation system over a ten (10) consecutive Trading Day period, ending on the Trading Day immediately prior to the date of determination; and

(iii) for any other property or assets, the Fair Market Value shall be determined by the Board of Directors as the monetary consideration that a prudent and informed buyer would pay to a prudent and informed seller, each acting at arm's length with the other and under no compulsion to act.

(n) "**Fundamental Change**" means:

(i) a merger or consolidation in which:

(A) the Company is a constituent party or

(B) a subsidiary of the Company is a constituent party and the Company issues shares of its capital stock pursuant to such merger or consolidation,

except any such merger or consolidation involving the Company or a subsidiary in which the shares of capital stock of the Company outstanding immediately prior to such merger or consolidation continue to represent, or are converted into or exchanged for shares of capital stock that represent, immediately following such merger or consolidation, at least a majority, by voting power, of the capital stock of (1) the surviving or resulting corporation; or (2) if the surviving or resulting corporation is a wholly owned subsidiary of another corporation immediately following such merger or consolidation, the parent corporation of such surviving or resulting corporation; or

(ii) the sale, lease, transfer or other disposition, in a single transaction or series of related transactions, by the Company or any subsidiary of the Company of all or substantially all the assets of the Company and its subsidiaries taken as a whole, except where such sale, lease, transfer or other disposition is to one or more subsidiaries of the Company.

(o) "**hereof,**" "**herein**" **and** "**hereunder**" and words of similar import refer to these Articles of Amendment as a whole and not merely to any particular clause, provision, section or subsection.

(p) "**Market Disruption Event**" means, with respect to the Common Shares, (i) a failure by the Exchange to open for trading during its regular trading session or (ii) the occurrence or existence for more than one half hour period in the aggregate on any scheduled Trading Day for the Common Shares of any suspension or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the Exchange, or otherwise) in the Common Shares or in any options, contracts or future contracts relating to the Common Shares, and such suspension or limitation occurs or exists at any time before 1:00 p.m. (Toronto time) on such day.

(q) "**Original Issuance Date**" means May 22, 2020.

(r) "**person**" means any individual, corporation, limited liability company, limited or general partnership, joint venture, association, joint-stock company, trust, unincorporated organization, government, any agency or political subdivisions thereof.

(s) "**Proportionate Voting Shares**" means the proportionate voting shares in the capital of the Company.

(t) "**share capital**" means any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) of capital, partnership interests (whether general or limited) or equivalent ownership interests in or issued by such person, and with respect to the Company includes, without limitation, any and all Common Shares, Proportionate Voting Shares, Exchangeable Shares and the Series D Convertible Preferred Shares.

(u) "**Trading Day**" means any date on which (i) there is no Market Disruption Event and (ii) the Exchange is open for trading or, if the Common Shares are not so listed, admitted for trading or quoted, any Business Day. A Trading Day only includes those days that have a scheduled closing time of 4:00 p.m. (Toronto time) or the then standard closing time for regular trading on the relevant Exchange.

(v) "**USD Equivalent Amount**" means on any date with respect to the specified amount of Canadian dollars the U.S. dollar equivalent amount after giving effect to the conversion of Canadian dollars to U.S. dollars at the Bank of Canada daily average exchange rate (as quoted or published from time to time by the Bank of Canada) on that date.

(w) Each of the following terms is defined in the Section set forth opposite such term:

Term	Section
Additional Common Shares	Section 7(f)(vii)(B)
Automatic Conversion Date	Section 7(b)(i)
Common Share Equivalents	Section 7(f)(vii)(B)
Conversion Ratio	Section 7(a)
Series D Convertible Preferred Shares	Recital
Liquidation Preference	Section 1(b)
Per Share Conversion Value	Section 7(f)(viii)
Reference Property	Section 7(f)(ix)

(x) The expressions "ranking senior to", "ranking junior to" and similar expressions refer to the order of priority in the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company or any other return of capital or distribution of the assets of the Company among its shareholders, in each case for the purposes of winding up its affairs, in the payment of dividends or upon redemption.

(y) If any day on which any action is required to be taken by the Company is not a Business Day, then such action may be taken on or by the next succeeding day that is a Business Day.

9. Miscellaneous

For purposes of these Articles of Amendment, the following provisions shall apply:

(a) **Withholding Tax.** Notwithstanding any other provision of these Articles of Amendment, the Company may deduct or withhold from any payment, distribution, issuance or delivery (whether in cash or in shares) to be made pursuant to these Articles of Amendment any amounts required (or permitted, in the event that the Series D Convertible Preferred Shares are or become "taxable Canadian property" at any relevant time for purposes of the *Income Tax Act (Canada)* as determined by the Company acting reasonably) by applicable law to be deducted or withheld from any such payment, distribution, issuance or delivery and the Company will timely remit any such amounts to the relevant tax authority as required, and will provide evidence thereof reasonably acceptable to the affected holder(s) of Series D Convertible Preferred Shares. All such remitted amounts shall be treated as having been paid to the relevant holder(s). If the cash component of any payment, distribution, issuance or delivery to be made pursuant to these Articles of Amendment is less than the amount that the Company is so required (or permitted, in the event that the Series D Convertible Preferred Shares are or become "taxable Canadian property" at any relevant time for purposes of the *Income Tax Act (Canada)* as determined by the Company acting reasonably) to deduct or withhold, the Company shall be permitted to deduct and withhold from any noncash payment, distribution, issuance or delivery to be made pursuant to these Articles of Amendment any amounts required (or permitted, in the event that the Series D Convertible Preferred Shares are or become "taxable Canadian property" at any relevant time for purposes of the *Income Tax Act (Canada)* as determined by the Company acting reasonably) by law to be deducted or withheld from any such payment, distribution, issuance or delivery and to dispose of such property in order to remit any amount required to be remitted to any relevant tax authority.

(b) **Wire or Electronic Transfer of Funds.** Notwithstanding any other right, privilege, restriction or condition attaching to the Series D Convertible Preferred Shares, the Company may, at its option, make any payment due to registered holders of Series D Convertible Preferred Shares by way of a wire or electronic transfer of funds to such holders. If a payment is made by way of a wire or electronic transfer of funds, the Company shall be responsible for any applicable charges or fees relating to the making of such transfer. As soon as practicable following the determination by the Company that a payment is to be made by way of a wire or electronic transfer of funds, the Company shall provide a notice to the applicable registered holders of Series D Convertible Preferred Shares at their respective addresses appearing on the books of the Company. Such notice shall request that each applicable registered holder of Series D Convertible Preferred Shares provide the particulars of an account of such holder with a chartered bank in Canada or the United States to which the wire or electronic transfer of funds shall be directed. If the Company does not receive account particulars from a registered holder of Series D Convertible Preferred Shares prior to the date such payment is to be made, the Company shall deposit the funds otherwise payable to such holder in a special account or accounts in trust for such holder.

(c) **Approval.** Each issuance by the Company of shares of a class or series of preferred equity while any Series D Convertible Preferred Shares are outstanding shall be subject to the prior unanimous approval of the disinterested members of the Board of Directors.

(d) **Amendments.** The provisions attaching to the Series D Convertible Preferred Shares may be deleted, varied, modified, amended or amplified by articles of amendment with such approval as may then be required by the Act.

(e) **U.S. Currency.** Unless otherwise stated, all references herein to sums of money are expressed in lawful money of the United States.

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6. The amendment has been duly authorized as required by sections 168 and 170 (as applicable) of the *Business Corporations Act.*
La modification a été dûrnent autorisée conformément aux articles 168 et 170 (selon le cas) de la L*oi sur les societies par actions.*

7. The resolution authorizing the amendment was approved by the shareholders/directors (as applicable) of the corporation on
Les actionnaires ou les administrateurs (selon le cas) de la société ont approuvé to résolution autorisant la modification le

2020, 05, 07

(Year, Month, Day)
(année, mois, jour)

These articles are signed in duplicate.
Les présents statuts sont signés en double exemplaire

TerrAscend Corp.

(Print name of corporation from Article 1 on page 1)
(Veuillez écrir le nom de la société de l'article un à la page une).

By/
Par:

/s/ Lisa Swartzman	Director
(Signature)	(Description of Office)
(Signature)	(Fonction)

BY-LAW N0.1

A by-law relating generally to the transaction of the business and affairs of

TERRASCEND CORP.

(the "Corporation")

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this By-law, any capitalized term used, but not otherwise defined, has the meaning given to that term in the Act. In addition, the following terms have the following meanings:

1.1.1 **"Act"** means the *Business Corporations Act* (Ontario) and all regulations made under that Act, as it may be amended or replaced, and any reference to a particular provision of that Act will be deemed also to be a reference to any similar provision resulting from its amendment or replacement;

1.1.2 **"Annual Meeting of Shareholders"** means the annual meeting of shareholders of the Corporation held as prescribed by section 94(1) of the Act;

1.1.3 **"Board"** means the board of directors of the Corporation;

1.1.4 **"By-laws"** means this by-law, as amended or restated, and all other by-laws of the Corporation in force and effect;

1.1.5 **"Corporation"** means Terrascend Corp.;

1.1.6 **"ECA"** means the Electronic Commerce Act, 2000 (Ontario);

1.1.7 **"Electronic Document"** means a document, information or a record that is "electronic" within the meaning supplied by the ECA;

1.1.8 **"Meeting Announcement Date",** in respect of a meeting of shareholders, means the date on which the first public announcement of the date of that meeting is made, by way of disclosure in a press release disseminated by the Corporation through a national news service in Canada or in a document publicly filed by the Corporation under its profile on the System for Electronic Document Analysis and Retrieval at www.sedar.com.

1.1.9 **"Meeting of Shareholders"** means an Annual Meeting of Shareholders and a Special Meeting of Shareholders;

1.1.10 "**Recorded Address**" means:

1.1.10.1 in the case of a shareholder, the shareholder's address as recorded in the securities register of the Corporation;

1.1.10.2 in the case of joint shareholders, the address as recorded in the securities register of the Corporation in respect of that joint holding, or the first address recorded, if there is more than one; and

1.1.10.3 in the case of a director, the director's latest address as shown in the records of the Corporation or in the most recent notice of directors or notice of change of directors as filed under the *Corporations Information Act* (Ontario), whichever is more current;

"Signing Officer" means a person authorized under Section 2.1, or under section 55(1) of the Act, to sign documents or share certificates on behalf of the Corporation;

1.1.11 **"Special Meeting of Shareholders"** means a meeting of the holders of any class or series of shares and a special meeting of all shareholders entitled to vote at an Annual Meeting of Shareholders; and

1.1.12 **"STA"** means the Securities Transfer Act, 2006 (Ontario).

1.2 Gender and Number

In this By-law, words signifying the singular number include the plural and vice versa, and words signifying gender include all genders.

1.3 Extended Meanings

Every use of the words "includes" or "including" in this By-law is to be construed as meaning "includes, without limitation" or "including, without limitation", respectively.

1.4 Headings

The division of this By-law into Articles and Sections, the insertion of headings and the inclusion of a table of contents are for convenience of reference only and do not affect the construction or interpretation of this By-law.

1.5 References in this By-law

References in this By-law to an Article, Section, Schedule or Exhibit are to be construed as references to an Article, Section, Schedule or Exhibit of or to this By-law unless otherwise specified.

1.6 Articles Govern

Where any provision of this By-law conflicts with the Articles, the Articles will govern.

ARTICLE 2
BUSINESS OF THE CORPORATION

2.1 Signing Documents

Contracts, deeds, instruments in writing and other documents, including Electronic Documents, may be signed on behalf of the Corporation by any one director or officer of the Corporation. In addition, the Board may direct the manner in which, and the person or persons by whom any specific, or general class of, documents may or will be signed on behalf of the Corporation.

2.2 Voting Rights in Other Bodies Corporate

The Signing Officer of the Corporation may sign and deliver proxies and arrange for the issuance of voting certificates or other evidence of the right to exercise the voting rights attaching to any securities held by the Corporation, in favour of any person or persons as may be determined by the Signing Officer. In addition, the Board may, by resolution, direct the manner in which, and the person or persons by whom, any specific voting right or class of voting rights may or will be exercised.

2.3 Banking Arrangements

The Corporation's banking business, including the borrowing of money and the granting of security, will be transacted with any bank, trust company or other organization as may be designated by or under the authority of the Board. The Corporation's banking business will be transacted under any documents, instructions and delegations of powers that the Board prescribes.

2.4 Registered Office

The Corporation must have its registered office in Ontario at the location specified in its Articles, or as specified in a resolution as permitted under the Act.

ARTICLE 3
BOARD

3.1 Fixed Board and Election of Directors

Where the Articles provide for a fixed number of directors, the number to be elected to the Board will be the number set out in the Articles.

3.2 Floating Board and Election of Directors

Where the Articles provide for a minimum and maximum number of directors, the number to be elected to the Board will be the number fixed by Special Resolution of the shareholders at any time, or, if the shareholders have conferred that power to the directors, by resolution of the directors, or, if the number is not fixed, the number within that minimum and maximum elected at the Annual Meeting of Shareholders.

ARTICLE 4
MEETINGS OF DIRECTORS

4.1 First Meeting of New Board

Immediately following any Meeting of Shareholders electing directors, the Board may, without notice, hold its first meeting for any business that may come before the meeting, provided a quorum of the Board is present.

4.2 Number of Directors

The Corporation will have not fewer than three directors, and at least one-third of the directors of the Corporation will not be officers or employees of the Corporation or any of its affiliates.

4.3 Place of Meetings

Meetings of the Board may be held at the registered office of the Corporation or at any other place within or outside Ontario, as determined by the Board. In any financial year of the Corporation, it will not be necessary that a majority of the meetings of the Board be held at a place within Canada.

4.4 Meeting by Electronic Means, etc.

If all the directors of the Corporation present at or participating in the meeting consent, a meeting of the Board or of a committee of the Board may be held by means of any telephone, electronic or other communication facility that permits all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and a director participating in a meeting by those means is deemed to be present at that meeting.

4.5 Notice of Meetings

Subject to the Act, the By-laws, and any resolution of the Board, notice of the time and place of a meeting of the Board will be given to each director not less than 48 hours before the time when the meeting is to be held but if any one of the Chief Executive Officer of Chief Financial Officer considers it a matter of urgency that a meeting of the Board be convened, he or she may give notice of a meeting by means of any telephone, electronic or other communication facility no less than one hour before the meeting. No notice of a meeting will be necessary if all the directors in office are present or if those absent waive notice of that meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

4.6 Quorum

4.6.1 Unless otherwise required by law or provided in the Articles, a majority of the Board constitutes a quorum at any meeting of the Board. No attempt will be made to set a quorum at less than two-fifths of the number of directors or the minimum number of directors required by the Articles.

4.6.2 If no quorum exists for the purpose of voting on a resolution to approve a contract or transaction only because a director is not permitted to be present at the meeting by reason of section 132(5) of the Act, the remaining directors of the Corporation will be deemed to constitute a quorum for the purposes of voting on the resolution.

4.7 Chair of a Meeting

The chair of any meeting of the Board will be selected in descending order from the following list of officers, with the position going to the first selected officer who has been appointed, who is a director, and who is present at the meeting:

4.7.1 the Chairperson of the Board;

4.7.2 the Managing Director;

4.7.3 the President; and

4.7.4 a Vice-President.

If all those officers are absent, or unable or unwilling to act, the directors present at the meeting will choose one of their number to be chair of the meeting.

4.8 Votes to Govern

Unless otherwise required by the Act or the Articles, at all meetings of the Board, every question will be decided by a majority of the votes cast on the question. In case of an equality of votes on any question, the chair of the meeting will be entitled to a second or casting vote.

4.9 Remuneration and Expenses

Subject to the Articles and the By-laws, the directors will be paid remuneration for their services in the manner and amounts determined by the Board. The directors will also be entitled to be reimbursed for travelling and other expenses properly incurred by them in attending meetings of the Board or any committee of the Board. Nothing in this By-law will preclude any director from serving the Corporation in any other capacity and receiving remuneration for that service.

ARTICLE 5
COMMITTEES

5.1 Committees of the Board

The Board may appoint from its membership one or more committees of directors, however designated, and delegate to any committee of the Board any of the powers of the Board except those which, under the Act, a committee of the Board has no authority to exercise.

5.2 Transaction of Business

The powers of a committee of the Board may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all the members of that committee who would have been entitled to vote on that resolution at a meeting of that committee. Meetings of any committee may be held at any place within or outside Ontario.

5.3 Advisory Bodies

The Board may appoint one or more advisory bodies. Membership in any advisory body appointed by the Board will not in itself confer any right to receive notices of or attend meetings of the Corporation’s directors or shareholders.

5.4 Procedure

Unless otherwise determined by the Board, each committee and each advisory body will have the power to:

5.4.1 fix its quorum at not less than a majority of its members;

5.4.2 elect its chair; and

5.4.3 regulate its procedure.

ARTICLE 6
OFFICERS

6.1 Appointment

The Board, in its discretion, may appoint any officers as the Board may determine, including one or more assistants to any of those officers. All officers will be individuals selected for appointment at the discretion of the Board, each of whom may, but need not be, a director, unless otherwise specified below. The power of the Board and, where applicable, the Chief Executive Officer to determine the powers and duties of the Corporation’s officers is subject to the Act, the Articles and the By-laws.

6.2 Chairperson of the Board

The Board may appoint from its membership a Chairperson. If appointed, the Chairperson will exercise any other powers and perform any other duties as the Board may specify. During the absence or disability of the Chairperson, the Chairperson's duties will be performed and the Chairperson's powers exercised by the Managing Director, if any, or by the any other officer who is designated by the Board to exercise those powers.

6.3 Powers and Duties of Officers

The powers and duties of any officer appointed by the Board will be those that the Board or the Chief Executive Officer may specify. The Board and, where the authority to do so is not restricted to the Board, the Chief Executive Officer may, vary, add to, or limit the powers and duties of any officer. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by that assistant, unless the Board or the Chief Executive Officer otherwise directs. To the extent not otherwise so specified or delegated, and subject to the Act, the powers and duties of the officers of the Corporation will be those usually pertaining to their respective offices.

6.4 Agents and Attorneys

The Board will have power to appoint agents or attorneys for the Corporation within or outside of Ontario with any powers of management (including the power to sub-delegate) that the Board deems appropriate.

6.5 Term of Office

The Board, in its discretion, may remove and replace any officer of the Corporation, without prejudice to that officer's rights under any employment contract. Otherwise, each officer appointed by the Board will hold office until a successor is appointed or that officer resigns.

ARTICLE 7
PROTECTION OF DIRECTORS, OFFICERS AND OTHERS

7.1 Limitation of Liability

Except as otherwise provided in the Act, no individual referred to in Section 7.2 will be liable for any loss·, cost, damage, expense or other misfortune incurred or suffered by the Corporation, unless it results through his or her failure, when exercising the powers and discharging the duties of his or her office, to act honestly and in good faith with a view to the best interests of the Corporation, or to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

7.2 Indemnity

7.2.1 Subject to the Act, the Corporation will indemnify a director or officer of the Corporation, a former director or officer of the Corporation, or another individual who acts or acted at the Corporation's request as a director or officer, or an individual acting in a similar capacity, of another entity, and his or her heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him or her in respect of any civil, criminal, administrative, investigative or other proceeding in which he or she is involved because of his or her association with the Corporation or other entity if:

he or she acted honestly and in good faith with a view to the best interests of the Corporation or, as the case may be, to the best interests of the other entity for which he or she acted as a director or officer or in a similar capacity at the Corporation's request; and

7.2.1.1 in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he or she had reasonable grounds for believing that his or her conduct was lawful.

7.2.2 The right to indemnity provided in this Section 7.2 will include the right to the advance of moneys from the Corporation for the costs, charges and expenses of a proceeding referred to in Section 7.2.1, which moneys must be repaid if the individual to whom they were advanced has not fulfilled the conditions set out in Section 7.2.1. The Corporation will also indemnify the persons listed in Section 7.2.1 in any other circumstances that the Act permits or requires. Nothing in this By-law will limit the right of any person entitled to indemnity to claim indemnity apart from the provisions of this By-law.

7.3 Insurance

Subject to the Act, the Corporation may purchase and maintain insurance for the benefit of any individual referred to in Section 7.2.1 against any liabilities and in any amounts as the Board may determine and as are permitted by the Act.

ARTICLE 8
SHARES

8.1 Issue

Subject to the Act and the Articles, the Board may issue, or grant options to purchase, the whole or any part of the authorized and unissued shares of the Corporation at the times, to the persons, and for the consideration as the Board determines. No share will be issued until it is fully paid as provided by the Act.

8.2 Registration of Transfer

Subject to the STA, no transfer of a share or other security of the Corporation will be registered in the Corporation's securities register unless:

8.2.1 under the terms of the share or other security, the proposed transferee is eligible to have the share or other security registered in that person's name;

8.2.2 the Corporation is presented with the certificate representing the share or other security, with an endorsement, which complies with the STA, made on or delivered with it, together with any reasonable assurance that the endorsement is genuine and effective that the Board may prescribe;

8.2.3 any applicable law relating to the collection of taxes has been complied with;

8.2.4 the transfer does not violate any restriction on transfer imposed by law, the Act, the STA, the Articles or the By-laws;

8.2.5 the transfer can be made in compliance with the provisions of the STA relating to any demand made under the STA that the Corporation not register the transfer; and

8.2.6 the transfer is rightful, or is to a protected purchaser as defined in the STA.

8.3 Share Certificates

Every holder of one or more shares of the Corporation will be entitled, upon request, to a share certificate in respect of the shares held by that shareholder that complies with the Act, or to a non transferable written acknowledgement of that shareholder's right to obtain a share certificate from the Corporation in respect of the shares held by that shareholder. Share certificates and acknowledgements of a shareholder's right to a share certificate, respectively, will be in the form approved by the Board.

8.4 Replacement of Share Certificates

The Board, or any officer or agent designated by the Board, may, in its or that person's discretion, if the holder of the shares represented by the lost certificate will not consent to those shares being treated as uncertificated securities, direct the issue of a new share certificate in lieu of and upon cancellation of a share certificate that has been mutilated, or in substitution for a share certificate claimed to have been lost, destroyed or wrongfully taken, on payment of a reasonable fee and on terms as to indemnity, reimbursement of expenses, and evidence of loss and of title as the Board may prescribe, whether generally or in any particular case.

ARTICLE 9
ARTICLE9 MEETINGS OF SHAREHOLDERS

9.1 Place of Meetings

Subject to the Act and the Articles, Meetings of Shareholders will be held within or outside Ontario, on the dates and at the times as determined by the Board, and at the place where the registered office of the Corporation is located or at any other place as determined by the Board. A Meeting of Shareholders held by telephonic or electronic means, as provided in Section 9.2, will be deemed to be held at the place where the registered office of the Corporation is located.

9.2 Meeting by Electronic Means, etc.

Unless the Articles or the By-laws provide otherwise, a Meeting of Shareholders may be held by telephonic or electronic means and a shareholder who, through those means, votes at the meeting or establishes a communications link to the meeting will be deemed for the purposes of the Act to be present at the meeting.

9.3 Notice of Meetings

Notice of the time and place of each Meeting of Shareholders will be given, not less than 21 days and not more than 50 days before the date of the meeting, to each director, to the auditor of the Corporation, and to each shareholder who is entitled to vote at the meeting. Notice of a Meeting of Shareholders called for any business other than consideration of the minutes of an earlier meeting, the financial statements and auditor's report, election of directors, and reappointment of the incumbent auditor, will state the nature of that business in sufficient detail to permit a shareholder to form a reasoned judgment concerning that business, and will state the text of any Special Resolution or by-law to be submitted to the meeting. A shareholder and any other person entitled to attend a Meeting of Shareholders may, in any manner and at any time, waive notice of a Meeting of Shareholders.

9.4 Chair of a Meeting, Secretary and Scrutineers

The chair of any Meeting of Shareholders will be selected in descending order from the following list of officers, with the position going to the first selected officer who has been appointed, who is a director and who is present at the meeting:

9.4.1 the Chairperson of the Board;

9.4.2 the Managing Director;

9.4.3 the President; and

9.4.4 a Vice-President.

If none of those officers is present within 15 minutes after the time appointed for holding the meeting, the persons present and entitled to vote at the meeting will choose a person from their number to be chair of the meeting. The Secretary of the Corporation will be secretary of any Meeting of Shareholders, but if the Secretary of the Corporation is not present, the chair of the meeting will appoint a person, who need not be a shareholder, to act as secretary of the meeting. If desired, one or more scrutineers, who need not be shareholders, may be appointed by a resolution or by the chair of the meeting with the consent of the shareholders and persons present and entitled to vote at the meeting.

9.5 Persons Entitled to be Present

The only persons entitled to be present at a Meeting of Shareholders will be those entitled to vote at that meeting, the directors and auditors of the Corporation and others who, although not entitled to vote, are entitled or required under any provision of the Act, the Articles or the By-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chair of the meeting or with the consent of the meeting.

9.6 Quorum

The holders of shares representing, in the aggregate, 5% of the shares entitled to vote at a Meeting of Shareholders, whether present in person or represented by proxy, will constitute a quorum at that meeting. If a quorum is present at the opening of a Meeting of Shareholders, the shareholders present or represented may proceed with the business of the meeting, even if a quorum is not present throughout the meeting. If a quorum is not present at the time appointed for a Meeting of Shareholders, or within any reasonable

time following that time as the shareholders present or represented may determine, the shareholders present or represented may adjourn the meeting to a fixed time and place not less than seven days later but may not transact any other business. At that adjourned meeting the holders of shares carrying voting rights who are present or represented will constitute a quorum (whether or not they hold shares representing, in the aggregate, 5% of the shares entitled to vote at the adjourned meeting) and may transact the business for which the meeting was originally called, even if this quorum is not present throughout the meeting.

9.7 Proxies

9.7.1 The management of the Corporation will, concurrently with or before sending notice of a Meeting of Shareholders, send a form of proxy to each shareholder who is entitled to receive notice of the meeting.

9.7.2 A management information circular in prescribed form, either as an appendix to or as a separate document accompanying the notice of the Meeting of Shareholders, must be sent to the auditor of the Corporation and to each shareholder whose proxy is solicited.

9.7.3 The management of the Corporation, upon sending a management information circular as required under Section 9.7.2, will concurrently file with the Ontario Securities Commission, a copy of that management information circular, together with a copy of the notice of meeting, form of proxy and any other documents for use in connection with the meeting to which the management information circular relates.

9.8 Votes to Govern

Unless otherwise required by the Act or the Articles, at all Meetings of Shareholders, every question will be decided by a majority of the votes cast on the question. In case of an equality of votes on any question, the chair of the meeting will be entitled to a second or casting vote.

9.9 Right to Vote

Unless the Articles otherwise provide, each share of the Corporation entitles its holder to one vote at a Meeting of Shareholders. Subject to the exceptions provided under the Act, a holder of a fractional share is not entitled to exercise voting rights in respect of the fractional share.

9.10 Manner of Voting

9.10.1 Voting at a Meeting of Shareholders will be by show of hands, except where a ballot is demanded by a shareholder or proxyholder entitled to vote at the meeting. Even if a vote has been already been taken by a show of hands, any shareholder or proxyholder entitled to vote at the meeting on that matter may require a ballot on that matter and the subsequent ballot result will be the decision of the shareholders with respect to that matter.

9.10.2 Where no ballot is demanded or required following a vote by a show of hands upon a question, a declaration by the chair of the meeting that the vote upon the question has been carried, carried by a particular majority or not carried, and an entry to that effect in the minutes of the meeting, will be *prima facie* evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of that question, and the result of the vote taken will be the decision of the shareholders with respect to that question.

9.10.3 A ballot, if demanded or required, will be taken in the manner the chair of the meeting directs. A demand or requirement for a ballot may be withdrawn at any time before the taking of the ballot. If a ballot is taken, each person present will be entitled, in respect of the shares which he is entitled to vote at the meeting upon the question, to that number of votes provided by the Act or the Articles, and the result of the ballot will be the decision of the shareholders with respect to that question. ‘

9.10.4 If a telephonic or electronic Meeting of Shareholders is held, then any person participating in, and entitled to vote at, that meeting may vote, in accordance with the Act, by means of the telephonic, electronic or other communication facility that the Corporation has made available for that purpose.

ARTICLE 10
DIVIDENDS AND RIGHTS

10.1 Dividends

Subject to the Act and the Articles, the Board may declare, and the Corporation may pay, dividends to the shareholders according to their respective rights and interests in the Corporation. Dividends may be paid by issuing fully paid shares of the Corporation or options or rights to acquire fully paid shares of the Corporation or, subject to the Act, may be paid in money or property.

10.2 Dividends and Other Amounts

A dividend or other amount payable in cash with respect to the outstanding shares of the Corporation may be paid by cheque drawn on a financial institution or by electronic means to or to the order of each registered holder of shares of the class or series in respect of which it is to be paid. Cheques may be sent by prepaid ordinary mail or delivered to a registered holder at that holder’s Recorded Address, unless that holder has otherwise directed. In the case of joint holders, a cheque or payment by electronic means will, unless those joint holders have otherwise directed, be made payable to the order of all of those joint holders and if more than one address is recorded in the securities register of the Corporation in respect of the joint holding, the cheque will be mailed or delivered to the first address recorded or the amount paid by electronic means to the first address or account recorded. The mailing or electronic delivery of a dividend or other amount, as provided in this Section, unless it is not paid on due presentation, or the payment of the dividend in the manner directed by the registered holder, net of any tax, levy, or duty which the Corporation was required to and did withhold, will satisfy and discharge all liability of the Corporation for the sum to which a holder is entitled.

10.3 Non-receipt of Payment

In the event of non-receipt of any cheque or electronic payment by the person to whom it is sent, the Corporation will issue to that person a replacement cheque or send again by electronic means, an equivalent amount on the terms as to indemnity, reimbursement of expenses, and evidence of non receipt and of title as the Board prescribes.

10.4 Unclaimed Dividends

Any dividend unclaimed after a period of 15 years from the date on which the same has been declared to be payable will be forfeited and will revert to the Corporation.

ARTICLE 11
ADVANCE NOTICE

11.1 Nomination Procedures

Nominations of persons for election as directors of the Corporation at a meeting of shareholders may be made only:

11.1.1 by or at the direction of the Board;

11.1.2 by or at the direction or request of one or more shareholders pursuant to a proposal submitted in accordance with the provisions of the Act for inclusion in the management information circular, or pursuant to a requisition of a meeting of shareholders made in accordance with the provisions of the Act; or

11.1.3 by any person (a "Nominating Shareholder") if:

11.1.3.1 the Nominating Shareholder gives timely notice in proper written form and otherwise complies with the notice procedures as set out in this By-law; and

11.1.3.2 the Nominating Shareholder is a registered or beneficial holder of one or more shares of the Corporation carrying the right to vote on the election of directors at that meeting as of the record date for notice for that meeting and as of the date on which the Nominating Shareholder's notice is given under this By-law.

11.2 Timely Notice

To be timely, a Nominating Shareholder's notice under this By-law in respect of a meeting of. shareholders must be given:

11.2.1 in the case of an annual (or annual and special) meeting to be held on a date that is 50 days or more after the Meeting Announcement Date, not later than 5:00 p.m. (EST time) on the date that is 30 days before the date of that meeting;

11.2.2 in the case of an annual (or annual and special) meeting to be held on a date that is less than 50 days after the Meeting Announcement Date, not later than 5:00 p.m. (EST time) on the 10th day following the Meeting Announcement Date; and

11.2.3 in the case of a special meeting (which is not also an annual meeting) called for the purpose of electing directors (whether or not called for other purposes), not later than 5:00 p.m. (EST time) on the 15th day following the Meeting Announcement Date.

11.3 Proper Form of Notice

To be in proper written form, a Nominating Shareholder's notice under this By-law in respect of a meeting of shareholders must set out:

11.3.1 as to each person whom the Nominating Shareholder proposes to nominate for election as a director of the Corporation:

11.3.1.1 the name, age, business address and residential address of the proposed nominee;

11.3.1.2 the principal occupation, business or employment of the proposed nominee for the last five years;

11.3.1.3 the number of securities of each class of voting securities of the Corporation beneficially owned, or controlled or directed, directly or indirectly, by the proposed nominee, as of the record date for the meeting (if that date has been publicly announced and has occurred) and as of the date of the Nominating Shareholder's notice;

11.3.1.4 whether the proposed nominee is a "resident Canadian" within the meaning of the Act; and

11.3.1.5 any other information relating to the proposed nominee that would be required to be disclosed, under the Act and applicable securities laws, in a dissident's information circular in connection with solicitations of proxies for the election of directors; and

11.3.2 as to the Nominating Shareholder:

11.3.2.1 the name, business address and residential address of the Nominating Shareholder;

11.3.2.2 the number of securities of each class of voting securities of the Corporation beneficially owned, or controlled or directed, directly or indirectly, by the Nominating Shareholder, as of the record date for the meeting (if that date has been publicly announced and has occurred) and as of the date of the Nominating Shareholder's notice; and

11.3.2.3 any other information relating to the Nominating Shareholder that would be required to be disclosed, under the Act and applicable securities laws, in a dissident's information circular in connection with solicitations of proxies for the election of directors.

11.4 Notice to be Updated

A Nominating Shareholder's notice under this By-law in respect of a meeting of shareholders must be promptly updated, if applicable, so that the information provided or required to be provided in that notice is true and correct in all material respects as of the record date for the meeting.

11.5 Eligibility for Nomination

No person will be eligible for election as a director of the Corporation at a meeting of shareholders unless nominated as set out in this By-law. This by-law will not preclude the discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which that shareholder would have been entitled to submit a proposal pursuant to the provisions of the Act. The chair of the meeting will have the power and duty to determine whether a nomination was made in accordance with the procedures set out in this By-law and, if any proposed nomination is not in compliance with this By-law, to declare that the defective nomination will be disregarded.

11.6 Delivery of Notice

A Nominating Shareholder's notice under this by-law must be addressed to the Secretary of the Corporation and delivered to the Corporation by personal delivery (at the Corporation's registered office address) or by email (at the email address stipulated by the Corporation under its profile on the System for Electronic Document Analysis and Retrieval at www.sedar.com, as updated). A Nominating Shareholder's notice will be deemed to have been given and received on the day it is personally delivered or transmitted by email, but if the notice is delivered or transmitted on a day which is not a business day or after 5:00 p.m. (EST time), the notice will be deemed to have been given and received on the next business day.

11.7 Board Discretion

Despite any other provision in this By-law, the Board may, in its sole discretion, waive any requirement in this By-law.

ENACTED by the directors of the Corporation under the Act.

CONFIRMED by the sole shareholder of the Corporation under the Act.

DATED March 7, 2017

/s/ Basem Hanna
Basem Hanna
President & Chief Executive Officer

Exhibit 10.1

CERTAIN CONFIDENTIAL INFORMATION (MARKED BY BRACKETS AS "[***]") HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED.

VOTING SUPPORT AGREEMENT

THIS AGREEMENT is made as of _____, 2021

BETWEEN:

_____ (the "**Shareholder**")

- and -

GAGE GROWTH CORP., a corporation existing under the federal laws of Canada ("**Gage**")

RECITALS:

WHEREAS, in connection with an arrangement agreement between Gage and TerrAscend Corp. (the "**Purchaser**") dated August 31, 2021 (as may be amended, modified or supplemented from time to time in accordance with its terms, the "**Arrangement Agreement**"), the Purchaser proposes to acquire all of the issued and outstanding shares of Gage (the " **Gage Shares**") subject to the terms and conditions set forth in the Arrangement Agreement in exchange for the issuance by the Purchaser of Purchaser Common Shares (as defined below);

AND WHEREAS, it is contemplated that the proposed transaction will be effected pursuant to a statutory plan of arrangement (the "**Arrangement**") under Section 192 of the *Canada Business Corporations Act*;

AND WHEREAS the Arrangement requires the approval of the holders of the Purchaser Common Shares pursuant to the minority approval provisions of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*;

AND WHEREAS, the Shareholder is the registered and/or beneficial owner, directly or indirectly, of the Purchaser Securities listed in Schedule A hereto;

AND WHEREAS, the Shareholder believes it will derive benefit from the Arrangement and wishes to confirm its support for the Arrangement;

AND WHEREAS, Gage is relying on the covenants, representations and warranties of the Shareholder set forth in this Agreement in connection with the Gage's execution and delivery of the Arrangement Agreement; and

AND WHEREAS, this Agreement sets out the terms and conditions of the agreement of the Shareholder to abide by the covenants in respect of the Purchaser Securities and the other restrictions and covenants set forth herein;

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) the Parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

Capitalized terms used herein and not otherwise defined have the meanings ascribed thereto in the Arrangement Agreement. In this Agreement, including the recitals, the following terms have the following meanings:

"**affiliate**" has the meaning specified in National Instrument 45-106 – *Prospectus Exemptions* as in effect on the date of this Agreement;

"**Agreement**" means this voting support agreement dated as of the date hereof between the Shareholder and the Purchaser, as it may be amended, modified or supplemented from time to time in accordance with its terms;

"**Alternative Transaction**" has the meaning ascribed thereto Section 3.2 hereof;

"**Arrangement Agreement**" has the meaning ascribed thereto in the recitals hereof;

"**Expiry Time**" has the meaning ascribed thereto in Section 3.1(a);

"**Gage**" has the meaning ascribed thereto in the recitals hereof;

"**Gage Shares**" has the meaning ascribed thereto in the recitals hereof;

"**Governmental Entity**" means (i) any international, multinational, national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, commissioner, board, bureau, ministry, agency or instrumentality, domestic or foreign, including the U.S. Internal Revenue Service and the Canada Revenue Agency, (ii) any subdivision or authority of any of the above, (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing or (iv) any stock exchange, including the CSE.

"**Notice**" has the meaning ascribed thereto in Section 4.8;

"**Parties**" means the Shareholder and the Gage and "**Party**" means any one of them;

"**Person**" includes any individual, partnership, association, body corporate, organization, trust, estate, trustee, executor, administrator, legal representative, government (including Governmental Entity), syndicate or other entity, whether or not having legal status.

"**Purchaser**" has the meaning ascribed thereto in the recitals hereof;

"**Purchaser Common Shares**" means common shares in the capital of the Purchaser;

"**Purchaser Incentive Plans**" means the stock option plan of the Purchaser dated March 8, 2017 and the share unit plan dated effective November 19, 2019;

"**Purchaser Preferred Shares**" means the preferred shares in the capital of the Purchaser;

"**Purchaser RSUs**" means restricted share units of the Purchaser issued pursuant to the Purchaser Incentive Plan;

"**Purchaser Securities**" means the Purchaser Common Shares, Purchaser Preferred Shares, Purchaser Stock Options, Purchaser Warrants and the Purchaser RSUs listed on Schedule A hereto and any securities of the Purchaser acquired by the Shareholder or any of its affiliates subsequent to the date hereof, and includes all securities which such Purchaser Securities may be converted into, exchanged for or otherwise changed into;

"**Purchaser Stock Options**" means stock options to acquire Purchaser Common Shares pursuant to the Purchaser Incentive Plan;

"**Purchaser Warrants**" means the outstanding warrants of the Purchaser to purchase Purchaser Common Shares.

"**Shareholder**" has the meaning ascribed thereto in the recitals hereof; and

"**Voting Support Outside Date**" means the earlier of (i) the date of the Purchaser Meeting called and held to consider the Arrangement for the purpose of receiving the approval of the holders of the Purchaser Common Shares pursuant to the minority approval provisions of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*, and any adjournments or postponements thereof; or (ii) the date on which the Purchaser Board or any committee of the Purchaser Board makes a Purchaser Change in Recommendation.

1.2 Gender and Number

Any reference to gender includes all genders. Words importing the singular number only include the plural and vice versa.

1.3 Headings

The division of this Agreement into Articles, Sections and Schedules and the insertion of the recitals and headings are for convenient reference only and do not affect the construction or interpretation of this Agreement and, unless otherwise stated, all references in this Agreement or in the Schedules hereto to Articles, Sections and Schedules refer to Articles, Sections and Schedules of and to this Agreement or of the Schedules in which such reference is made, as applicable.

1.4 Date for any Action

A period of time is to be computed as beginning on the day following the event that began the period and ending at 4:30 p.m. (Toronto time) on the last day of the period, if the last day of the period is a Business Day, or at 4:30 p.m. (Toronto time) on the next Business Day if the last day of the period is not a Business Day. If the date on which any action is required or permitted to be taken under this Agreement by a Person is not a Business Day, such action shall be required or permitted to be taken on the next succeeding Business Day.

1.5 Governing Law

This Agreement will be governed by and interpreted and enforced in accordance with the Laws of the Province of Ontario and the federal Laws of Canada applicable therein, without giving effect to any principles of conflict of Laws thereof that would result in the application of the Laws of any other jurisdiction. Each Party irrevocably attorns and submits to the non-exclusive jurisdiction of the courts of the Province of Ontario and waives objection to the venue of any proceeding in such court or that such court provides an inconvenient forum.

1.6 Incorporation of Schedules

Schedule A attached hereto, for all purposes hereof, forms an integral part of this Agreement.

ARTICLE 2
REPRESENTATIONS AND WARRANTIES

2.1 Representations and Warranties of the Shareholder

The Shareholder represents and warrants to the Gage (and acknowledges that the Gage is relying on these representations and warranties in completing the transactions contemplated hereby and by the Arrangement Agreement) that:

(a) The Shareholder, if the Shareholder is not a natural Person, is a corporation or other entity validly existing under the Laws of the jurisdiction of its incorporation.

(b) The Shareholder, if the Shareholder is not a natural Person, has the requisite corporate power and authority to enter into and perform its obligations under this Agreement. This Agreement has been duly executed and delivered by the Shareholder and constitutes a legal, valid and binding agreement of the Shareholder enforceable against the Shareholder in accordance with its terms subject only to any limitation under bankruptcy, insolvency or other applicable Laws affecting the enforcement of creditors' rights generally and the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.

(c) The Shareholder exercises control or direction over all of the Purchaser Securities set forth opposite its name in Schedule A hereto. Subject to Section 3.1(a), at and immediately prior to the date of the Purchaser Meeting and at all times between the date hereof and the date of the Purchaser Meeting, the Shareholder will control or direct, directly or indirectly, all of the Purchaser Securities. Other than the Purchaser Securities, neither the Shareholder nor any of its affiliates, beneficially own, or exercise control or direction over any additional securities, or any securities convertible or exchangeable into any additional securities, of the Purchaser or any of its affiliates.

(d) The Shareholder has the sole right to vote or direct the voting of the Purchaser Securities, to the extent such Purchaser Securities carry a right to vote.

(e) No Person has any agreement or option, or any right or privilege (whether by Law, pre-emptive or contractual) capable of becoming an agreement or option, for the purchase, acquisition or transfer of any of the Purchaser Securities or any interest therein or right thereto.

(f) No material consent, approval, order or authorization of, or declaration or filing with, any Person is required to be obtained by the Shareholder in connection with the execution and delivery of this Agreement by the Shareholder and the performance by it of its obligations under this Agreement, other than those that are contemplated by the Arrangement Agreement.

(g) There are no claims, actions, suits, audits, proceedings, investigations or other actions pending against or, to the knowledge of the Shareholder, threatened against or affecting the Shareholder or any of the beneficial owners of the Purchaser Securities that, individually or in the aggregate, could reasonably be expected to have an adverse effect on the Shareholder's ability to execute and deliver this Agreement and to perform its obligations contemplated by this Agreement.

(h) None of the Purchaser Securities is subject to any proxy, voting trust, vote pooling or other agreement with respect to the right to vote, call meetings of any of the Purchaser's securityholders or give consents or approvals of any kind, except this Agreement or as will be contemplated by the Arrangement Agreement.

(i) None of the execution and delivery by the Shareholder of this Agreement or the completion of the transactions contemplated hereby or the compliance by the Shareholder with its obligations hereunder will violate, contravene, result in any breach of, or be in conflict with, or constitute a default under, or create a state of facts which after notice or lapse of time or both would constitute a default under, any term or provision of: (i) any constating documents of the Shareholder (if the Shareholder is not a natural Person); (ii) any contract to which the Shareholder is a party or by which the Shareholder is bound; (iii) any judgment, decree, order or award of any Governmental Entity; or (iv) any applicable Law, except for any violation, breach, contravention or default that could not, individually or in the aggregate, impair the ability of the Shareholder to execute and deliver this Agreement and to perform its obligations under this Agreement.

2.2 Representations and Warranties of Gage

Gage represents and warrants to the Shareholder (and acknowledges that the Shareholder is relying on these representations and warranties in completing the transactions contemplated hereby and by the Arrangement Agreement) that:

(a) Gage validly subsists under the federal laws of Canada and has necessary requisite corporate power and capacity to execute and deliver this Agreement and to perform its obligations hereunder.

(b) The execution, delivery and performance of this Agreement by Gage have been duly authorized and no other internal proceedings on its part are necessary to authorize this Agreement or the transactions contemplated hereunder.

(c) This Agreement has been duly executed and delivered by Gage and constitutes a legal, valid and binding obligation, enforceable against it in accordance with its terms, subject only to bankruptcy, insolvency and other similar laws affecting creditors' rights generally, and to the discretion that a court may exercise in granting equitable remedies.

ARTICLE 3
COVENANTS

3.1 Covenants of the Shareholder

(a) The Shareholder hereby covenants with Gage that from the date of this Agreement until the termination of this Agreement in accordance with its terms (the "**Expiry Time**"), the Shareholder will not directly or indirectly, without having first obtained the prior written consent of Gage:

(i) sell, transfer, gift, assign, grant a participation interest in, convey, pledge, hypothecate, grant a security interest in, encumber, option or otherwise dispose of any right or interest in, or enter into any forward sale, repurchase agreement, option or other arrangement or monetization transaction with respect to, any of its Purchaser Securities, or any right or interest therein (legal or equitable) to any Person or group of Persons, other than (A) any exercise of warrants or options exercisable for Purchaser Common Shares in accordance with their terms, or (B) to one or more corporations, family trusts, RRSP account or other entity directly or indirectly owned or controlled by, or under common control with the Shareholder, provided that (i) such transfer will not relieve the Shareholder of or from its obligations under this Agreement to vote or cause to be voted all Purchaser Securities at the Purchaser Meeting, (ii) prompt written notice of such transfer is provided to the Gage; and (iii) the transferee continues to be an entity or corporation directly or indirectly owned or controlled by the Shareholder at all times until the Expiry Time.

(ii) other than as set forth herein, grant or agree to grant any proxies or powers of attorney, deliver any voting instruction form, deposit any Purchaser Securities into a voting trust or pooling agreement, or enter into a voting agreement, commitment, understanding or arrangement, oral or written, with respect to the voting of any Purchaser Securities; or

(iii) requisition or join in the requisition of any meeting of any of the securityholders of the Purchaser for the purpose of considering any resolution opposing the Arrangement or any of the transactions contemplated in the Arrangement Agreement.

(b) The Shareholder hereby covenants, undertakes and agrees from time to time, until the Expiry Time, to cause to be counted as present for purposes of establishing quorum and to vote (or cause to be voted) all of the Purchaser Securities (to the extent they carry a right to vote):

(i) at any meeting of any of the securityholders of the Purchaser at which the Shareholder or any registered or beneficial owner of the Purchaser Securities are entitled to vote, including the Purchaser Meeting; and

(ii) in any action by written consent of the securityholders of the Purchaser, in favour of the approval, consent, ratification and adoption of the Purchaser Shareholder Resolution and the transactions contemplated by the Arrangement Agreement (and any actions required for the consummation of the transactions contemplated by the Arrangement Agreement). In connection with the foregoing, subject to this Section 3.1(b), the Shareholder hereby agrees to deposit and to cause any beneficial owners of Purchaser Securities eligible to be voted to deposit a proxy, or voting instruction form, as the case may be, duly completed and executed in respect of all of its Purchaser Securities (to the extent that they carry the right to vote) as soon as practicable following the mailing of the Purchaser Circular and in any event at least 10 Business Days prior to the Purchaser Meeting, voting all such Purchaser Securities (to the extent that they carry the right to vote) in favour of the Purchaser Shareholder Resolution. The Shareholder hereby agrees that it will not take, nor permit any Person on its behalf to take, any action to withdraw, revoke, change, amend or invalidate any proxy or voting instruction form deposited pursuant to this Agreement notwithstanding any statutory or other rights or otherwise which the Shareholder might have unless this Agreement has at such time been previously terminated in accordance with Section 4.1. The Shareholder will provide copies of each such proxy or voting instruction form (or screen shots evidencing electronic voting thereof) referred to above to Gage and the Purchaser at the addresses below concurrently with its delivery as provided for above.

(c) The Shareholder hereby covenants, undertakes and agrees from time to time, until the Expiry Time, to cause to be counted as present for purposes of establishing quorum and to vote (or cause to be voted) all of the Purchaser Securities (to the extent that they carry the right to vote) against any proposed action by any Person which would reasonably be regarded as being directed towards or likely to prevent or delay the successful completion of the Arrangement. If the Shareholder is the beneficial owner, but not the registered holder, of any of its Purchaser Securities, the Shareholder agrees to take all actions necessary to cause the registered holder and any nominees to vote all of its Purchaser Securities in accordance with this Section 3.1(c).

(d) The Shareholder will not, and will ensure that its affiliates do not, directly or indirectly, through any officer, director, employee, representative or agent or otherwise:

(i) solicit proxies or become a participant in a solicitation in opposition to or competition with the Arrangement;

(ii) assist any Person in taking or planning any action that would compete with, restrain or otherwise serve to interfere with or inhibit the Arrangement;

(iii) act jointly or in concert with others with respect to voting securities of the Purchaser for the purpose of opposing or competing with the Arrangement;

(iv) withdraw, amend, modify or qualify, or publicly propose or state an intention to withdraw, amend, modify or qualify support for the transactions contemplated by the Arrangement Agreement; or

(v) cooperate in any way with, assist or participate in, knowingly encourage or otherwise facilitate or encourage any effort or attempt by any other Person to do or seek to do any of the foregoing.

(e) The Shareholder will not: (i) contest in any way the approval of the Arrangement by any Governmental Entity; or (ii) take any other action of any kind, directly or indirectly, in each case which might reasonably be regarded as likely to reduce the success of, or delay or interfere with the completion of, the transactions contemplated by the Arrangement Agreement.

(f) At the request of Gage or the Purchaser, the Shareholder will, and will cause its applicable affiliates and representatives to, use all commercially reasonable efforts in its capacity, and their capacities, as a Purchaser Shareholder to assist the Purchaser and Gage to successfully complete the Arrangement and the other transactions contemplated by the Arrangement Agreement and this Agreement, including, without limitation, cooperating with the Purchaser and Gage to make all requisite regulatory filings.

(g) The Shareholder hereby consents to:

(i) the details of this Agreement being set out in any press release, information circular, including the Purchaser Circular, and court documents produced by the Purchaser and Gage or any of their respective affiliates in connection with the transactions contemplated by this Agreement and the Arrangement Agreement; and

(ii) if so determined by the Purchaser or if required by applicable Law, this Agreement being made publicly available, including by filing on the System for Electronic Document Analysis and Retrieval (SEDAR) operated on behalf of the Securities Authorities.

(h) Except as required by applicable Law, the Shareholder will not, and will ensure that their affiliates and representatives do not, make any public announcement with respect to the transactions contemplated herein or pursuant to the Arrangement Agreement without the prior written approval of Gage and the Purchaser.

3.2 Alternative Transaction

(a) If the Purchaser concludes after the date of this Agreement that it is necessary or desirable to proceed with an alternative transaction structure (including, without limitation, a take-over bid) whereby Purchaser and/or its affiliates would effectively acquire all the Gage Shares or interests of Gage on economic terms and other terms and conditions having consequences to the Shareholder that are substantially equivalent to those contemplated by the Arrangement Agreement (any such transaction is referred to as an "**Alternative Transaction**"), the Shareholder agrees to support the completion of the Alternative Transaction in the same manner as this Agreement provides with respect to the Arrangement, including, by voting or causing to be voted all of the Shareholder's Purchaser Common Shares (to the extent that they carry the right to vote at such meeting) in favour of, and not dissenting from, such Alternative Transaction, as required by applicable Law.

(b) In the event of any proposed Alternative Transaction, any reference in this Agreement to the Arrangement shall refer to the Alternative Transaction to the extent applicable, and all covenants, representations and warranties of each of the Parties in this Agreement shall be and shall be deemed to have been made, mutatis mutandis, in respect of the Alternative Transaction.

ARTICLE 4
GENERAL

4.1 Termination

(a) This Agreement will terminate and be of no further force or effect upon the earliest to occur of:

(i) the mutual agreement in writing of the Shareholder and Gage;

(ii) 5:00 p.m. (Toronto time) on the date, if any, that the Arrangement Agreement is validly terminated in accordance with its terms; and

(iii) the Voting Support Outside Date.

4.2 Time of the Essence

Time is of the essence in this Agreement.

4.3 Effect of Termination

If this Agreement is terminated in accordance with the provisions of Section 4.1, no Party will have any further liability to perform its obligations under this Agreement except as expressly contemplated by this Agreement, and provided that neither the termination of this Agreement nor anything contained in Section 4.1 will relieve any Party from any liability for any breach by it of this Agreement, including from any inaccuracy in its representations and warranties and any non-performance by it of its covenants made herein.

4.4 Equitable Relief

The Parties agree that irreparable harm may occur for which money damages would not be an adequate remedy at Law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to seek injunctive and other equitable relief to prevent breaches of this Agreement, and to enforce compliance with the terms of this Agreement without any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief, this being in addition to any other remedy to which the Parties may be entitled at Law or in equity.

4.5 Capacity

The Purchaser hereby agrees that the Shareholder is not making any agreement or understanding herein in any capacity other than in the capacity as beneficial owner of the Purchaser Securities.

4.6 Waiver; Amendment

Each Party hereto agrees and confirms that any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by all of the Parties or in the case of a waiver, by the Party against whom the waiver is to be effective. No waiver of any of the provisions of this Agreement will constitute a waiver of any other provision (whether or not similar). No waiver will be binding unless executed in writing by the Party to be bound by the waiver. A Party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a Party from any other or further exercise of that right or the exercise of any other right. No waiver of any of the provisions of this Agreement will be deemed to constitute a waiver of any other provision (whether or not similar).

4.7 Entire Agreement

This Agreement constitutes the entire agreement among the Parties with respect to the subject matter hereof and supersedes all prior agreements and understandings among the Parties with respect thereto.

4.8 Notices

Any notice, direction or other communication given regarding the matters contemplated by this Agreement (each a "**Notice**") must be in writing, sent by personal delivery, courier or electronic mail and addressed:

(a) if to Gage at:

Gage Growth Corp.
77 King Street West, Suite 400
Toronto ON M5K 0A1

Attention: [***]
Email: [***]

with a copy (which shall not constitute notice) to:

Dentons Canada LLP
77 King Street West, Suite 400
Toronto ON M5K 0A1

Attention: [***]
Email: [***]

(b) if to the Purchaser at:

TerrAscend Corp.
P.O. Box 43125
Mississauga, ON L5C 1W2

Attention: [***]
Email: [***]

with a copy (which shall not constitute notice) to:

Norton Rose Fulbright Canada LLP
Suite 3300 – 222 Bay Street
P.O. Box 53
Toronto, ON M5K 1E7

Attention: [***]
Email: [***]

(c) to the Shareholder, at the address set out at Schedule A hereto.

Any Notice is deemed to be given and received: (i) if sent by personal delivery, same day courier or email, on the date of delivery if it is a Business Day and the delivery was made prior to 4:00 p.m. (local time in place of receipt) and otherwise on the next Business Day, or (ii) if sent by overnight courier, on the next Business Day. A Party may change its address for service from time to time by providing a Notice in accordance with the foregoing. Any subsequent Notice must be sent to the Party at its changed address. Any element of a Party's address that is not specifically changed in a Notice will be assumed not to be changed. Sending a copy of a Notice to a Party's legal counsel, as contemplated above, is for information purposes only and does not constitute delivery of the Notice to that Party. The failure to send a copy of a Notice to a Party's legal counsel does not invalidate delivery of that Notice to such Party.

4.9 Severability

If any provision of this Agreement is determined to be illegal, invalid or unenforceable by an arbitrator or any court of competent jurisdiction, that provision will be severed from this Agreement and the remaining provisions shall remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

4.10 Successors and Assigns

The provisions of this Agreement will be binding upon and enure to the benefit of the Parties hereto and their respective heirs, administrators, executors, legal representatives, successors and permitted assigns, provided that no Party may assign, delegate or otherwise transfer any of its rights, interests or obligations under this Agreement without the prior written consent of the other Party hereto,.

4.11 Independent Legal Advice

Each of the Parties hereby acknowledges that it has been afforded the opportunity to obtain independent legal advice and confirms by the execution and delivery of this Agreement that they have either done so or waived their right to do so in connection with the entering into of this Agreement.

Each Party will pay its own expenses (including the fees and disbursements of legal counsel and other advisers) incurred in connection with the negotiation, preparation and execution of this Agreement and the transactions contemplated by this Agreement.

4.12 Further Assurances

The Parties hereto will, with reasonable diligence, do all things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this Agreement, and each Party will provide such further documents or instruments required by the other Party as may be reasonably necessary or desirable to effect the purpose of this Agreement and carry out its provisions, whether before or after the Effective Time.

4.13 Counterparts

This Agreement may be executed in any number of counterparts (including counterparts by facsimile) and all such counterparts taken together shall be deemed to constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed facsimile or similar executed electronic copy of this Agreement, and such facsimile or similar executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

[*The remainder of this page has been intentionally left blank.*]

IN WITNESS OF WHICH the Parties have executed this Agreement as at the date first above written.

GAGE GROWTH CORP.

By: _____
Name:
Title:

_____

By: _____
Name:

Schedule A

Owner	Number of Purchaser Common Shares	Number of Purchaser Preferred Shares	Number of Purchaser RSUs	Number of Purchaser Stock Options	Number of Purchaser Warrants

(Print name of Shareholder)

(Place of Residence)

(Print name and title, as applicable)

Address:

Telephone:

Email:

Exhibit 10.2

CERTAIN CONFIDENTIAL INFORMATION (MARKED BY BRACKETS AS "[***]") HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED.

EXECUTION COPY

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF (I) MARCH 10, 2020, AND (II) THE DATE THE ISSUER BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY

CANOPY GROWTH CORPORATION

(the **"Creditor"**)

- and -

TERRASCEND CANADA INC.

(the **"Corporation"**)

AS OF MARCH 10, 2020

DEBENTURE

DEBENTURE

$80,526,000

Effective as of March 10, 2020 (the **"Effective Date"**)

ARTICLE ONE
INTERPRETATION

1.1 **Definitions.**

As used in this Debenture, including the Schedules hereto (if any), unless otherwise defined or unless the context otherwise requires the following terms have the following respective meanings:

(a) **"Affiliates"** has the meaning set out in the *Business Corporations Act (Ontario);* [***]

(b) **"Applicable Law"** means (a) any domestic or foreign statute, law (including common and civil law), treaty, code, ordinance, rule, regulation or by-law (zoning or otherwise); (b) any judgement, order, writ, injunction, decision, ruling, decree or award; (c) any regulatory policy, practice, protocol, guideline or directive; or (d) any franchise, licence, qualification, authorization, consent, exemption, waiver, right, permit or other approval, in each case, of any Governmental Authority and having the force of law, binding on or affecting the Party referred to in the context in which the term is used or binding on or affecting the property of such Party, all of the foregoing as may exist as of the Effective Date or as may be implemented, revised or modified from time to time after the Effective Date;

(c) **"Business Day"** means any day of the year, other than a Saturday, Sunday, legal holiday or any day on which banking institutions are closed in Toronto, Ontario;

(d) **"Canadian Dollars", "Dollars", "$"** or **"Cdn. $"** means the lawful money of Canada;

(e) **"Cannabis"** means all living or dead materials, plants, seeds, plant parts or plant cells from any cannabis species or subspecies (including sativa, indica and ruderalis), including wet and dry material and trichomes. For greater certainty, the definition of Cannabis covers all dried flower produced, whether or not such Cannabis is thereafter converted into an oil, extract or other alternative product;

(f) **"Change of Control"** means (a) any Person or group of Persons (other than [***]), acting jointly or in concert (within the meaning of such phrase in the *Securities Act* (Ontario)) acquires, directly or indirectly, outstanding equity interests of the Corporation which have or represent more than [***]% of the votes that may be cast to elect the directors of the Corporation or other persons charged with the management and direction of the Corporation, (b) any Person or group of Persons [***], acting jointly or in concert (within the meaning of such phrase in the *Securities Act* (Ontario)) acquires the power to direct, or cause the direction of, management, business or policies of the Corporation, whether through the ability to exercise voting power, by contract or otherwise, (c) the Corporation shall cease to own and control, of record and beneficially, directly or indirectly, [***]% of each class of outstanding equity interests of its Subsidiaries (except that the Corporation need not be the owner of record of the equity interests of an indirect Subsidiary), (d) the Parent shall cease to own and control, of record and beneficially, directly or indirectly, [***]% of each class of outstanding equity interests of the Corporation, (e) any Person or group of Persons acting jointly or in concert (within the meaning of such phrase in the *Securities Act* (Ontario)) succeed in having a sufficient number of nominees elected to the board of directors of the Corporation that such nominees, when added to any existing director remaining on the board of directors of the Corporation after such election who is also a nominee of such Person or group of Persons, will constitute a majority of the board of directors of the Corporation, (f) if, at any time, either (i) the Corporation or (ii) the Corporation and the Obligors, taken as a whole, in either case, sell or otherwise dispose of all or substantially all of their assets except as expressly permitted by the other provisions of this Debenture, (g) the Corporation or any other Obligor amalgamates or otherwise merges its business and property with or into any other Person if that amalgamation or merger is not otherwise expressly permitted by the other provisions of this Debenture, or (h) a liquidation, dissolution or winding up of the Corporation or any other Obligor (unless the Obligor has disposed of all of its assets as otherwise permitted by this Agreement); provided that the addition of one or more holding companies above the Corporation but below the Parent so long as the Parent retains beneficial ownership (direct or indirect) of its equity interests in the Corporation shall not constitute a Change of Control;

(g) **"Claim"** means any claim or liability of any nature whatsoever, including any demand, obligation, liability, debt, cause of action, suit, proceeding, judgment, award, assessment or reassessment;

(h) [***] means a mortgage granted in favour of [***] in the amount of $6,500,000 against the Corporation's property located at 3610 Mavis Road, Mississauga, Ontario, L5C 1W2;

(i) **"Collateral"** means any and all assets in respect of which the Creditor has or is intended to have an Encumbrance pursuant to a Security Document;

(j) [***]

(k) **"Confidential Information"** means the terms of this Debenture and the other Transaction Documents and any other information and intellectual property concerning any matters affecting or relating to the business, operations, assets, results or prospects of the Parties, including information regarding plans, budgets, costs, processes and other data, except to the extent that such information has already been publicly released by a Party as allowed herein or that the Party providing such information can demonstrate was previously publicly released by a Person who did not do so in violation or contravention of any duty or agreement;

(l) **"Corporate Records"** means the corporate records of the Corporation and the other Obligors, including in each case (i) all constating documents, articles, by-laws, notice of articles, any shareholders' agreements and any amendments thereto, and (ii) all minutes of meetings and resolutions of shareholders and the board of directors (and any committee thereof);

(m) **"Corporation"** means TerrAscend Canada Inc., a corporation formed under the laws of the Province of Ontario, and its successors and permitted assigns (by amalgamation, merger or otherwise);

(n) **"Corporation Intellectual Property"** has the meaning ascribed to such term in Section 3.3(t)(i);

(o) **"Creditor"** means Canopy Growth Corporation and its successors and assigns;

(p) **"Current Assets"** means [***]

(q) **"Debenture"** means this debenture issued on the date hereof due on the Maturity Date in an aggregate principal amount of $80,526,000, as may be amended, supplemented, otherwise modified, restated or replaced from time to time;

(r) **"EBITDA"** means, at any date of determination, for the last four fiscal quarters of the Corporation for which internal financial statements of the Corporation are available, the consolidated net income of the Corporation determined in accordance with IFRS, plus (a) without duplication and to the extent deducted in determining consolidated net income for such period, the sum of: (i) interest expense and financing charges for such period; (ii) income tax expense for such period; (iii) all amounts attributable to depreciation and amortization expense for such period; (iv) realized and unrealized fair value changes in biological assets for such period; (v) acquisition-related adjustments and transaction costs for such period up to the maximum aggregate amount of $[***] in any fiscal year; (vi) fair value non-cash changes in investments for such period; (vii) fixed asset (non-cash) impairment for such period; (viii) non-cash restructuring costs for such period up to the maximum aggregate amount of $[***] in any fiscal year; (ix) goodwill and intangible asset impairment for such period; (x) unrealized (non-cash) losses incurred in connection with any derivative or hedging transactions including Hedging Obligations for such period; (xi) non-cash share-based payment compensation expense and (xii) unrealized foreign exchange losses for such period; and minus (b) without duplication and to the extent included in consolidated net income for such period, the sum of (i) unrealized (non-cash) gains created in connection with any derivative or hedging transactions including Hedging Obligations for such period; (ii) unrealized foreign exchange gains for such period; (iii) income tax credits for such period; and (iv) non-cash restructuring gains for such period;

(s) **"Effective Date"** has the meaning ascribed to such term on page 1 herein;

(t) **"Encumbrance"** means any lien, charge, hypothec, pledge, mortgage, title retention agreement, covenant, condition, license, security interest of any nature, claim, exception, reservation, easement, encroachment, right of occupation, right-of-way, right-of-entry, matter capable of registration against title, option, assignment, right of pre-emption, royalty, right, pledge, privilege or any other encumbrance or title defect of any nature whatsoever, whether or not registered or registrable and whether or not consensual or arising by any Applicable Law;

(u) **"Environmental Laws"** means all Applicable Laws relating to the protection of human health (as related to exposure to Hazardous Substances) and the environment, including all Applicable Laws pertaining to the reporting, licensing, permitting, transportation, storage, disposal, investigation or remediation of Releases, or threatened Releases, of Hazardous Substances into the air, surface water, groundwater, or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transportation or handling of Hazardous Substances;

(v) **"Event of Default"** has the meaning ascribed to such term in Section 5.1 hereof;

(w) **"Excluded Taxes"** means:

(i) any Governmental Charges imposed on or measured by net income (however denominated), franchise taxes, and branch profits taxes, in each case, (i) imposed on or with respect to the Creditor as a result of the Creditor being organized under the laws of, or having its principal office or its lending office located in, the jurisdiction imposing such Governmental Charges (or any political subdivision thereof) or (ii) that are Other Connection Taxes with respect to the Creditor;

(ii) any Governmental Charges attributable to the Creditor's failure or inability to comply with Section 2.7;

(iii) any withholding taxes imposed pursuant to FATCA; and

(iv) any withholding taxes under Part XIII of the *Income Tax Act* (Canada) that would not have been imposed but for the Creditor (i) not dealing at arm's length (within the meaning of the *Income Tax Act* (Canada)) with the Corporation (other than where the non-arm's relationship arises solely in connection with or as a result of the Creditor having become a party to, received or perfected a security interest under or received or entered, any rights under, this Debenture), or (ii) being a "specified shareholder" (as defined in subsection 18(5) of the *Income Tax Act* (Canada)) of the Corporation or not dealing at arm's length with such a specified shareholder for purposes of the *Income Tax Act* (Canada) (other than where the Creditor is a "specified shareholder", or does not deal at arm's length with a "specified shareholder", solely in connection with or as a result of the Creditor having become a party to, received or perfected a security interest under or received or entered, any rights under, this Debenture);

(x) **"FATCA"** means Sections 1471 through 1474 of the United States Internal Revenue Code as of the date hereof (or any amended or successor provisions that are substantively comparable and not materially more onerous to comply with) and any current or future regulations thereunder or official interpretation thereof, any intergovernmental agreement entered into in respect thereof and any agreements entered into pursuant to Section 1471(b)(1) of the United States Internal Revenue Code (or any amended or successor version that is substantively comparable and not materially more onerous to comply with);

(y) **"Governmental Authorities"** means any municipal, regional, provincial or federal governments and their agencies, authorities, branches, departments, commissions or boards, having or claiming jurisdiction over the Corporation and/or the Corporation's assets including, for greater certainty, Health Canada, and **"Governmental Authority"** shall mean any one of the Governmental Authorities as the context requires;

(z) **"Governmental Charges"** means all taxes, levies, duties, assessments, reassessments and other similar charges and impositions together with all related penalties, interest and fines, due and payable by the Corporation or any other Obligor (as applicable) to any domestic or foreign government (federal, provincial, state, municipal or otherwise) or to any regulatory authority, agency, commission, board or court of competent jurisdiction of any domestic or foreign government;

(aa) **"Guarantee"** means any agreement by which any Person assumes, guarantees, endorses, contingently agrees to purchase or provide funds for the payment of, or otherwise becomes liable upon, the obligation of any other Person, or agrees to maintain the net worth or working capital or other financial condition of any other Person or otherwise assures any creditor of such Person against loss, and shall include any contingent liability under any letter of credit or similar document or instrument, but shall exclude liability arising as a result of the endorsement of cheques in the ordinary course of business;

(bb) **"Guarantor"** means any Subsidiary of the Corporation that executes and delivers to the Creditor a joinder to this Debenture pursuant to which it agrees to guarantee this Debenture;

(cc) **"Hazardous Substances"** means:

(i) any radioactive material;

(ii) any explosive;

(iii) any substance that, if added to any water, would degrade or alter or form part of a process of degradation or alteration of the quality of that water to the extent that it will adversely affect its use by man or by any animal, fish or plant;

(iv) any solid, liquid, gas or odour or combination of any of them that, if emitted into the air, would create or contribute to the creation of a condition of the air that:

A. endangers the health, safety or welfare of individual persons or the health of animal life;

B. interferes with normal enjoyment of life or property; or

C. causes damage to plant life or to property;

(v) any petroleum or petroleum product;

(vi) any toxic substance or other contaminant;

(vii) any substance declared to be hazardous or toxic under any Applicable Law now or hereafter enacted or promulgated by any Governmental Authority having jurisdiction over the Corporation, any other Obligor or their respective properties, assets or interests, including any substance which would be considered a hazardous substance under any Environmental Law; and

(viii) any other substance which is or may become hazardous, dangerous or toxic to individual persons or property, including any asbestos or asbestos-containing material;

but for clarity does not include Cannabis produced or sold in the ordinary course of business.

(dd) **"Hedging Obligations"** means, with respect to any Person, the obligations of such Person under:

(i) currency exchange, interest rate or commodity swap agreements, currency exchange, interest rate or commodity cap agreements and currency exchange, interest rate or commodity collar agreements; and

(ii) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange, interest rates or commodity prices;

(ee) **"IFRS"** means the International Financial Reporting Standards and thereafter, IFRS and its interpretations adopted by the International Accounting Standards Board, or any other accounting standards adopted by the Corporation;

(ff) **"Indebtedness"** of any Person means, without duplication, all obligations of such Person which, in accordance with IFRS, would be classified upon the unconsolidated balance sheet of such Person prepared as at such time as indebtedness for borrowed money, including bank indebtedness, long-term debt, capital lease obligations, indebtedness to Affiliates, interest-bearing liabilities, purchase money indebtedness and other financial indebtedness, but excluding accounts payable, payroll accruals, accruals in respect of normal business expenses and deferred income liabilities;

(gg) **"Insolvency Legislation"** means legislation in any applicable jurisdiction relating to reorganization, arrangement, compromise or re-adjustment of debt, dissolution or winding-up, or any similar legislation, and specifically includes for greater certainty the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the *Winding-Up and Restructuring Act* (Canada) and the United States Bankruptcy Code, and in each case, any legislation similar to or enacted in replacement of the foregoing from time to time;

(hh) **"Intellectual Property"** means all intellectual property which is recognized under the law of any jurisdiction anywhere in the world, whether under common law, by statute or otherwise, whether registered or not, including the following:

(i) patents, reissues, divisions, continuations, continuations-in-part, re-examinations, renewals and substitutes thereof, foreign counterparts of the foregoing, term restorations or other extensions of the term of any issued or granted patents anywhere in the world and extensions of the monopoly right covering a product or service previously covered by any issued or granted patent anywhere in the world for the limited purpose of extending the holder's exclusive right to make, use or sell a particular product or service covered by such patent (such as supplemental protection certificates or the like);

(ii) trade names, trademarks, service names, service marks, business names, product names, brands, logos, and other distinctive indicia of origin, and the goodwill associated with any of the foregoing;

(iii) industrial designs and design patents;

(iv) copyright, and any renewals, extensions and reversions of copyright;

(v) software and fixations thereof;

(vi) uniform resource locators, website addresses, and domain names;

(vii) database rights; and

(viii) any other intangible property and any other intellectual or industrial design or other intangible property rights, whether registered or not, anywhere in the world, and all derivatives of any of the foregoing; and

(ix) applications for registration, registrations and renewals of items (i) through (viii);

(ii) [***]

(jj) **"Investment"** means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of loans (including guarantees of loans), advances or capital contributions (excluding advances to customers and commission, travel and similar advances to officers, employees and consultants, in each case, in the ordinary course of business, and accounts receivable, trade credit and any assets or securities received in satisfaction or partial satisfaction thereof from financially troubled account debtors to the extent reasonably necessary in order to prevent or limit loss and any prepayments and other credits to suppliers made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, equity interests or other securities issued by any other Person and investments that are required by IFRS to be classified on the balance sheet of such Person in the same manner as the other investments included in this definition to the extent such transactions involve the transfer of cash or other property;

(kk) **"Licensed Intellectual Property"** has the meaning ascribed to such term in Section 3.3(t)(ii);

(ll) **"Marijuana"** means "marihuana" as defined in 21 U.S.C 802;

(mm) **"Material Adverse Change"** means any change or event which constitutes a material adverse change in (i) the business, operations, condition (financial or otherwise), assets or properties of the Corporation and the other Obligors, taken as a whole, (ii) the enforceability of this Debenture or any of the other Transaction Documents against the Corporation, (iii) the Corporation's ability to observe, perform or comply with its obligations hereunder or under any of the other Transaction Documents , or (iv)the ability of the Creditor to enforce its rights and remedies hereunder or under any of the other Transaction Documents;

(nn) **"Maturity Date"** means the earliest of (i) March 10, 2030, (ii) the later of (A) March 10, 2025 and (B) the date twenty-four months following the Triggering Event and (iii) the date that all amounts owing hereunder may become due and payable in accordance with the terms hereof;

(oo) **"Obligations"** means all monies and obligations now or at any time and from time to time hereafter owing or payable by the Corporation to the Creditor, including pursuant to this Debenture;

(pp) **"Obligors"** means the Corporation and the Guarantors hereunder from time to time; and **"Obligor"** means any one of them as the context requires;

(qq) **"Other Connection Taxes"** means, with respect to the Creditor, Governmental Charges imposed on the Creditor as a result of a present or former connection between the Creditor and the jurisdiction imposing such Governmental Charges (other than connections arising from the Creditor having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to, or enforced this Debenture);

(rr) **"Parent"** means TerrAscend Corp., a corporation formed under the laws of the Province of Ontario, and its successors and permitted assigns (by amalgamation, merger or otherwise);

(ss) **"Parties"** means the Corporation and the Creditor; and **"Party"** means either one of them;

(tt) **"Permit"** has the meaning assigned to such term in Section 3.3(n);

(uu) **"Permitted Debt"** means:

(i) Indebtedness in favour of the Creditor;

(ii) [***]

(iii) Guarantees of Indebtedness of any Obligor which Indebtedness is otherwise permitted to be incurred hereunder; provided that if the Indebtedness being guaranteed is subordinated to the Debenture, such Guarantee shall be subordinated to the Debenture on terms at least as favourable to the Creditor as those contained in the subordination of such Indebtedness;

(iv) Indebtedness owing to an Obligor;

(v) Indebtedness (A) in respect of PMSIs and capital leases incurred in connection with the purchase or leasing of capital equipment, and (B) incurred by the Corporation or any other Obligor to finance (whether prior to or within 270 days after) the acquisition, lease, construction, repair, replacement or improvement of property (real or personal) or equipment (whether through the direct purchase of assets or the capital stock of any Person owning such assets); in an aggregate principal amount that does not exceed [***] at any one time outstanding;

(vi) Indebtedness incurred in respect of letters of credit, bank guarantees, bankers' acceptances, warehouse receipts or similar instruments issued or created in the ordinary course of business, including in respect of workers compensation claims, health, disability or other employee benefits or property, casualty or liability insurance, or self-insurance, or other Indebtedness with respect to reimbursement-type obligations regarding workers compensation claims;

(vii) [***]

(viii) Indebtedness in connection with cash management obligations and other Indebtedness in respect of netting services, automatic clearinghouse arrangements, overdraft protections, cash pooling arrangements, purchase card and similar arrangements, in each case, in the ordinary course of business, and

(ix) working capital lines, overdraft facilities, cash-pooling agreements or other local lines of credit; in an aggregate principal amount that does not exceed greater of (i) [***] and (ii) [***]% of EBITDA at any one time outstanding;

(x) Indebtedness consisting of (x) take-or-pay obligations of the Corporation or any other Obligor contained in supply arrangements existing as of the date hereof or (y) the financing of insurance premiums;

(xi) obligations in respect of performance, bid, appeal and surety bonds and performance and completion guarantees and similar obligations provided by the Corporation or any other Obligor, in each case, in the ordinary course of business,

(xii) obligations in respect of letters of credit, bank guarantees or similar instruments related thereto in an aggregate principal amount that does not exceed $[***] and (ii) [***]% of EBITDA at any one time outstanding;

(xiii) Indebtedness consisting of obligations owing under any customer or supplier incentive, supply, license or similar agreements;

(xiv) customer deposits and advance payments received from customers for goods and services purchased;

(xv) Hedging Obligations that are not incurred for speculative purposes but (A) for the purpose of fixing or hedging interest rate risk with respect to any Indebtedness that is permitted by the terms of this Indenture to be outstanding; (B) for the purpose of fixing or hedging currency exchange rate risk with respect to any currency exchanges; or (C) for the purpose of fixing or hedging commodity price risk with respect to any commodity purchases or sales and, in each case, extensions or replacements thereof;

(xvi) unsecured Indebtedness in an aggregate principal amount that does not exceed the greater of (i) $[***] and (ii) [***]% of EBITDA at any one time outstanding, provided that the total yield on any such Indebtedness (inclusive of interest and fees payable) is no more than [***]% per annum in the aggregate;

(xvii) operating leases entered into in the ordinary course of business; provided that the obligations over the term of such operating leases and any renewal terms does not exceed $[***] in aggregate at any one time;

(xviii) Indebtedness consented to by the Creditor in writing; and

(xix) all premiums (if any), interest (including post-petition interest, capitalized interest or interest otherwise payable in kind), fees, expenses, charges and additional or contingent interest on obligations described in the foregoing clauses of this definition;

(vv) **"Permitted Encumbrances"** means:

(i) statutory encumbrances not at the time overdue, or which are overdue but the validity of which is being contested in good faith and in respect of which appropriate reserves have been established;

(ii) Encumbrances for taxes, duties and assessments which may be overdue but the validity of which is being contested in good faith and in respect of which appropriate reserves have been established;

(iii) Encumbrances 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 Encumbrances or rights as a permitted encumbrance shall not prejudice the priority of the Creditor's security over such Encumbrances or rights as determined in accordance with Applicable Law);

(iv) any obligations or duties affecting any lands due to any public utility or Governmental Authority with respect to any franchise, grant, licence or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands under government permits, leases or other grants; which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held;

(v) Encumbrances incurred or deposits made in connection with contracts, bids, tenders or expropriation proceedings, or to secure workers' compensation, unemployment insurance or other social security obligations, surety or appeal bonds, costs of litigation when required by law, public and statutory obligations, warehousemen's, carriers' and other similar Encumbrances and deposits;

(vi) Encumbrances given to a public utility or Governmental Authority to secure obligations incurred to such utility, municipality, government or other authority in the ordinary course of business;

(vii) Encumbrances and privileges arising out of judgments or awards in respect of which: an appeal or proceeding for review has been commenced; a stay of execution pending such appeal or proceedings for review has been obtained; and appropriate reserves have been established;

(viii) any mechanic's, labourer's, materialman's statutory or other similar Encumbrance arising in the ordinary course of business or out of the construction or improvement of any lands or arising out of the furnishing of materials or supplies therefor, the action to enforce which has not proceeded to a final judgment;

(ix) undetermined or inchoate Encumbrances incidental to the normal business operations of a company not at the time overdue, or which are overdue but have not been filed against such company or any of its properties pursuant to Applicable Law and the validity of which is being contested in good faith and appropriate reserves have been established;

(x) Encumbrances securing Indebtedness incurred pursuant to clause (v) of the definition of "Permitted Debt";

(xi) Encumbrances securing Hedging Obligations not incurred in violation of this Debenture;

(xii) [***]

(xiii) all instruments registered on title to the property municipally known as 3610 Mavis Road, Mississauga, Ontario as of the Effective Date;

(xiv) [***]

(xv) Encumbrances in favour of an Obligor;

(xvi) Encumbrances in favour of the Creditor; and

(xvii) Encumbrances consented to in writing by the Creditor;

provided that the use of the term **"Permitted Encumbrances"** to describe such interests and Encumbrances shall mean that they are permitted to exist (whether in priority to or subsequent in priority to the Creditor's security, as determined by Applicable Law), and shall not be interpreted as meaning that such interests and Encumbrances are entitled to priority over the Creditor's security;

(ww) [***]

(xx) **"Permitted Investments"** means:

(i) Investments in cash equivalents;

(ii) Investments in any Obligor;

(iii) Investment in connection with [***] and related activities in the ordinary course of business;

(iv) Investments consisting of Permitted Encumbrances, Permitted Debt or Permitted Dispositions;

(v) promissory notes and other non-cash consideration received in connection with Permitted Dispositions;

(vi) Investments in the ordinary course consisting of endorsements for collection or deposit and customary trade arrangements with customers;

(vii) Investments consisting of the licensing or contribution of intellectual property pursuant to joint marketing or other arrangements with other Persons;

(viii) Hedging Obligations permitted under clause (xv) of the definition of "Permitted Debt";

(ix) [***]

(x) to the extent they constitute Investments, transactions permitted by clauses (ii), (vi), (vii) and (ix) of Section 3.2(f);

(xi) other Investments in an aggregate principal amount that does not exceed $[***] at any one time outstanding;

(xii) to the extent that they constitute Investments, purchases and acquisitions of inventory, supplies, materials or equipment or purchases, acquisitions, licenses or leases of other assets, Intellectual Property rights, or other rights, in each case in the ordinary course of business; and

(xiii) [***]

(yy) **"Permitted Sale Leaseback"** means any (i) sale and leaseback of equipment in an aggregate principal amount that does not exceed $[***] at any one time outstanding, and (ii) the sale and leaseback of property within twelve months of the acquisition of such property;

(zz) **"Person"** means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership or other entity;

(aaa) **"PMSI"** means purchase-money security interests as defined in the PPSA;

(bbb) **"PPSA"** means *the Personal Property Security Act* (Ontario), as amended from time to time and any legislation substituted therefor and any amendments thereto;

(ccc) **"Related Party"** has the meaning set out in Multilateral Instrument 61-101 –*Protection of Minority Security Holders in Special Transactions;*

(ddd) **"Release"** includes releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, disposing or dumping, or permitting any of the foregoing to occur;

(eee) **"Security Documents"** means (i) the general security agreement dated on or about the date hereof by the Corporation in favour of the Creditor, and (ii) any other security for the Obligations, as each be amended, supplemented, otherwise modified, restated or replaced from time to time;

(fff) **"Security Interest"** means the pledges, assignments, mortgages, charges, and hypothecations of and the security interests in the Collateral created in favour of the Creditor under the Security Documents;

(ggg) **"Specified Persons"** means the Persons listed on [***] as they same may be amended by the Corporation from time to time with the consent of the Creditor (such consent not to be unreasonably, withheld, conditioned or delayed);

(hhh) **"Subsidiary"** means, as to any particular parent corporation or organization, any other corporation or organization more than 50% of the outstanding voting stock of which is at the time directly or indirectly owned by such parent corporation or organization or by any one or more other entities that are themselves subsidiaries of such parent corporation or organization. Unless otherwise expressly noted herein, the term **"Subsidiary"** means a Subsidiary of the Corporation;

(iii) **"Transaction Documents"** includes this Debenture, the Security Documents and, if held by the Creditor, the Warrant;

(jjj) **"Triggering Event"** means the date that the federal laws of the United States are amended to permit the general cultivation, distribution and possession of Marijuana or to remove the regulation of such activities from the federal laws of the United States;

(kkk) **"United States"** means the United States of America;

(lll) **"U.S. $"** means the lawful money of the United States; and

(mmm) **"Warrant"** means the warrants issued by the Parent to and in favour of the Creditor as of the date hereof, as amended, supplemented, otherwise modified, restated or replaced from time to time.

1.2 **Gender and Number.**

Any reference in this Debenture to gender shall include all genders, and words importing the singular number only shall include the plural and vice versa.

1.3 **Headings, Etc.**

The division of this Debenture into Articles, Sections, Subsections, and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect or be utilized in the construction or interpretation of this Debenture.

1.4 **Currency.**

All references in this Debenture to dollars, unless otherwise specifically indicated, are expressed in the currency of Canada.

1.5 **Severability.**

Any article, section, subsection or other subdivision of this Debenture or any other provision of this Debenture which is, or becomes, illegal, invalid or unenforceable shall be severed from this Debenture and be ineffective to the extent of such illegality, invalidity or unenforceability and shall not affect or impair the remaining provisions hereof or thereof.

1.6 **Governing Law.**

This Debenture shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. For the purpose of legal proceedings, this Debenture shall be deemed to have been made in the said Province and to be performed therein and the courts of that Province shall have

jurisdiction over all disputes which may arise under this Debenture. The Parties hereby irrevocably and unconditionally submit to the non-exclusive jurisdiction of such courts.

1.7 **Interpretation.**

Unless otherwise expressly provided in this Debenture, if any matter in this Debenture is subject to the determination, consent or approval of the Creditor or is to be acceptable to the Creditor, such determination, consent, approval or determination of acceptability will be in the sole discretion of the Creditor, which means the Creditor shall have sole and unfettered discretion, without any obligation to act reasonably. If any provision in this Debenture refers to any action taken or to be taken by the Corporation, or which the Corporation is prohibited from taking, such provision will be interpreted to include any and all means, direct or indirect, of taking, or not taking, such action. When used in the context of a general statement followed by a reference to one or more specific items or matters, the term "including" shall mean "including, without limitation" and the use of the term "includes" shall mean "includes, without limitation".

ARTICLE TWO
PROMISE TO PAY

2.1 **Principal Sum.**

For value received, the Corporation hereby promises to pay to or to the order of the Creditor at the address of the Creditor set forth in Section 6.8(a) hereof (or such other address of the Creditor as may be indicated by the Creditor pursuant to Section 6.8(a) hereof) on the Maturity Date the principal sum of $80,526,000, and the Corporation promises to pay interest thereon pursuant to Section 2.3 hereof.

2.2 **Advances.**

The Corporation shall drawdown the full amount available under this Debenture on the Effective Date. In the event that the Corporation does not so draw down the full amount, the obligation of the Creditor to make any advance (or further advance) hereunder is terminated.

2.3 **Interest.**

(a) Interest shall accrue on the principal sum outstanding from the date hereof both before and after the Maturity Date, default and judgment until actual payment in full at a rate of 6.10% per annum, calculated and payable annually in arrears on the final day of each consecutive twelve-month period during the term of this Debenture commencing on the date that is twelve months from the Effective Date and calculated based on the actual number of days elapsed.

(b) Upon the occurrence of an Event of Default and for so long as such Event of Default shall be continuing, interest shall accrue on the principal sum outstanding at a rate per annum equal to 12.00% calculated and payable as aforesaid.

(c) In the event that a court of competent jurisdiction determines that any provision of this Debenture obligates the Corporation to make any payment of interest, or other amount payable to the Creditor, in an amount, or calculated at a rate, which would be prohibited by Applicable Law or would result in receipt by the Creditor of interest at a rate in excess of the maximum rate permissible under Applicable Law then, notwithstanding such provision, such amount or rate shall be deemed to have been adjusted, with retroactive effect, to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by Applicable Law or so result in receipt by the Creditor of interest at a rate in excess of the maximum rate permissible. Any amount or rate of interest referred to in this Section 2.3 shall be determined in accordance with generally accepted actuarial practices and principles as an effective annual rate of interest over the term that the Debenture remains outstanding, on the assumption that any charges, fees or expenses that fall within the meaning of interest shall, if they relate to a specific period of time, be pro-rated over that period of time and otherwise be pro-rated over the period from the date hereof to the Maturity Date, and, in the event of a dispute, a certificate of an accredited actuary appointed by the Creditor shall be conclusive for the purposes of such determination.

2.4 **Use of Funds.**

The Creditor has agreed to advance to the Corporation the principal sum hereunder on the express condition that such amount shall not be used, directly or indirectly, (i) in connection with or for any Marijuana or Marijuana-related operations of the Corporation or any of its Affiliates in the United States or (ii) by or for any Affiliates of the Corporation involved in Marijuana or Marijuana-related operations in the United States, in each case unless and until such operations are permitted by the federal and applicable state laws of the United States; [***]

2.5 **Voluntary Prepayment.**

The Corporation may from time to time, upon three (3) Business Days' prior written notice to the Creditor, make a prepayment in respect of all or any portion of the principal sum outstanding hereunder, together with any and all accrued interest thereon, in a minimum amount of $1,000,000. This Debenture is non-revolving. For greater certainty, any repayment made on account of the principal sum outstanding hereunder may not be reborrowed.

2.6 **Additional Amounts**

Any and all payments by or on account of any obligation of the Corporation under this Debenture shall be made free and clear of and without deduction or withholding for any Governmental Charges except as required by Applicable Law. If the Corporation is required by Applicable Law to deduct or withhold any Governmental Charges from such payments, then:

(a) (x) the Corporation shall notify the Creditor of any such requirement or any change in any such requirement as soon as reasonably possible prior to the date upon which any such deduction or withholding is to be made and (y) except to the extent that such deduction or withholding is of Excluded Taxes, the amount payable by the Corporation shall be increased so that after all such required deductions or withholdings are made (including deductions or withholdings applicable to additional amounts payable under this Section), the Creditor receives on the due date an amount equal to the amount it would have received had no such deduction or withholding been made, and

(b) the Corporation shall make such deductions or withholdings and pay the full amount deducted or withheld to the relevant Governmental Authorities in accordance with Applicable Law.

2.7 **Additional Amounts Continued**

The Creditor shall, at such times as are reasonably requested by the Corporation, provide the Corporation with any properly completed and executed documentation prescribed by Applicable Law, or reasonably requested by the Corporation, certifying as to any entitlement of the Creditor to an exemption from, or reduction in, any Governmental Charges with respect to any payments to be made to the Creditor under this Debenture. If requested by the Corporation, the Creditor shall, whenever a lapse in time or change in circumstances renders such documentation expired, obsolete or inaccurate in any respect, deliver promptly to the Corporation updated or other appropriate documentation (including any new documentation reasonably requested) or promptly notify the Corporation of its inability to do so. In addition, the Creditor, if reasonably requested by the Corporation, shall deliver such other documentation prescribed by Applicable Law or reasonably requested by the Corporation as will enable the Corporation to determine whether or not the Creditor is subject to backup withholding or information reporting requirements.

ARTICLE THREE
COVENANTS AND REPRESENTATIONS OF THE CORPORATION

3.1 **Positive Covenants.**

So long as this Debenture remains outstanding, the Corporation covenants and agrees that it will and cause each of the other Obligors to:

(a) **Payment and Performance of Obligations.** Duly and punctually pay all sums of money due by it under the terms of this Debenture at the times and places and in the manner provided for by this Debenture and shall duly and punctually perform and observe all other obligations on its part to be performed or observed hereunder at the times and in the manner provided for herein;

(b) **Observation of Covenants.** Duly observe and perform each and every of its covenants and agreements set forth in this Debenture;

(c) **Notice.** Provide the Creditor with prompt written notice of: (i) any event which constitutes, or which, with notice, lapse of time, or both, would constitute an Event of Default hereunder; (ii) the commencement by or against the Corporation or any other Obligor, as the case may be, of any litigation or legal proceedings which if determined adversely to its interest would not be fully covered by insurance or which in the aggregate exceed $[***] in claims; (iii) the occurrence of any event which would constitute, or would be reasonably expected to constitute, a Material Adverse Change; (iv) the commencement by or against the Corporation of any legal proceedings or actions, which if determined adversely to its interest, would be reasonably expected to constitute a Material Adverse Change; (v) any default by the Corporation or any other Obligor, as the case may be, under a contract to which it is a party with a value in excess of $[***]; and (vi) [***]

(d) **Maintenance of Existence & Business Practices.** Do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence and its material rights and franchises. Without limiting the generality of the foregoing, they shall (i) use, operate and maintain all of their property and assets in a reasonable manner and in accordance with good business practice and in a manner which does not impair the Security Interests of the Creditor in such property and assets in any material respect; and (ii) continue to collect all accounts receivable in the ordinary course of their business consistent with past practice;

(e) **Compliance with Laws.**

(i) [***]

(ii) Comply with all Applicable Laws not specified in clause (i) of this Section 3.1(e), except as would not reasonably be expected to cause a Material Adverse Change;

(f) **Approvals.** Use commercially reasonable efforts to obtain all necessary waivers, consents, Permits and approvals required to be obtained by the Corporation and the other Obligors to operate their business, own their assets, and to complete the transactions contemplated by each of the Transaction Documents;

(g) **Taxes.** Pay all material taxes imposed on it, or on its income or profits or its assets, when due and payable, except for any taxes assessed against the Corporation or other Obligors which they are in good faith contesting pursuant to a *bona fide* dispute process and for which reserves required by IFRS have been established;

(h) **Insurance.**

(i) Maintain insurance coverage with responsible insurers, in amounts and against risks reasonably and customarily insured by owners of similar businesses or assets. Promptly on the happening of any loss or damage, the Corporation will do all reasonably necessary acts to enable the Corporation to obtain payment of the insurance monies; in the event such insurance monies are received and not utilized to repair or replace the property losses or damaged or otherwise reinvested in the business of the Corporation within six months of the receipt of such monies, then the Corporation agrees to repay the Obligations in an amount equal to such insurance monies received;

(ii) Provide the Creditor with at least thirty (30) calendar days advance written notice of (A) the cancellation of any insurance policy, and (B) any change in the amount of coverage or type of insurance stipulated above; and

(iii) Ensure that, so long as this Debenture remains outstanding, no insurance coverage is materially altered, cancelled or allowed to lapse;

(i) **Carry on Business.**

(i) Maintain proper books and records (in which full and correct entries shall be made of all financial transactions and the assets and the business of the Corporation and each of the other Obligors in accordance with IFRS);

(ii) Only carry on any business, affairs or operations or maintain any activities in Canada, the United States and any other markets to the extent such business, affairs and operations are lawful under all Applicable Law in such markets or become lawful under all Applicable Law in such markets after the date hereof; and

(iii) Only operate in jurisdictions where it is legal to conduct its operations in such jurisdictions under all Applicable Law;

(j) **Ownership.** Defend their right, title and interest in and to their respective material property and assets against the claims of all other Persons, at their own expense, as well as maintain corporate ownership, direct or indirect, of all of its Subsidiaries (unless disposed in accordance with Section 3.2(a) or Section 3.2(f));

(k) **Minimum Current Assets.** [***]

(l) **Reporting.** Deliver to the Creditor bi-monthly, on the first Business Day of each applicable month, a compliance certificate certified by an executive officer of the Corporation, in the form of Exhibit A hereto;

(m) [***]

(n) **Inspection.** Permit the Creditor and its employees and agents to enter upon and inspect its property, assets, books and records from time to time, (i) prior to an Event of Default which is continuing, at reasonable times during normal business hours and upon reasonable notice not more than once per year; provided that any such inspection shall be at the sole expense of the Creditor and the Creditor agrees to reimburse the Corporation for any out-of-pocket expense (for greater certainty, excluding any amounts related to lost profits or revenues or diminution in value) reasonably incurred by the Corporation or its Affiliates as a result of such inspection, and (ii) following an Event of Default and for so long as it is continuing, at any time with or without notice to the Corporation and at the sole expense of the Corporation; and to permit the Creditor and its employees and agents to examine all computer and other electronic records with respect thereto and to make copies of all books and account and other records;

(o) **Use of Proceeds.** Use the proceeds of the funds advanced hereunder only for the purposes set out in Section 2.4;

(p) **Subsidiaries.** Cause each of its Subsidiaries to provide to the Creditor: (i) a Guarantee in respect of all present and future obligations of the Corporation to the Creditor hereunder (each such Guarantee to be in an unlimited amount); and (ii) security of the same nature required to be provided by the Corporation hereunder; such Guarantees and security to be provided within 30 days of the applicable Person becoming a Subsidiary; and

(q) **Further Assurances.** Provide the Creditor with such other documents, opinions, consents, acknowledgements and agreements as are reasonably necessary to implement this Debenture and perfect and maintain any of the security interests granted to the Creditor pursuant to the security contemplated herein.

3.2 **Negative Covenants.**

At all times, for so long as this Debenture remains outstanding, the Corporation hereby covenants and agrees, that, without the prior written consent of the Creditor, the Corporation shall not, and shall ensure that each other Obligor shall not:

(a) **Amalgamations.** Directly or indirectly, by operation of law or otherwise, amalgamate with, merge with, consolidate with or otherwise combine with, or transfer, convey or otherwise dispose of all or substantially all of the assets of the Obligors, taken as a whole, to, any Person, provided however that such Obligor may merge, consolidate, amalgamate or otherwise continue with, or transfer, convey or otherwise dispose of all or substantially all of the assets of the Obligors, taken as a whole, to, any Person, if (i) such transaction is solely between one or more Obligors, (ii) the entity resulting from such merger, consolidation, amalgamation or other form of combination or the recipient of such transfer, conveyance or other disposition provides written confirmation to the Creditor in form reasonably satisfactory to the Creditor that it has assumed all of the obligations of such Obligor hereunder, (iii) the rights of the Creditor hereunder have not been materially adversely affected by such merger, consolidation, amalgamation or other combination, or such transfer, conveyance or other disposition, (iv) such transaction would not adversely affect the interests of the Creditor hereunder or under any Transaction Document, including the validity or priority of the Creditor's Security Interest, in any material respect, (v) such transaction will not result in any tax being levied on or payable by the Creditor, (vi) a certificate of an executive officer of the Corporation confirming, to the best of the knowledge of the Corporation after due inquiry, items (i), (ii), (iii), (iv) and (v) above, such certificate to be in form and substance reasonably satisfactory to the Creditor; (vii) an opinion of the Corporation's counsel that the entity resulting from such merger, consolidation, amalgamation or other form of combination or the recipient of such transfer, conveyance or other disposition, as applicable, has assumed all of the obligations of such Obligor hereunder, such opinion to be in form and substance reasonably satisfactory to the Creditor, and (viii) no Event of Default shall have occurred and be continuing or will occur as a result of such transaction.

(b) **Indebtedness.** Create, incur, assume or permit to exist any Indebtedness, other than Permitted Debt.

For purposes of determining compliance with this Section 3.2(b), in the event that any proposed Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (i) through (xix) of the definition thereof, the Obligors will be permitted to divide and classify such item of Indebtedness at the time of its incurrence in any manner that meets the criteria of one or more of such clauses. In addition, any Indebtedness originally divided or classified as incurred pursuant to clauses (i) through (xix) of the definition of Permitted Debt may later be re-divided or reclassified by the Obligors in any manner that meets the criteria of one or more of such clauses and will be deemed as having been incurred pursuant to another of such clauses.

(c) **Encumbrances.** Create, incur, assume or permit to exist any Encumbrance on any of their properties or assets (whether now owned or hereafter acquired) except for Permitted Encumbrances;

For purposes of determining compliance with this Section 3.2(c), in the event that any proposed Encumbrance meets the criteria of more than one of the categories of Permitted Encumbrance described in clauses (i) through (xvii) of the definition thereof, the Obligors will be permitted to divide and classify such Encumbrance at the time of its incurrence in any manner that meets the criteria of one or more of such clauses. In addition, any Encumbrance originally divided or classified as incurred pursuant to clauses (i) through (xvii) of the definition of Permitted Encumbrance may later be re-divided or reclassified by the Obligors in any manner that meets the criteria of one or more of such clauses and will be deemed as having been incurred pursuant to another of such clauses.

(d) **Transactions With Related Parties.** Enter into, amend or be a party to any material agreement or transaction with, or make any payment to, any Related Party of the Corporation or the Parent (other than another Obligor) other than (i) agreements, transactions and payments on terms and conditions which are no less favourable to the Corporation or such other Obligor than would be usual and customary in similar agreements, transactions or payments between Persons acting at arm's length with each other, (ii) [***] (iii) [***] (iv) [***] (v) [***] (vi) transactions entered into in the ordinary course of business with joint ventures otherwise not prohibited by this Debenture, and (vii) employment, indemnification, and compensation arrangements (including arrangements made with respect to benefits, bonuses and equity-based awards) entered into in the ordinary course of business and (to the extent such practice has been established) consistent with past practice with members of the board of directors, officers, employees or consultants of an Obligor.

(e) **Change of Corporate Name or Location.** Change its corporate name or change or move its chief executive office, tax residence, principal place of business, corporate offices, warehouses or other locations at which Collateral is held or stored and/or the location of its records concerning the Collateral, without:

(i) providing the Creditor with at least thirty (30) days' prior written notice of their intention to do same; and

(ii) having received the Creditor's written acknowledgement that any reasonable action requested by the Creditor in connection therewith (including to continue the perfection of any Encumbrance in favour of the Creditor in any Collateral) has been completed or taken;

(f) **No Sale of Assets.** Directly or indirectly sell, lease, assign, transfer, convey or otherwise dispose of (whether in one or a series of transactions) its property and assets in excess of $[***] except for (i) dispositions of equipment, fixtures or materials that are worn-out or obsolete or have been replaced and are not required for the conduct by the Corporation or the other Obligors of its business, (ii) dispositions of inventory, (iii) [***], (iv) dispositions of accounts receivable in connection with the collection, compromise or financing thereof, (iv)Permitted Sale Leasebacks, (v) any termination, settlement or extinguishment of Hedging Obligations, (vi) the lease, assignment or sublease of any real or personal property in the ordinary course of business, (vii) the grant in the ordinary course of business of any license of intellectual property, (viii) [***] (ix) [***] (x) dispositions to another Obligor, (xi) a disposition of all or substantially all of the assets of the Obligors, taken as a whole, in accordance with Section 3.2(a), (xii) asset sales disclosed in Schedule F and (xiii) other dispositions with the prior written consent of the Creditor (collectively, "**Permitted Dispositions**");

(g) **Constating Documents.** Amend their articles in any manner which is reasonably likely to result in a Material Adverse Change;

(h) **Nature of Business.** Carry on any business other than the business presently carried on by the Corporation and the other Obligors and any other business reasonably related, complementary or ancillary thereto;

(i) **Dissolution.** Liquidate, wind-up, dissolve themselves (or suffer any liquidation or dissolution), reorganize, make an assignment for the benefit of their creditors or file a petition, answer or consent to seeking a reorganization, take part in a plan of arrangement, or undergo a change of control or similar transaction to any of the foregoing;

(j) **No Sale-Leasebacks.** Directly, or indirectly, enter into any arrangement providing for the sale, assignment, transfer or disposition of any property used in the ordinary course of its business and thereafter rent or lease such property, except for Permitted Sale Leasebacks; and

(k) **Investments.** Make any direct or indirect investment in any Person, whether by acquisition of shares, Indebtedness or other securities, or by loan, guarantee, advance, capital contribution or otherwise, except Permitted Investments.

For the purposes of determining compliance with this Section 3.2(k), (i) an investment need not be permitted solely by reference to one category (or portion thereof) of Permitted Investments described in clauses (i) through (xiii) of the definition thereof but may be permitted in part under any combination thereof that meets the criteria of one or more of such clauses, and (ii) in the event that an Investment (or any portion thereof) meets the criteria of one or more of the categories (or portions thereof) of Permitted Investments described in clauses (i) through (xiii) of the definition thereof, the Obligors shall be entitled to divide, classify or reclassify, or later divide, classify, or reclassify, such investment (or any portion thereof) in any manner that complies (based on circumstances existing at the time of such division, classification or reclassification) with the criteria of one or more of such clauses,

(l) **Operations.**

[***]

[***]

(m) **[***]**

3.3 **Representations and Warranties**

The Corporation hereby represents and warrants to the Creditor that as of the Effective Date:

(a) **No Default.** No default has occurred and is continuing under any agreement to which an Obligor is a party or by which their properties are bound, except as would not reasonably be expected to cause a Material Adverse Change.

(b) **Location.** Schedule A is a list of all addresses at which the Corporation and each of the other Obligors, (i) have their respective chief executive office, head office, registered office and principal place of business, (ii) carry on business, and (iii) store any material tangible personal property (except for goods in transit in the ordinary course of business).

(c) **Status; Corporate Power and Qualification.** Each Obligor:

(i) is a corporation duly incorporated, organized, validly existing and in good standing under the laws of its jurisdiction of incorporation;

(ii) is duly qualified to conduct business and is in good standing in each other jurisdiction where its ownership or lease of property or the conduct of its business requires such qualification;

(iii) has the requisite corporate power and authority and the legal right to own, pledge, mortgage, hypothecate or otherwise encumber and operate its properties and assets, to lease the property it operates under lease and to conduct its business as presently conducted in the jurisdictions in which it currently carries on business;

(iv) is in compliance with its constating documents and by-laws; and

(v) is in compliance with all applicable provisions of Applicable Law, except as would not reasonably be expected to cause a Material Adverse Change.

(d) **Authorization; Execution and Delivery; Approval and Conflict.** The execution, delivery and performance by the Corporation of this Debenture and the other Transaction Documents and the creation of the Encumbrances in favour of the Creditor:

(i) are within each Obligor's corporate power;

(ii) have been duly authorized by all necessary or proper corporate and shareholder action;

(iii) do not contravene any provision of an Obligor's constating documents or bylaws or any resolutions passed by the directors (or any committee thereof) or shareholders of the Corporation or another Obligor;

(iv) do not result in any breach or violation of any statute or any judgment, decree, order, rule, policy or regulation of any court, governmental authority, arbitrator, stock exchange or securities regulatory authority applicable to the Corporation or any other Obligor or any of their respective properties or assets;

(v) do not conflict with or result in the breach or termination of, constitute a default under or accelerate or permit the acceleration of any performance required by, any indenture, mortgage, deed of trust, lease, agreement or other instrument to which any Obligor is a party or by which any Obligor or any of their respective property or assets is bound; and

(vi) do not require the consent, approval, authorization, order or agreement of, or registrations or qualification with any Governmental Authority or any other Person (except as have been obtained).

(e) **Validity of Agreements.** Each of the Debenture and the other Transaction Documents has been duly executed and delivered by the Corporation and constitutes a legal, valid and binding obligation of the Corporation enforceable against it in accordance with its terms, subject only to:

(i) applicable bankruptcy, insolvency, liquidation, reorganization, reconstruction, moratorium laws or similar laws affecting creditors' rights generally; and

(ii) the fact that the availability of equitable remedies, such as specific performance and injunctive relief, are in the discretion of a court and may not be available where damages are considered an equitable remedy.

(f) **Taxes and Filings.** All material tax returns, reports and statements, including information returns, required by any governmental authority to be filed by the Obligors have been filed with the appropriate governmental authority and all such returns are true, complete and correct in all material respects, and all material Governmental Charges have been paid prior to the date on which any fine, penalty, interest or late charge may be added thereto for non-payment thereof (or any such fine, penalty, interest, late charge or loss has been paid). Proper and accurate amounts have been withheld by each of the Obligors from payments to their respective employees, customers and other applicable payees for all periods in full as required by all Applicable Laws and such withholdings have been timely paid to the respective governmental authorities. No audit, action, investigation, deficiencies, litigation, proposed adjustments or other matters in controversy exist or have been asserted or threatened with respect to Governmental Charges of any Obligor, and neither the Corporation nor any other Obligor is a party to any action or proceeding for assessment or collection of Governmental Charges and no such event has been asserted or, to the knowledge of the Corporation, threatened against any Obligor or any of their respective assets, except in each case where such deficiencies or other matters, actions or proceedings would not reasonably be expected to cause a Material Adverse Change. There are no currently effective material elections, agreements or waivers extending the statutory period or providing for an extension of time with respect to the assessment or reassessment of any Governmental Charges, or of the filing of any return or any payment of Governmental Charges by any Obligor

(g) **Valid Issuance of Debenture.** This Debenture will be duly and validly created and issued, and will be free of restrictions on transfer other than restrictions on transfer set forth in the Debenture and under applicable securities legislation.

(h) **Corporate Records.** The Corporate Records of each of the Obligors are complete and accurate in all material respects. Without limiting the generality of the foregoing: (i) the minute books contain, in all material respects, complete and accurate minutes (or drafts thereof) of all meetings of the directors and shareholders of each of the Obligors and all such meetings were duly called and held; (ii) the minute books contain all written resolutions passed by the directors and shareholders of each of the Obligors and all such resolutions were duly passed; and (iii) the registers of directors and officers of each of the Obligors are complete and accurate.

(i) **Restrictive Agreements.** Neither the Corporation nor any other Obligor is subject to any restriction under its constating documents or is party or subject to any material Claim, Encumbrance, contract, instrument or other agreement which would prevent (i) the consummation of the transactions contemplated by this Debenture or the other Transaction Documents, (ii) compliance by any Obligor with the terms, conditions and provisions of this Debenture or the other Transaction Documents, as applicable, or (iii) any Obligor from carrying on its business as currently conducted after the date hereof.

(j) **No Material Adverse Change.** Since September 30, 2019, there has been no Material Adverse Change.

(k) **Financial Statements.** The audited consolidated financial statements for the Parent for the year ended December 31, 2018 and the fiscal quarters ended March 31, 2019, June 30, 2019 and September 30, 2019, together with the auditors' report thereon and the notes thereto, have been prepared in accordance with IFRS on a basis consistent with prior periods (except as disclosed in such consolidated financial statements) and present fairly and correctly in all material respects the financial condition and position and results of operations and cash flows of the Parent on a consolidated basis as at the date thereof.

(l) **Compliance with Contracts.** Except for matters that would not, individually or in the aggregate, reasonably be expected to cause a Material Adverse Change, (i) no Obligor nor, to the knowledge of any Obligor, any third party is in breach or default of any contract, instrument or other agreement to which it is a party and (ii) no event has occurred which, with notice or lapse of time or both, would constitute such a default or breach.

(m) **Accounting Controls.** The Corporation maintains a system of internal accounting controls sufficient to provide reasonable assurance that in all material respects transactions are executed in accordance with management's general or specific authorization, transactions are recorded as necessary to permit preparation of financial statements in conformity with IFRS and to maintain accountability for assets and access to assets is permitted only in accordance with management's general or specific authorization.

(n) **Compliance with Laws, Licenses and Permits.** Each of the Obligors (i) has conducted and is conducting its business in compliance in all material respects with all Applicable Laws of each jurisdiction in which it carries on business (other than any Canadian jurisdiction), (ii) except as would not reasonably be expected to cause a Material Adverse Change, has conducted and is conducting its business in compliance in all material respects with all Applicable Laws of each jurisdiction in which it carries on business in Canada, and (iii) possesses or will possess all material approvals, consents, certificates, registrations, authorizations, permits and licenses issued by the appropriate provincial, state, municipal, federal or other regulatory agency or body necessary to carry on its business as currently conducted or contemplated to be conducted (collectively, the "**Permits**"). Each of the Obligors is in compliance in all material respects with the terms and conditions of all such Permits and neither the Corporation nor any of the other Obligors has received any notice of the material modification, revocation or cancellation of, or any intention to materially modify, revoke or cancel or any proceeding relating to the modification, revocation or cancellation of any such Permit.

(o) **Environmental.**

(i) Each Obligor has conducted, and is conducting, its business in compliance in all material respects with Environmental Laws.

(ii) None of the properties owned or leased by any Obligor has been used to generate, manufacture, refine, treat, recycle, transport, store, handle, dispose, transfer, produce or process Hazardous Substances except in compliance in all material respects with all Environmental Laws.

(iii) No Obligor has caused or permitted the release of any Hazardous Substances at, in, on, under or from any property owned or leased by any Obligor except in compliance in all material respects with all Environmental Laws.

(iv) All Hazardous Substances handled, recycled, disposed of, treated or stored on or off-site of any of the properties owned or leased by any Obligor have been handled, recycled, disposed of, treated and stored in material compliance with all Environmental Laws and, to the knowledge of each Obligor, there are no Hazardous Substances at, in, on, under or migrating from any of the aforementioned properties except in material compliance with all Environmental Laws.

(v) Each Obligor is in possession of all required environmental approvals (all of which are being complied with in all material respects) required to own, lease, operate, develop and exploit the properties (as and when acquired) and conduct its business as it is now being conducted.

(vi) No environmental, reclamation or abandonment obligation or work orders or other liabilities presently exist with respect to any portion of the properties owned or leased by any Obligor and, to the knowledge of the Obligors, there is no basis for any such obligations or liabilities to arise in the future as a result of any activity on any of these properties owned or leased by any Obligor.

(vii) Neither the Corporation nor any other Obligor has received from any person or Governmental Authority any notice, formal or informal, of any proceeding, action or other claim, liability or potential liability arising under any Environmental Law that is pending which would be likely to result in any material action being taken by any Governmental Authority or any other person.

(p) **Assets.** Each Obligor own or otherwise hold good and valid legal title to, or hold a valid leasehold interest in, all material assets and properties that are required to conduct the business and operations of each Obligor as presently conducted, and there are no Encumbrances on any such assets or properties that would, individually or in the aggregate, materially detract from the value of any such assets or properties or materially and adversely impact the normal use and operation thereof by each Obligor in the ordinary course of business.

(q) **Employment and Labour Matters.**

(i) No Obligor is a party to or bound or governed by, or subject to, or has any liability with respect to (i) any collective bargaining or union agreement or other similar arrangement with any labour union or employee associate, or any actual or, to the knowledge of the Corporation, threatened application for certification or bargaining rights in respect of any Obligor or (ii) any labour dispute, work stoppage or slowdown, strike or lock-out relating to or involving any employees of any Obligor.

(ii) Each of the Obligors has operated in material compliance with all Applicable Laws with respect to employment and labour in all material respects, including employment and labour standards, occupational health and safety, employment equity, pay equity, workers' compensation, human rights, labour relations and privacy and, except for proceedings that would not reasonably be expected to have a Material Adverse Change, there are no current, pending or, to the knowledge of the Corporation, threatened proceedings by or before any Governmental Authority with respect to any such matters.

(iii) Each material plan for retirement, bonus, stock purchase, profit sharing, stock option, deferred compensation, severance or termination pay, insurance, medical, hospital, dental, vision care, drug, sick leave, disability, salary continuation, legal benefits, unemployment benefits, vacation, pension, incentive or otherwise contributed to, or required to be contributed to, by any Obligor for the benefit of any current or former officer, director, employee or consultant of any Obligor has been maintained in material compliance with the terms thereof and with the requirements prescribed by any and all statutes, orders, rules, policies and regulations that are applicable to any such plan.

(r) **Insolvency.** Neither the Corporation nor any Obligor has admitted in writing that it is, or has been declared to be, insolvent or unable to pay its debts. Neither the Corporation nor any Obligor has committed an act of bankruptcy or sought protection from its creditors before any court or pursuant to any legislation, proposed a compromise or arrangement to its creditors generally, taken any proceeding with respect to a compromise or arrangement, taken any proceeding to be declared bankrupt or wound up, taken any proceeding to have a receiver appointed of any of its assets, had any person holding any Encumbrance, charge, hypothec, pledge, mortgage, title retention agreement or other security interest or receiver take possession of any of its property, had an execution or distress become enforceable or levied upon any portion of its property or had any petition for a receiving order in bankruptcy filed against it.

(s) **[***]**

(t) **Intellectual Property.**

(i) **Ownership.** Other than Licensed Intellectual Property, the Corporation owns all right, title and interest in and to all Intellectual Property used in and necessary to conduct the business of the Corporation as currently conducted or contemplated to be conducted by the Corporation (the "**Corporation Intellectual Property**"), free and clear of any Encumbrances (other than Permitted Encumbrances). The Corporation Intellectual Property is fully transferable, alienable and licensable by the Corporation without restriction. No Person, including any employee, former employee or current or former consultant of the Corporation has an interest in or right to use any portion of the Corporation Intellectual Property. Other than Licensed Intellectual Property, the Corporation's products and services contain no Intellectual Property in which any third party may claim superior, joint or common ownership. The Corporation does not have an obligation to grant any Person any licenses or other rights in or to the Corporation Intellectual Property. All Persons who have created material Corporation Intellectual Property in which copyright subsists have waived their moral rights in favour of the Corporation.

(ii) **Registration and Use.** All registered Intellectual Property owned by the Corporation is valid, subsisting, enforceable and in full force and effect. The Corporation has not used or enforced, or failed to use or enforce, or taken any other action with respect to any Corporation Intellectual Property that could limit its validity or enforceability or result in its invalidity or full or partial cancellation.

(iii) **Licences.** The Corporation has a licence to use any Intellectual Property used in the Corporation's business that is not Corporation Intellectual Property (the "**Licensed Intellectual Property**"). To the Corporation's knowledge, all Licensed Intellectual Property is valid, subsisting and enforceable. All contracts under which the Licensed Intellectual Property is licensed to the Corporation are in full force and effect and the Corporation is not in breach of any provision of any such contract.

(iv) **Oppositions, etc.** There is no interference, opposition, cancellation, reexamination or other contest, proceeding, hearing, investigation, charge, complaint, demand, or dispute pending, threatened or previously threatened against the Corporation Intellectual Property. No Governmental Authority has disputed, as of the date hereof, the Corporation's right to register or maintain registration of any Corporation Intellectual Property where the Corporation has applied for such registration, except where such dispute has been resolved in favour of issuing or continuing such registration.

(v) **No infringement.** The Corporation has not received written notice of any claim or allegation by any Person that the Corporation has infringed, or that the operation of the business (including the use of the Corporation Intellectual Property and Licensed Intellectual Property), infringes upon, misappropriates, depreciates, or violates, any Intellectual Property or other rights (including privacy and publicity rights) of any other Person or constitutes unfair competition or trade practices under the laws of Canada or the United States and the Corporation is not aware of any facts that would be a reasonable basis therefor. No Person has questioned the right of the Corporation to unconditionally use, possess, transfer, distribute or otherwise dispose of any Corporation Intellectual Property.

(vi) **No infringement by Third Parties.** No other Person has infringed, misappropriated, depreciated, violated or made unauthorized use of the Corporation Intellectual Property or the Corporation's Confidential Information.

(vii) **Full Rights and Effect of Transactions.** The Corporation's rights in the Corporation Intellectual Property and the Licensed Intellectual Property will not be adversely affected as a result of or in connection with the execution and delivery of this Debenture or any of the other Transaction Documents.

(viii) **Unregistered rights.** To the Corporation's knowledge, there is no fact or circumstance which would prevent the Corporation's unregistered copyrights, trade-marks or other source identifiers from being registered in Canada or the United States.

(ix) **Viruses, etc.** The Corporation has taken all actions which a reasonably prudent Person in a similar industry would take to protect against the existence of any so-called computer viruses, worms, trap or back doors, Trojan horses or other instructions, codes, programs, data or materials which could improperly, wrongfully and/or without the authorization of the Corporation, interfere with the operation or use of the Corporation's computer systems.

(x) **Privacy.** The Corporation is in compliance with all Applicable Laws relating to the privacy of individuals and the protection and disclosure of personal information.

(u) **Accuracy of Disclosure.** All written and factual information previously or contemporaneously furnished to the Creditor by or on behalf of the Corporation for purposes of or in connection with this Debenture, the other Transaction Documents or any transaction contemplated hereby or thereby, is true and accurate in every material respect and such information is not incomplete by the omission of any material fact necessary to make such information not misleading; [***]

3.4 **Survival of Representations and Warranties**

The representations and warranties of the Corporation contained in this Debenture and in all certificates delivered pursuant to or contemplated by this Debenture will survive the execution of this Debenture.

ARTICLE FOUR
CONDITIONS PRECEDENT

4.1 **Conditions Precedent to Advance**

The obligation of the Creditor to make the advance under this Debenture will be subject to the completion of each of the following conditions precedent to the satisfaction of the Creditor:

(a) the execution and delivery of each of the Transaction Documents to which it is a party by the Corporation and the Parent in form and substance satisfactory to the Creditor;

(b) the Corporation shall have obtained and provided evidence to the Creditor of approval of the Canadian Securities Exchange;

(c) the Corporation shall have delivered an officer's certificate attaching certified copies of its constating documents, a certificate of incumbency and certified directors' resolutions of the Corporation authorizing the transactions contemplated hereby;

(d) the Creditor shall be in receipt of all customary legal opinions in form and substance satisfactory to the Creditor;

(e) confirmation that no default or event of default exists under any of the Transaction Documents;

(f) all required filings and registrations shall have been made which, in the reasonable opinion of the Creditor's counsel, are required to make effective the Security Interest created or intended to be created by the Obligors in favour of the Creditor and to ensure the perfection and priority of the Security Interest; and

(g) such other documents, information and deliveries as may be reasonably required by the Creditor.

ARTICLE FIVE
EVENTS OF DEFAULT

5.1 **Events of Default.**

The occurrence of any of the following events shall constitute an "Event of Default" under this Debenture:

(a) if a default occurs, which continues and has not been waived after the passage of any applicable cure period, under (A) any agreement or instrument evidencing Indebtedness of the Corporation having a principal amount in excess of $[***], or (B) [***] and in either case, such default would permit the holder or holders of such Indebtedness to cause, with the giving of notice if required, (x) such Indebtedness to become due or to be repurchased, prepaid, defeased or redeemed, or (y) a mandatory offer to repurchase, prepay, defease or redeem such Indebtedness to be made prior to the maturity of such Indebtedness;

(b) if the Corporation fails to pay (i) any principal when due, or (ii) any interest or any other amounts payable under this Debenture or any Security Document within thirty (30) days after the date such interest or other amount is due;

(c) if any representation or warranty contained in this Debenture or any other Security Document is false or incorrect in any material respect when made, subject in the case of representations and warranties that are capable of being cured, to a grace period of thirty (30) days following the Corporation's receipt of written notice of the inaccuracy of the representation or warranty;

(d) if the Corporation fails to perform or comply with any covenant or obligations contained in this Debenture or any Security Document which is not remedied within forty-five (45) days after written notice thereof is given to the Corporation by the Creditor;

(e) if any Obligor becomes insolvent (as such term is defined pursuant to Insolvency Legislation); makes an assignment for the benefit of creditors, files a petition in bankruptcy or makes a proposal under Insolvency Legislation; admits the material allegations of any petition filed against it in any proceeding under Insolvency Legislation; commits an act of bankruptcy within the meaning of Insolvency Legislation; petitions or applies to any tribunal or court for the appointment of any receiver, trustee or similar liquidator of it or all or a substantial part of its assets; commences a proceeding pursuant to Insolvency Legislation (other than mergers, amalgamations, arrangements and reorganizations, in each case permitted by the *Canada Business Corporations Act* or other similar corporate statute and expressly permitted hereunder); is wound-up, dissolved or liquidated or has its existence terminated unless in conjunction with a bona fide corporate reorganization not prohibited hereby in which a successor of the Person will succeed to its obligations and enter into an agreement with the Creditor to that effect or takes any action for the purpose of effecting any of the foregoing;

(f) if any petition shall be filed or other proceeding commenced in respect of any Obligor or all or a substantial portion of its property under any Insolvency Legislation; including a proceeding requesting an order approving a reorganization of any Obligor (other than mergers, amalgamations, arrangements and reorganizations, in each case permitted by the *Canada Business Corporations Act* or other similar corporate statute and expressly permitted hereunder), declaring any Obligor bankrupt, or appointing a receiver, trustee or liquidator of any Obligor or of all or a substantial part of its assets, and (i) such Obligor shall not in good in faith be actively and diligently contesting and defending such proceeding in good faith and on reasonable grounds (provided further that in the opinion of the Creditor acting reasonably, the existence of such proceeding does not materially adversely affect the ability of such Obligor to carry on its business and to perform and satisfy its obligations under the Transaction Documents) or (ii) such petition or proceeding shall not be abandoned, dismissed or permanently stayed within a period of 30 days from the date of filing or commencement thereof;

(g) if the Corporation ceases to carry on business;

(h) if any judgment or judgments for the payment of money in excess of $[***] is obtained or entered against the Corporation or any other Obligor and remain unpaid or unstayed for 30 days; [***]

(i) if there is a Change of Control;

(j) if the Corporation is required to pay, repay, prepay or otherwise retire prior to its maturity date any of its Indebtedness (after the passage of any applicable cure period) having a principal amount in excess of $[***];

(k) if any Security Document ceases for any reason to be valid, binding and in full force and effect or any Encumbrance created by any Security Agreement ceases to be enforceable and of the same effect and priority purported to be created thereby, other than as expressly permitted hereunder or thereunder;

(l) if the Corporation is notified by Health Canada that Health Canada has revoked or suspended its license to cultivate, process or sell Cannabis, [***]

(m) any Person takes possession of any material property of an Obligor by way of or in contemplation of enforcement of security, or a distress or execution or similar process is levied or enforced against any such property, and such possession continues in effect and is not released, satisfied, vacated, stayed, or discharged within thirty (30) days or such longer period during which entitlement to the use of such property continues with the applicable Obligor and such Obligor is contesting such possession in good faith and by appropriate proceedings;

(n) if the Cannabis Act is repealed and not replaced with similar legislation.

Upon the occurrence of an Event of Default described in clause (e), (f) or (g) above, all obligations of the Corporation to the Creditor shall become immediately due and payable, without the necessity of any demand upon or notice to the Corporation by the Creditor, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Corporation. Upon the occurrence and during the continuance of any other Event of Default, the Creditor may by written notice delivered to the Corporation declare all obligations of the Corporation to the Creditor to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Corporation. Without limiting the generality of the forgoing, upon the occurrence and during the continuance of any such Event of Default, the Creditor shall also be entitled, concurrently with the making of any demand for payment hereunder, to realize upon and enforce any and all of the Security Documents and proceed by any other action, remedy or proceeding authorized or permitted by this Agreement, such other Security Documents or at law or in equity. The rights and remedies of the Creditor hereunder and under the other Transaction Documents are cumulative and in addition to and not in substitution for any rights or remedies provided at law.

5.2 **Rights of the Creditor**

The Creditor, without exonerating in whole or in part the Corporation, may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities from and give the same and any or all existing securities up to, may abstain from taking securities from or from perfecting securities of, may accept compositions from, and may otherwise deal with the Corporation and all other Persons and securities as the Creditor may see fit.

Nothing herein shall obligate the Creditor to extend or amend any credit to the Corporation or to any other Person.

No failure to exercise and no delay in exercising, on the part of the Creditor, any right, remedy, power or privilege hereunder or under the other Transaction Documents shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

ARTICLE SIX
GENERAL

6.1 **Indemnity.**

(a) The Corporation shall indemnify the Creditor, any receiver appointed by the Creditor, and their respective officers, directors, advisors, legal counsel, employees and representatives (each, an "**Indemnified Party**") in connection with all claims, losses, and expenses that an Indemnified Party may suffer or incur in connection with (a) the exercise by the Creditor or any receiver of any of its rights under this agreement, (b) any breach by the Corporation of the representations or warranties of the Corporation contained in this agreement, or (c) any breach by the Corporation of, or any failure by the Corporation to observe or perform, any of the Obligations, except that the Corporation will not be obliged to indemnify any Indemnified Party to the extent those claims, losses, and expenses are determined by a final judgment to have directly resulted from the wilful misconduct or gross negligence of the Indemnified Party or its agents.

(b) The Creditor will be constituted as the trustee of each Indemnified Party, other than itself, and shall hold and enforce each of the rights of the other Indemnified Parties under this section for their respective benefits.

6.2 **Waiver.**

No act or omission by the Creditor in any manner whatever shall extend to or be taken to affect any provision hereof or any subsequent breach or default or the rights resulting therefrom save only an express waiver in writing. No waiver of any of the provisions of this Debenture shall be deemed to constitute a waiver of any other provisions (whether or not similar), nor shall such waiver constitute a waiver or continuing waiver unless expressly provided in writing duly executed by the party to be bound thereby. A waiver of default shall not extend to, or be taken in any manner whatsoever to affect the rights of the Creditor with respect to any subsequent default, whether similar or not. The Corporation waives every defence based upon any or all indulgences that may be granted to the Creditor.

6.3 **No Merger or Novation.**

Neither the taking of any judgment nor the exercise of any power of seizure or sale shall operate to extinguish the liability of the Corporation to pay the moneys owing hereby nor shall the same operate as a merger of any covenant herein contained or of any other Obligation, nor shall the acceptance of any payment or security constitute or create any novation.

6.4 **Confidentiality.**

(a) All Confidential Information shall be treated as confidential by the Parties and shall not be disclosed to any other Person other than in circumstances where a Party has an obligation to disclose such information in accordance with Applicable Law, in which case, such disclosure shall only be made after consultation with the other Parties (if reasonably practicable and permitted by Applicable Law).

(b) In the event that a Party hereto determines that a public announcement or other disclosure of the transactions contemplated hereby (each an "**Announcement**") becomes necessary under Applicable Law, it will provide notice to the other Party as soon as reasonably possible, and, subject to the Parties' timely disclosure obligations, shall not release such Announcement until the form and content of the Announcement is approved by the other Party acting reasonably.

(c) Notwithstanding the foregoing, each of the Parties acknowledges and agrees that:

(i) the Creditor shall be permitted to disclose all required information in connection with the Transaction Documents as may be required under applicable securities laws;

(ii) each of the Creditor and the Corporation may disclose Confidential Information to:

A. a person providing financing or funding to the Corporation or the Creditor, as applicable, together with such prospective financier's consultants and advisors (financial and legal); and

B. any prospective purchaser of the Creditor's interest under this Debenture, together with such prospective purchaser's financiers, consultants and advisors (financial and legal),

so long as, in each case, prior to receiving any such information the recipient enters into a confidentiality agreement with the disclosing Party pursuant to which the recipient provides a confidentiality undertaking in favour of the Corporation and the Creditor to maintain the confidentiality of the Confidential Information in a manner consistent with this Debenture; and

(iii) each of the Parties may disclose Confidential Information to their respective directors, officers and employees (and the directors, officers and employees of their respective Affiliates) and the directors, officers, partners or employees of any financial, accounting, legal and professional advisors of such Party and its Affiliates, as well as any contractors and subcontractors of such Party, provided that each of such individuals to whom Confidential Information is disclosed is advised of the confidentiality of such information and is directed to abide by the terms and conditions of this Section 6.4.

The provisions of this Section 6.4 shall apply indefinitely.

6.5 **Amalgamation.**

The Corporation acknowledges that if it amalgamates with any other corporation or corporations (a) the term "Corporation", 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.

6.6 **Creditor May Remedy Default.**

If the Corporation fails to do anything hereby required to be done by it, the Creditor may, but shall not be obliged to, do all or any such things, and all sums thereby expended by the Creditor shall be payable forthwith by the Corporation, shall be secured by the Security Documents and shall have the benefit of the lien created thereby, but no such performance by the Creditor shall be deemed to relieve the Corporation from any default or Event of Default hereunder.

6.7 **Discharge and Satisfaction.**

Upon payment or satisfaction in full by the Corporation to the Creditor of all moneys owing hereunder, these presents shall cease and become null and void, but the Creditor shall upon the request of the Corporation, execute and deliver to the Corporation a full release and discharge.

6.8 **Notices.**

All notices, requests, demands or other communications (collectively, "**Notices**") by the terms hereof required or permitted to be given by one Party to the other Party, or to any other Person shall be given by e-mail as the primary and required form of notice with return receipt confirmed and, as a supplemental form of notice only, in writing by personal delivery or by registered mail, postage prepaid, or by facsimile transmission to such other party at:

(a) to the Creditor at:

Canopy Growth Corporation
1 Hershey Drive
Smiths Falls, Ontario
K7A 0A8

Attention: Phil Shaer
Email: [***]

with a copy to:

Cassels Brock & Blackwell LLP
40 King Street West, Suite 2100
Toronto, Ontario
M5H 3C2

Attention: Jonathan Sherman
Email: jsherman@cassels.com

(b) to the Corporation at:

TerrAscend Canada Inc.
PO Box 43125
Mississauga, Ontario
L5B 4A7

Attention: Brian Feldman, General Counsel
Email: [***]

with a copy to:

Bennett Jones LLP
One First Canadian Place, Suite 3400
Toronto, Ontario
M5X 1A4

Attention: Aaron Sonshine
Email: sonshinea@bennettjones.com

or at such other address as may be given by such Party to the other Party hereto in writing from time to time. All such Notices shall be deemed to have been received when delivered or transmitted, or, if mailed, seventy-two (72) hours after 12:01 a.m. on the day following the day of the mailing thereof. If any Notice shall have been mailed and if regular mail service shall be interrupted by strikes or other irregularities, such Notice shall be deemed to have been received seventy-two (72) hours after 12:01 a.m. on the day following the resumption of normal mail service, provided that during the period that regular mail service shall be interrupted, all Notices shall be given by Personal delivery,

by facsimile transmission or by e-mail.

6.9 **Invalidity of any Provisions.**

Any provision of this Debenture which is prohibited by the laws of any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition without invalidating the remaining terms and provisions hereof or thereof and no such invalidity shall affect the obligation of the Corporation to repay the Obligations. This Debenture and all its provisions shall enure to the benefit of the Creditor, its successors and assigns and shall be binding upon the Corporation, its successors and assigns. Presentment, notice of dishonour, protest and notice of protest hereof are hereby waived.

6.10 **Amendments.**

This Debenture may only be amended by written agreement signed by each of the Parties hereto.

6.11 **Entire Agreement.**

This Debenture sets forth the entire understanding of the Parties with respect to the subject matter hereof and supersedes all existing agreements between them concerning such subject matter.

6.12 **Assignments.**

The Creditor may, subject to Applicable Law, assign, transfer or deliver all or any portion of the Debenture, the other Transaction Documents and its rights and obligations hereunder and thereunder without the consent of the Corporation or the Parent, as applicable, to any Person other [***]. The Corporation may not assign, transfer or deliver all or any portion of the Debenture and its rights and obligations hereunder without the consent of the Creditor.

6.13 **No Notice of Trust.**

The Creditor or its legal representative will be regarded as exclusively entitled to the benefit of this Debenture and all persons may act accordingly and the Corporation shall not be bound to enter in the register notice of any trust or, except as by some court of competent jurisdiction ordered, to recognize any trust or equity affecting the title to this Debenture.

6.14 **Judgment Currency.**

(a) If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due to the Creditor in any currency (the "**Original Currency**") into another currency (the "**Other Currency**"), the Parties agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which, in accordance with normal banking procedures, the Creditor could purchase the Original Currency with the Other Currency on the Business Day preceding the day on which final judgment is given or, if permitted by Applicable Law, on the day on which the judgment is paid or satisfied.

(b) The Obligations of the Corporation in respect of any sum due in the Original Currency from it to the Creditor under this Debenture shall, notwithstanding any judgment in any Other Currency, be discharged only to the extent that on the Business Day following receipt by the Creditor of any sum adjudged to be so due in the Other Currency, the Creditor may, in accordance with normal banking procedures, purchase the Original Currency with such Other Currency. If the amount of the Original Currency so-purchased is less than the sum originally due to the Creditor in the Original Currency, the Corporation agrees, as a separate obligation and notwithstanding the judgment, to indemnify the Creditor, against any loss, and, if the amount of the Original Currency so purchased exceeds the sum originally due to the Creditor in the Original Currency, the Creditor shall remit such excess to the Corporation.

6.15 **Further Assurances.**

The Corporation shall, and shall cause each other Obligor to, at the Corporation's expense and upon request of the Creditor, duly execute and deliver, or cause to be duly executed and delivered, to the Creditor such further instruments and do and cause to be done such further acts as may be necessary or proper in the reasonable opinion of the Creditor to carry out more effectively the provisions and purposes of this Debenture and the other Transaction Documents.

6.16 **Expenses.**

Whether or not the transactions contemplated by this Debenture shall be consummated, the Corporation agrees to reimburse the Creditor for its reasonable out of pocket expenses, including the reasonable fees and disbursements of any expert or advisers (including, without limitation, lawyers) incurred in connection with the preparation, negotiation and execution of the Debenture and incurred in connection with any amendment, modification, administration, interpretation or waiver of any of the provisions thereof up to the maximum amount of $[***]; provided that such cap on expenses shall not apply to any amendment, modification, administration, interpretation or waiver of any of the provisions hereof either (A) following an Event of Default, or (B) if such amendment, modification, or waiver is requested by the Corporation. The Corporation shall pay all reasonable costs and expenses (including legal fees) incurred by the Creditor, or its agents on its behalf, in connection with the protection and enforcement of the rights of the Creditor provided for in this Debenture. All statements, reports, certificates, opinions, appraisals and other documents or information required to be furnished to the Creditor by the Corporation under this Debenture shall be supplied by the Corporation without cost to the Creditor.

6.17 **Legal Holidays.**

If any payment date is not a Business Day, the applicable payment due on such day shall be made on the next Business Day, and interest shall continue to accrue on the said principal amount during such stub period and shall also be paid on such next Business Day.

6.18 **Payments without Deduction.**

All payments to be made by the Corporation under this Debenture (whether on account of principal, interest, fees, costs or any other amount) shall be made in Canadian Dollars and shall be made in freely transferable, immediately available funds and without set-off, withholding or deduction of any kind whatsoever, except to the extent required by Applicable Law.

[Signature Page to Follow]

IN WITNESS WHEREOF the Corporation has caused this Debenture to be executed as of the date first written above.

TERRASCEND CANADA INC.

Per: /s/ *Ari Unterman*
Name: Ari Unterman
Title: Director

I have authority to bind the Corporation.

Signature Page to Debenture

SCHEDULES

[***]

EXHIBIT A

COMPLIANCE CERTIFICATE

COMPLIANCE CERTIFICATE

To: Canopy Growth Corporation (the **"Creditor"**)

Ladies and Gentlemen:

Reference is made to that secured debenture issued by TerrAscend Canada Inc. to the Creditor on March 10, 2020, in an aggregate principal amount of CAD$80,526,000 (the **"Debenture"**). All capitalized terms used and not otherwise defined herein have the meaning given to such terms in the Debenture.

This Compliance Certificate is delivered pursuant to Subsection 3.1(i) of the Debenture.

The undersigned responsible officer of the Corporation hereby certifies, in his/her capacity as a responsible officer and not in his/her individual capacity, as of the date hereof that he/she is the duly appointed · of the Corporation, and is authorized to execute and deliver this Compliance Certificate to the Creditor on behalf of the Corporation and the other Obligors, and that:

1. The Corporation and the other Obligors are in compliance:

   (i) [***]

   (ii) with all Applicable Laws not specified in clause (i) of this Certificate, except as would not reasonably be expected to cause a Material Adverse Change;

2. Each of the Corporation and the other Obligors are in compliance with its respective internal compliance programs in all material respects. Such internal compliance programs have been periodically reviewed and updated to account for any changes in the laws and regulations applicable to the business, affairs and operations of the Corporation and the other Obligors.

3. [***]

4. [***]

5. The Corporation and the Obligors have performed and observed each covenant and condition of the Debenture, applicable to it, and, since the date of the last Compliance Certificate has not been in and is not currently in breach of any such covenant or condition.

IN WITNESS WHEREOF, the undersigned has executed this Compliance Certificate as of, · 20·.

TERRASCEND CANADA INC.

By: _____

Name:

Title:

Exhibit 10.3

Execution Version

CREDIT AGREEMENT

dated as of

December 18, 2020

between

WDB HOLDING PA, INC.,

The LENDERS Party Hereto,

and

ACQUIOM AGENCY SERVICES LLC,

as Administrative Agent and Collateral Agent

SEAPORT GLOBAL SECURITIES LLC,

as Placement Agent

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CREDIT AGREEMENT dated as of December 18, 2020 (this "Agreement"), between WDB HOLDING PA, INC., a Delaware corporation (the "Borrower"), the LENDERS party hereto, and ACQUIOM AGENCY SERVICES LLC, as administrative agent (in such capacity, including any successor thereto, the " Administrative Agent") and as collateral agent (in such capacity, including any successor thereto, the "Collateral Agent").

The Borrower has requested that the Lenders extend credit to the Borrower, and the Lenders are willing to do so on the terms and conditions set forth herein. In consideration of the mutual covenants and agreements herein contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01 Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

"Acquisition" means, as to any Person, the purchase or other acquisition (in one transaction or a series of transactions, including through a merger) of all of

the Equity Interests of another Person or all or substantially all of the property, assets or business of another Person or of the assets constituting a business unit, line of business or division of another Person.

"Additional Lender" has the meaning specified in Section 2.16(d).

"Administrative Agency Fee Letter" means that certain letter agreement, dated as of the Closing Date, by and among the Canadian Parent and Acquiom Agency Services LLC, in its capacity as Administrative Agent and Collateral Agent, as amended, amended and restated, supplemented or otherwise modified from time to time in accordance with the terms thereof.

"Administrative Questionnaire" means an administrative questionnaire in a form supplied by the Agent or such form provided by a Lender and otherwise acceptable to the Agent.

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

"Affiliated Lender" means each Lender that is an Affiliate of any Loan Party.

"Agent" means Acquiom Agency Services LLC, in its capacity as Administrative Agent and Collateral Agent, as applicable, under any of the Loan Documents. For the avoidance of doubt, any reference herein or in any other Loan Document to the Administrative Agent (and any provision benefitting, or granting any right or power to, the Administrative Agent) shall, unless the context requires otherwise, be construed as a reference to (and provision benefitting, or granting any right or power to) the Administrative Agent and the Collateral Agent.

"Agent's Office" means the Agent's address and, as appropriate, account as set forth in Section 9.01, or such other address or account as the Agent may from time to time notify to the Borrower and the Lenders.

"Agent Parties" has the meaning specified in Section 9.01(d)(ii).

"Agreement" has the meaning specified in introductory paragraph hereof.

"American Parent" means TerrAscend USA, Inc., a Delaware corporation.

"Anti-Corruption Laws" means the U.S. Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010, the Corruption of Foreign Public Officials Act (Canada), or any other applicable anti-corruption or anti-bribery Laws.

"Anti-Money Laundering Laws" means applicable anti-money laundering Laws.

"Applicable Accounting Principles" means, subject to Section 1.03, (i) with respect to the Borrower and its Subsidiaries, GAAP, and (ii) with respect to the Canadian Parent, IFRS.

"Applicable Law" means, as to any Person, all applicable Laws binding upon such Person or to which such a Person is subject.

"Applicable Percentage" means, with respect to any Lender, (a) on or prior to the Closing Date, the percentage of the total Commitments of all Lenders represented by such Lender's Commitments at such time and (b) thereafter, the percentage of the total Outstanding Amount of Loans of all Lenders represented by the aggregate Outstanding Amount of Loans of such Lender at such time.

"Approved Fund" means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"Assignment and Assumption" means an assignment and assumption entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 9.04) or Preferred Assignee, as applicable, and accepted by the Agent, in substantially the form of Exhibit A or any other form approved by the Agent.

"Attributable Indebtedness" means, as of any date of determination, (a) in respect of any Capitalized Lease of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with Applicable Accounting Principles, and (b) in respect of any Synthetic Lease Obligation, the capitalized amount of the remaining lease payments under the relevant lease that would appear on a balance sheet of such Person prepared as of such date in accordance with Applicable Accounting Principles if such lease were accounted for as a capital lease; provided, for avoidance of doubt, that Attributable Indebtedness shall not include any obligations in respect of operating leases (including operating leases recorded as right of use assets, and related lease liabilities in respect of operating leases).

"Basel III" means, collectively, those certain:

(a) agreements on capital requirements, a leverage ratio and liquidity standards contained in "Basel III: A Global Regulatory Framework for More Resilient Banks and Banking Systems," "Basel III: International Framework for Liquidity Risk Measurement, Standards and Monitoring" and "Guidance for National Authorities Operating the Countercyclical Capital Buffer," published by the Basel Committee on Banking Supervision in December 2010, each as amended, supplemented or restated;

(b) the rules for global systemically important banks contained in "Global systemically important banks: assessment methodology and the additional loss absorbency requirement – Rules text" published by the Basel Committee on Banking Supervision in November 2011, as amended, supplemented or restated; and

(c) any further guidance or standards published by the Basel Committee on Banking Supervision relating to "Basel III".

"Beneficial Ownership Certification" means a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation.

"Beneficial Ownership Regulation" means 31 C.F.R. § 1010.230.

"Benefit Plan" means any of (a) an "employee benefit plan" (as defined in ERISA) that is subject to Title I of ERISA, (b) a "plan" as defined in and subject to Section 4975 of the Code or (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such "employee benefit plan" or "plan".

"Borrower" has the meaning specified in the introductory paragraph.

"Borrower Financial Statements" means the unaudited consolidated financial statements of the Borrower and its Subsidiaries, in form and a substance reasonably acceptable to the Agent and the Lenders, as at and for the nine-month period ended September 30, 2020 furnished to the Agent and the Lenders on December 15, 2020.

"Borrower Materials" has the meaning specified in Section 9.01(e).

"Borrowing" means a borrowing consisting of simultaneous Loans.

"Borrowing Request" means a request for a Borrowing, which in each case shall be in such form as the Agent may approve, signed by a Responsible Officer of the Borrower.

"Business Day" means any day that is not a Saturday, Sunday or other day that is a legal holiday under the laws of the State of New York or is a day on which banking institutions in such state are authorized or required by Law to close.

"Canadian Parent" means TerrAscend Corp., an Ontario corporation.

"Canadian Parent Financial Statements" means the annual financial statements of the Canadian Parent for the fiscal years ended December 31, 2019 and December 31, 2018 filed on SEDAR on April 23, 2020.

"Capitalized Lease" means each lease that has been or is required to be, in accordance with Applicable Accounting Principles, recorded as a capital lease or financing lease.

"Cash Equivalents" means:

(a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America or Canada (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the United States of America or Canada), in each case maturing within one year from the date of acquisition thereof;

(b) investments in commercial paper maturing within 270 days from the date of acquisition thereof and having, at such date of acquisition, the highest credit rating obtainable from a Credit Rating Agency;

(c) investments in certificates of deposit, banker's acceptances and time deposits maturing within 180 days from the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, any domestic office of any commercial bank organized under the laws of the United States of America, Canada or any state, province or territory thereof, as applicable, that has a combined capital and surplus and undivided profits of not less than $500,000,000;

(d) fully collateralized repurchase agreements with a term of not more than 30 days for securities described in clause (a) above and entered into with a financial institution satisfying the criteria described in clause (c) above; and

(e) money market funds that (i) comply with the criteria set forth in SEC Rule 2a-7 under the Investment Company Act of 1940, (ii) are rated AAA and Aaa (or equivalent rating) by at least two Credit Rating Agencies and (iii) have portfolio assets of at least $5,000,000,000.

"Casualty Event" shall mean any casualty or other insured damage to, or any taking under power of eminent domain or by condemnation or similar proceeding of, any property or asset of the Borrower or any of its Subsidiaries.

"Change in Law" means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

"Change of Control" means an event or series of events by which (a) any person or group of persons acting jointly or in concert (as such expression is defined in National Instrument 62-104 –Take-Over Bids and Issuer Bids adopted by the Canadian Securities Regulatory Authorities (as such Instrument may be amended from time to time)) beneficially owns, directly or indirectly, more than 50% or more of the Equity Interests of the Canadian Parent entitled to vote for members of the board of directors or equivalent governing body of the Canadian Parent on a fully-diluted basis (and taking into account all such securities that such person or group has the right to acquire pursuant to any option right), (b) any person or group of persons, acting jointly or in concert (as such expression is defined in National Instrument 62-104 – *Take-Over Bids and Issuer Bids* adopted by the Canadian Securities Regulatory Authorities (as such Instrument may be amended from time to time)) acquires the power to direct, or cause the direction of, management, business or policies of the Canadian Parent, whether through the ability to exercise voting power, by contract or otherwise, (c) the American Parent ceases to directly own 100% of the Equity Interests of the Borrower (except pursuant to a transfer of Equity Interests of the Borrower to another wholly-owned Subsidiary of the Canadian Parent in connection with which all such Equity Interests of the Borrower are pledged to the Agent for the benefit of the Lenders by such acquiring Subsidiary), (d) the Canadian Parent ceases to indirectly own 100% of the Equity Interests of the Borrower, or (e) any person or group of persons acting jointly or in concert (as such expression is defined in National Instrument 62-104 – *Take-Over Bids and Issuer Bids* adopted by the Canadian Securities Regulatory Authorities (as such Instrument may be amended from time to time)) succeed in having a sufficient number of nominees elected to the board of directors of the Canadian Parent that such nominees, when added to any existing director remaining on the board of directors of the Canadian Parent, will constitute a majority of the board of directors of the Canadian Parent.

"Closing Date" means the first date all the conditions precedent in Section 4.01 are satisfied or waived in accordance with Section 9.02.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Collateral" means, collectively, the "Collateral" as defined in the Pledge and Security Agreement and the Collateral Assignments.

"Collateral Assignments" means Collateral Assignments (as such Collateral Assignments may be amended, supplemented or otherwise modified from time to time), entered into or to be entered into, as the context requires, by the Loan Parties party thereto in favor of the Agent, assigning each Loan Party's (other than either Parent Guarantor's) rights under the Collateral identified therein.

"Collateral Documents" means the Pledge and Security Agreement, the Collateral Assignments, any mortgages or other documents delivered pursuant to the Material Real Property Requirement, and all security agreements, intellectual property security agreements, control agreements, financing statements (together with any schedules the Agent requests that the Borrower includes to itemize state and common law trademarks included as Collateral), and other instruments and documents required to be delivered by a Loan Party in connection with any of the foregoing or pursuant to Section 5.15.

"Commitments" mean the Initial Commitments and the Incremental Commitments.

"Communications" has the meaning specified in Section 9.01(d)(ii).

"Compliance Certificate" has the meaning specified in Section 5.02(a).

"Connection Income Taxes" means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

"Consolidated EBITDA" means for any period, Consolidated Net Income for such period,

plus,

without duplication and to the extent deducted in determining Consolidated Net Income for such period, the sum of (a) interest expense (including, without limitation, any interest component in respect of lease obligations, right of use assets and any revaluation thereof), (b) provision for taxes based on income and deferred tax obligations, (c) depreciation expense, (d) amortization expense, (e) unusual or non-recurring charges, expenses or losses, provided that amounts pursuant to this clause (e) shall not exceed 15% of Consolidated EBITDA for each quarter (such 15% cap to be calculated prior to giving effect to this clause (e)), and (f) unrealized losses on changes in fair value of biological assets, (g) fair value changes in biological assets included in inventory sold, (h) other non-cash charges, expenses or losses (excluding any such non-cash charge to the extent it represents an accrual or reserve for potential cash charge in any future period or amortization of a prepaid cash charge that was paid in a prior period, but including purchase accounting adjustments under ASC 805 under GAAP), (i) impairments, (j) restructuring costs, (k) purchase accounting adjustments, (l) financing transaction costs, (m) share based compensation, (n) revaluation of warrants and derivative liabilities, (o) unrealized loss on investments, (p) expenses and payments that are covered by indemnification, reimbursement, guaranty or purchase price adjustment provisions in any agreement entered into by Borrower or any of its Subsidiaries to the extent such expenses and payments have been reimbursed pursuant to the applicable indemnity, guaranty or acquisition agreement in such period or an earlier period if not added back to Consolidated EBITDA in such earlier period, and (q) transaction integration costs in connection with any Acquisition or other permitted Investment; provided that the aggregate amount of add-backs permitted to be made pursuant to this clause (q) in any two fiscal quarter period shall not exceed $2,000,000,

minus,

without duplication and to the extent included in determining Consolidated Net Income for such period, the sum of (i) unusual or non-recurring gains and non-cash income, (ii) any other noncash income or gains increasing Consolidated Net Income for such period (excluding any such non-cash gain to the extent it represents the reversal of an accrual or reserve for potential cash charge in any prior period), (iii) unrealized gains on changes in fair value of biological assets, and (iv) any gains realized from the disposition of property outside of the ordinary course of business, all as determined on a consolidated basis.

For the purpose of calculating Consolidated EBITDA for any period, if during such period the Borrower or any Subsidiary shall have consummated an Acquisition, Consolidated EBITDA for such period shall be calculated after giving pro forma effect thereto as if such Acquisition occurred on the first day of such period.

"Consolidated Interest Coverage Ratio" means, as of any date of determination, the ratio of (a) Consolidated EBITDA for the most recently ended two fiscal quarter period (multiplied by two) to (b) Consolidated Interest Expense for the most recently ended two fiscal quarter period (multiplied by two).

"Consolidated Interest Expense" means annualized total sum of (a) cash interest expense (including that attributable to Capitalized Leases) and (b) any interest component (cash or otherwise) of lease obligations, right of use assets and any revaluation thereof to the extent such interest component is included in clause (a) of the definition of Consolidated EBITDA, net of (c) total cash interest income of the Borrower and its Subsidiaries on a consolidated basis for such period with respect to all outstanding Indebtedness of the Borrower and its Subsidiaries (including all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing and net costs under Swap Contracts in respect of interest rates to the extent that such net costs are allocable to such period).

"Consolidated Leverage Ratio" means, as of any date of determination, the ratio of (a) Consolidated Total Debt as of such date to (b) Consolidated EBITDA for the most recently ended two fiscal quarter period (multiplied by two).

"Consolidated Net Income" means, for any period, the consolidated net income (or loss) of the Borrower and its Subsidiaries on a consolidated basis; provided that there shall be excluded (a) the income (or deficit) of any Person accrued prior to the date it becomes a Subsidiary of the Borrower or is merged into or consolidated with the Borrower or any of its Subsidiaries, (b) the income (or deficit) of any Person (other than a Subsidiary of the Borrower) in which the Borrower or any of its Subsidiaries has an ownership interest, except to the extent that any such income is actually received by the Borrower or such Subsidiary in the form of dividends or similar distributions and (c) the undistributed earnings of any Subsidiary of the Borrower to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary is not at the time permitted by the terms of any Contractual Obligation (other than under any Loan Document) or requirement of Law applicable to such Subsidiary.

"Consolidated Total Debt" means, as of any date of determination, the aggregate balance sheet amount of all Indebtedness of the Borrower and its Subsidiaries (or, if higher, the par value or stated face amount of all such Indebtedness (other than zero coupon Indebtedness)) on a consolidated basis as of such date.

"Contractual Obligation" means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

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

"Control Agreement" shall mean, with respect to any deposit account or securities account, an agreement, in form and substance reasonably satisfactory to the Agent and the Loan Party maintaining such account, among the Agent, the financial institution or other Person at which such account is maintained and the Loan Party maintaining such account, effective to grant "control" (within the meaning of Articles 8 and 9 under the applicable UCC jurisdiction) over such account to the Agent.

"Controlled Substances Act" means Title 21 of the United States Code, as amended from time to time.

"Credit Rating Agency" means a nationally recognized credit rating agency that evaluates the financial condition of issuers of debt instruments and then assigns a rating that reflects its assessment of the issuer's ability to make debt payments.

"Debtor Relief Laws" means the Bankruptcy Code of the United States of America, the Bankruptcy and Insolvency Act (Canada), the Companies' Creditors Arrangement Act (Canada), the Winding-Up and Restructuring Act (Canada), and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, arrangement, rearrangement, receivership, insolvency, reorganization, or similar laws providing debtor relief or otherwise affecting the enforcement of creditors' rights generally, including any proceeding under corporate law or other law whereby a corporation seeks a stay or a compromise of the claims of its creditors against it, of the United States, Canada, or other applicable jurisdictions from time to time in effect.

"Default" means any event or condition that constitutes an Event of Default or that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

"Default Rate" means an interest rate (before as well as after judgment) equal to (a) with respect to overdue principal, the applicable interest rate plus 2.00% per annum and (b) with respect to any other overdue amount (including fees and overdue interest), the interest rate applicable to Loans plus 2.00% per annum.

"Disposition" or "Dispose" means the sale, transfer, license, lease or other disposition of any property by any Person (including any sale and leaseback transaction and any issuance of Equity Interests by a Subsidiary of such Person), including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith.

"Disqualified Equity Interest" means any Equity Interest that, by its terms (or the terms of any security or other Equity Interests into which it is convertible or for which it is exchangeable), or upon the happening of any event or condition (a) matures or is mandatorily redeemable (other than solely for Equity Interests that are not Disqualified Equity Interests), pursuant to a sinking fund obligation or otherwise (except as a result of a change of control (including a Change of Control) or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control (including a Change of Control) or asset sale event shall be subject to the prior repayment in full of the Loans and all other Obligations that are accrued and payable and the termination of the Commitments), (b) is redeemable at the option of the holder thereof, in whole or in part, (c) provides for scheduled payments of dividends in cash, or (d) is or becomes convertible into or exchangeable for Indebtedness or any other Equity Interests that would constitute Disqualified Equity Interests, in each case, prior to the date that is ninety-one days after the Maturity Date; provided that if such Equity Interests are issued pursuant to a plan for the benefit of employees of the Borrower or any Subsidiary or by any such plan to such employees, such Equity Interests shall not constitute Disqualified Equity Interests solely because they may be required to be repurchased by the Borrower or its Subsidiaries in order to satisfy applicable statutory or regulatory obligations or as a result of such employee's termination, death or disability.

"Dollar" and "$" mean lawful money of the United States.

"Earn-Out" shall mean, with respect to an acquisition of any assets or property by the Borrower or any of its Subsidiaries constituting an acquisition of all or substantially all of the assets of, or any business line, unit or division of, any Person or any facility, or of a majority of the outstanding Equity Interests of any Person, that portion of the purchase consideration therefor and that portion of all other payments and liabilities (whether payable in cash or by exchange of Equity Interests or of any property or otherwise), directly or indirectly, payable by any Loan Party in exchange for, or as part of, or in connection with, such acquisition that is deferred for payment to a future time after the consummation of such acquisition, and includes any and all payments representing the purchase price and any assumptions of Indebtedness, and other agreements to make any payment the amount of which is, or the terms of payment of which are, in any respect subject to or contingent upon the revenues, income, cash flow or profits (or the like) of any person or business but excluding any working capital or purchase price adjustments.

"Eligible Assignee" means any Person that meets the requirements to be an assignee under Section 9.04(b)(iii), (v) and (vi) (subject to such consents, if any, as may be required under Section 9.04(b)(iii)).

"Environmental Laws" means any and all federal, state, provincial, territorial, local, and foreign statutes, Laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions, including all common law, relating to pollution or the protection of health, safety or the environment, natural resources, or the release of any materials into the environment, including those related to Hazardous Materials, air emissions, discharges to waste or public systems and health and safety matters.

"Environmental Liability" means any liability or obligation, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), directly or indirectly, resulting from or based upon (a) actual or alleged violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment, disposal or permitting or arranging for the disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials or (e) any contract, agreement or other consensual arrangement or operation of law pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"Equity Interests" means, as to any Person, all of the shares of capital stock of (or other ownership or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition

from such Person of such shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder.

"ERISA Affiliate" means any trade or business (whether or not incorporated) under common control with the Borrower within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code or Section 302 of ERISA).

"ERISA Event" means (a) a Reportable Event with respect to a Pension Plan; (b) the failure by the Borrower or any ERISA Affiliate to satisfy the minimum funding standards (within the meaning of Sections 412 or 430 of the Code or Section 302 of ERISA) applicable to such Pension Plan, whether or not waived; (c) the incurrence by the Borrower or any ERISA Affiliate of any liability pursuant to Section 4063 or 4064 of ERISA or a cessation of operations with respect to a Pension Plan within the meaning of Section 4062(e) of ERISA; (d) a complete or partial withdrawal by the Borrower or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is "insolvent" (within the meaning of Section 4245 of ERISA); (e) the filing of a notice of intent to terminate a Pension Plan under, or the treatment of a Pension Plan amendment as a termination under, Section 4041 of ERISA; (f) the institution by the PBGC of proceedings to terminate a Pension Plan; (g) any event or condition that constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan; (h) the determination that any Pension Plan is, or is expected to be, in "at-risk" status (within the meaning of Section 430 of the Code or Section 303 of ERISA) or that a Multiemployer Plan is in endangered or critical status (within the meaning of Section 432 of the Code or Section 305 of ERISA); (i) the imposition or incurrence of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Borrower or any ERISA Affiliate; (j) the engagement by the Borrower or any ERISA Affiliate in a transaction that could be subject to Section 4069 or Section 4212(c) of ERISA; (k) the imposition of a lien upon the Borrower pursuant to Section 430(k) of the Code or Section 303(k) of ERISA; or (l) the making of an amendment to a Pension Plan that could result in the posting of bond or security under Section 436(f)(1) of the Code.

"Event of Default" has the meaning specified in Article VII.

"Excluded Accounts" means the following deposit accounts: (a) accounts holding solely cash collateral for a third party that constitutes a Lien permitted under Section 6.02 hereof, and (b) accounts with amounts on deposit (in cash or Cash equivalents) that do not exceed an average daily balance of $300,000 individually and $500,000 for all such accounts in the aggregate at any one time.

"Excluded Taxes" means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or Commitment (other than pursuant to an assignment request by the Borrower under Section 2.15(b)) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.14, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Recipient's failure to comply with Section 2.14(g), (d) Taxes that would not have been imposed but for such Recipient (i) not dealing at "arm's length" (for purposes of the ITA) with a Loan Party, or (ii) being a "specified shareholder" (as defined in subsection 18(5) of the ITA) of a Loan Party or not dealing at arm's length with any such specified shareholder, except where the non-arm's length relationship arises or where the Recipient is (or is deemed to be) a specified shareholder of any Loan Party or does not deal at arm's length with a specified shareholder of any Loan Party, solely on account of the Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, or enforced this Agreement or any other Loan Document, (e) any withholding Taxes imposed under FATCA and (f) Other Connection Taxes.

"Existing Maturity Date" has the meaning specified in Section 2.16(a).

"Extending Lender" has the meaning specified in Section 2.16(b).

"Facility" means the Initial Facility and each Incremental Facility.

"FATCA" means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities and implementing such Sections of the Code.

"Federal Funds Effective Rate" means, for any day, the greater of (a) the rate calculated by the Federal Reserve Bank of New York based on such day's Federal funds transactions by depositary institutions (as determined in such manner as the Federal Reserve Bank of New York shall set forth on its public website from time to time) and published on the next succeeding Business Day by the Federal Reserve Bank of New York as the Federal funds effective rate and (b) 0%.

"Federal Marijuana Law" means any U.S. federal laws, civil, criminal or otherwise, that are directly or indirectly related to the cultivation, harvesting, production, marketing, labeling, warning, instructing about, distribution, sale and possession of cannabis, Marijuana or related substances or products containing cannabis, Marijuana or related substances, including the prohibition on drug trafficking under the Controlled Substances Act (21 U.S.C. § 801, et seq.), the conspiracy statute under 18 U.S.C. § 846, the bar against aiding and abetting the conduct of an offense under 18 U.S.C. § 2, the bar against misprision of a felony (concealing another's felonious conduct) under 18 U.S.C. § 4, the bar against being an accessory after the fact to criminal conduct under 18 U.S.C. § 3, and federal money laundering statutes under 18 U.S.C. §§ 1956, 1957 and 1960.

"Federal Reserve Board" means the Board of Governors of the Federal Reserve System of the United States.

"Fee Letters" means the Administrative Agency Fee Letter and the Placement Agent Fee Letter.

"Financial Covenants" means those financial covenants set forth in Section 6.12.

"Financial Officer" means, as to any Person, the chief financial officer, principal accounting officer, treasurer or controller of such Person.

"Foreign Lender" means any Lender or Agent that is not a "U.S. Person".

"Foreign Plan" means any employee pension benefit plan, program, policy, arrangement or agreement maintained or contributed to by the Borrower or any Subsidiary with respect to employees employed outside the United States (other than any governmental arrangement).

"Fund" means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans, bonds and similar extensions of credit in the ordinary course of its activities.

"GAAP" means, subject to Section 1.03, United States generally accepted accounting principles as in effect as of the date of determination thereof.

"Governmental Authority" means the government of the United States of America, the government of Canada, including Health Canada, or any other nation, or of any political subdivision thereof, whether state, provincial, territorial or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

"Guarantee" means, as to any Person, (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation payable or performable by another Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness or other obligation of the payment or performance of such Indebtedness or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Indebtedness or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part) or (b) any Lien on any assets of such Person securing any Indebtedness or other obligation of any other Person, whether or not such Indebtedness or other obligation is assumed by such Person (or any right, contingent or otherwise, of any holder of such Indebtedness to obtain any such Lien); provided that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term "Guarantee" as a verb has a corresponding meaning.

"Guarantor" means each Parent Guarantor, each Subsidiary Guarantor and each other Person that guarantees all or any part of the Obligations.

"Guaranty Agreement" means a Guaranty Agreement, in form and substance reasonably satisfactory to the Agent, dated as of the date hereof, made by each Subsidiary of the Borrower and each of the Parent Guarantors in favor of the Agent for the benefit of the Lenders, guaranteeing the Obligations, as such Guaranty Agreement may be amended, supplemented or modified from time to time.

"Hazardous Materials" means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes, and other substances, materials, or wastes of any nature capable of causing harm to human health or the environment, or which are regulated under or with respect to which liability or standards of conduct are imposed pursuant to any Environmental Law.

"IFRS" means international accounting standards within the meaning of IAS Regulation 1606/2002 to the extent applicable to the relevant financial statements.

"Incremental Commitment" has the meaning specified in Section 2.17(a).

"Incremental Commitment Effective Date" has the meaning specified in Section 2.17(c).

"Incremental Facility" means the Incremental Commitments and all Borrowings thereunder.

"Incremental Lender" has the meaning specified in Section 2.17(b).

"Indebtedness" means, as to any Person at a particular time, without duplication, all of the following, whether or not included as indebtedness or liabilities in accordance with Applicable Accounting Principles:

(a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments;

(b) all direct or contingent obligations of such Person (i) arising under letters of credit (including standby and commercial) securing financing accommodation, bankers' acceptances and bank guaranties, (ii) arising under surety bonds, performance bonds and similar instruments issued or created by or for the account of such Person and (iii) in connection with any Earn-Out including, without limitations, the Buyer's obligations to pay the Final Payment (as defined in the Purchase Agreement) but only to the extent that the amount of such Earn-Out is a definitive and binding obligation and is no longer contingent;

(c) net obligations of such Person under any Swap Contract;

(d) all obligations of such Person to pay the deferred purchase price of property or services (other than trade accounts payable in the ordinary course of business);

(e) indebtedness (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse;

(f) all Attributable Indebtedness;

(g) all obligations of such Person in respect of Disqualified Equity Interests; and

(h) all Guarantees of such Person in respect of any of the foregoing.

For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or a joint venturer, unless such Indebtedness is expressly made non-recourse to such Person. The amount of any net obligation under any Swap Contract on any date shall be deemed to be the Swap Termination Value thereof as of such date. The amount of any Indebtedness of any Person for purposes of clause (e) that is expressly made non-recourse or limited-recourse (limited solely to the assets securing such Indebtedness) to such Person shall be deemed to be equal to the lesser of (i) the aggregate principal amount of such Indebtedness and (ii) the fair market value of the property encumbered thereby as determined by such Person in good faith.

"Indemnified Taxes" means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document and (b) to the extent not otherwise described in (a), Other Taxes.

"Indemnitee" has the meaning specified in Section 9.03(b).

"Information" has the meaning specified in Section 9.12.

"Initial Commitment" means with respect to each Lender, the commitment of such Lender to make a Loan on the Closing Date in the amount of such Lender's Initial Commitment set forth on Schedule 2.01, as such commitment shall be terminated pursuant to Section 2.06.

"Initial Facility" means the Initial Commitments and all Borrowings thereunder.

"Initial Lender" means each Person listed on Schedule 2.01.

"Initial Loan" means a loan made by an Initial Lender to the Borrower pursuant to Section 2.01 of this Agreement.

"Intellectual Property" means any trademarks, service marks, and any other identifiers of source or origin, trade names, domain names, copyrights, patents, industrial designs, trade secrets, know-how and all other intellectual property rights and similar or equivalent rights anywhere in the world.

"Interest Payment Date" means the last Business Day of each March, June, September and December and the Maturity Date, commencing with March 31, 2021.

"Investment" means, as to any Person, any direct or indirect acquisition or investment by such Person, whether by means of (a) the purchase or other acquisition of Equity Interests or debt or other securities of another Person, (b) a loan, advance or capital contribution to, Guarantee or assumption of debt of, or purchase or other acquisition of any other debt or equity participation or interest in, another Person, including any partnership or joint venture interest in such other Person and any arrangement pursuant to which the investor incurs Indebtedness of the type referred to in clause (h) of the definition of "Indebtedness" in respect of such other Person, or (c) the purchase or other acquisition (in one transaction or a series of transactions) of all or substantially all of the property and assets or business of another Person or assets constituting a business unit, line of business or division of such Person. For purposes of covenant compliance, the amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment but giving effect to any returns or distributions of capital or repayment of principal actually received in case by such Person with respect thereto.

"IRS" means the United States Internal Revenue Service.

"Joinder Agreement" means a joinder or similar agreement entered into by any Person (including any Lender) under Section 2.17 pursuant to which such Person shall provide an Incremental Commitment hereunder and (if such Person is not then a Lender) shall become a Lender party hereto.

"Laws" means, collectively, all international, foreign, federal, state, provincial, territorial and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

"Legalized Marijuana State" means any U.S. state, territory, or locality whose Requirements of Law permit or authorize any form of Marijuana Activities.

"Lenders" means the Initial Lender and any other Person that shall have become party hereto pursuant to an Assignment and Assumption or a Joinder Agreement, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Assumption.

"Lien" means any mortgage, pledge, hypothecation, collateral assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

"Liquidity" means, as of any date of determination, the sum of (a) the amount of cash and Cash Equivalents of the Borrower and the Subsidiaries that is held in a deposit account or a securities account, as applicable, pledged in favor of the Agent pursuant to the Pledge and Security Agreement and, with effect from the date a Control Agreement in respect of such account is required to be delivered pursuant to this Agreement, subject to a Control Agreement, (b) up to $2,500,000 of cash that is, as of such date, held on-site or in transit from a dispensary location of the Borrower or one of its Subsidiaries to a bank to be deposited in a deposit account that is, with effect from the date a Control Agreement in respect of such account is required to be delivered pursuant to this Agreement, subject to a Control Agreement, so long as such cash is being held and/or transited in the ordinary course and consistent with past practices of the Borrower and its Subsidiaries and is expected to be deposited in such account within no more than five (5) Business Days and (c) any commitments for loans which constitute Indebtedness permitted under this Agreement and are available to be drawn by the Borrower or any of its the Subsidiaries, it being understood that such amount shall exclude any cash or Cash Equivalents identified on a balance sheet as "restricted" (other than cash restricted in favor of the Agent and the Lenders).

"Loan" means an Initial Loan and any loan under an Incremental Facility made pursuant to Section 2.17.

"Loan Documents" means, collectively, this Agreement, the Guaranty Agreement, the Pledge and Security Agreement, any Joinder Agreement, the Collateral Assignments, any promissory notes issued pursuant to Section 2.10(b), the Fee Letters, the Perfection Certificate, and any other agreements, instruments, certificates, reports or other documents entered into in connection herewith.

"Loan Party" means Borrower and each Guarantor.

"Make-Whole Amount" means as of the date of the applicable prepayment, an amount equal to the excess of (i) the present value at the prepayment date, refinancing date or acceleration date of (1) the principal amount of such Loans on the No Call Expiration Date, *plus* (2) all required remaining scheduled interest payments due on such Loans from such prepayment date, refinancing date or acceleration date through the No Call Expiration Date, assuming that the rate of interest will be equal to the rate of interest in effect on the date of notice of prepayment, refinancing or acceleration, other than accrued but unpaid interest to such prepayment, refinancing or acceleration date, computed using a discount rate equal to the Treasury Rate plus 50 basis points per annum discounted on a semi-annual bond equivalent basis, *plus* (3) the Prepayment Premium payable as if such prepayment, refinancing or acceleration occurred on the day immediately following the No Call Expiration Date, over (ii) the outstanding principal amount of such Loan as at the applicable date.

"Margin Stock" means margin stock within the meaning of Regulations T, U and X.

"Marijuana" means "marihuana" as defined in the Controlled Substances Act, its consituents and any compound, mixture, preparation, substance or product derived therefrom.

"Marijuana Activities" means those activities that include, but are not limited to, (a) the acquisition, cultivation, manufacture, extraction, testing, inspection, possession, sale (at retail or wholesale), dispensing, donation, distribution, transportation, packaging, labeling, warning, instructing about, monitoring, reporting or disposing of Marijuana and (b) activities by which a Person receives, holds, transfers (in exchange for any form of value, by gift or otherwise), deposits or distributes monetary proceeds from the sale of Marijuana.

"Material Adverse Effect" means (a) a material adverse change in, or a material adverse effect on, the operations, business, properties, liabilities (actual or contingent) or condition (financial or otherwise) of the Borrower and its Subsidiaries taken as a whole; or (b) a material adverse effect on (i) the ability of the Borrower or either of the Parent Guarantors to perform its Obligations, (ii) the legality, validity, binding effect or enforceability against any Loan Party of any Loan Document to which it is a party, (iii) the rights, remedies and benefits available to, or conferred upon, the Agent or any Lender under any Loan Documents or (iv) the validity, perfection or priority of a Lien in favor of Agent for the benefit of the Lenders on a material portion of the Collateral.

"Material License" means any license, permit, approval, entitlement, consent, agreement or similar permission from a Governmental Authority that is required for Borrower or any of its Subsidiaries to conduct Marijuana Activities (for which it is actually conducting such Marijuana Activities) in a specific state, territory, geographic region, and/or local jurisdiction. For purposes of this definition only, neither the U.S. Federal government nor any agency thereof shall constitute a Governmental Authority.

"Material Real Property" means any parcel or related parcels of real property with a fair market value in excess of $2,500,000.

"Material Real Property Requirement" means, with respect to any Material Real Property owned by the Borrower or any of its Subsidiaries, the requirement that (a) the Borrower or applicable Subsidiary Guarantor execute and deliver to the Agent a mortgage in form and substance reasonably acceptable to the Agent, (b) the Borrower or the applicable Subsidiary Guarantor deliver a mortgagee title policy (or binding pro forma therefor) covering Agent's interest under the applicable mortgage, in form and amount and by a title insurer reasonably acceptable to the Agent, and such title policy shall include endorsements as reasonably requested by Agent and to be fully paid and subject to no other conditions on such effective date, (c) such assignments of leases, estoppel letters, attornment agreements, consents, waivers and releases as Agent may reasonably require with respect to other Persons having an interest in the such Material Real Property, (d) unless Agent otherwise agrees, either (i) a current, as-built survey of the Material Real Property, meeting the 2016 minimum standard detail requirements for ALTA/ACSM land title surveys, including, but not limited to, (w) a metes-and-bounds property description, (x) a flood plain certification, (y) certification by a licensed surveyor reasonably acceptable to Agent and (z) any other optional table A items as reasonably requested by Agent or (ii) existing surveys with respect to a particular piece of Material Real Property that are in the possession of the Borrower or the applicable Subsidiary accompanied by a no-change survey affidavit, or similar document, in form and substance sufficient for a title insurer to issue any applicable survey related endorsement coverage as reasonably requested by Agent; and (e) flood zone determinations and, if the Material Real Property is within a special flood hazard area, an acknowledged borrower notice, and flood insurance in compliance (including as to amount) with all applicable flood insurance Laws and in a commercially reasonable amount, with endorsements and by an insurer reasonably acceptable to Agent.

"Maturity Date" means December 18, 2024 subject to extension in accordance withSection 2.16 (except that, if such date is not a Business Day, the Maturity Date shall be the next preceding Business Day).

"Maximum Rate" has the meaning specified in Section 9.14.

"Multiemployer Plan" means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which the Borrower or any ERISA Affiliate makes or is obligated to make contributions, during the preceding five plan years has made or been obligated to make contributions, or has any liability.

"Multiple Employer Plan" means a Plan with respect to which the Borrower or any ERISA Affiliate is a contributing sponsor, and that has two or more contributing sponsors at least two of whom are not under common control, as such a plan is described in Section 4064 of ERISA.

"Net Cash Proceeds" shall mean with respect to any Disposition or Casualty Event, the proceeds consisting of cash and Cash Equivalents, net of (i) selling expenses (including reasonable broker's fees or commissions, legal fees, transfer and similar taxes and the Borrower's good faith estimate of income taxes paid or payable in connection with such sale), (ii) amounts provided as a reserve, in accordance with Applicable Accounting Principles, against any liabilities under any indemnification obligations or purchase price adjustment associated with such Disposition (provided that, to the extent and at the time any such amounts are released from such reserve, such amounts shall constitute Net Cash Proceeds); provided that that any non-cash consideration received in connection with any transaction, which is subsequently converted to cash or Cash Equivalents, shall become Net Cash Proceeds only at such time as it is so converted; provided further that if (x) subject to no Event of Default having occurred and be continuing, the Borrower notifies the Agent within ten Business Days of receiving such Net Cash Proceeds that it intends to reinvest such proceeds in assets of a kind used or usable in the business of the Borrower and its Subsidiaries reinvests such proceeds in assets of a kind used or usable in the business of the Borrower and its Subsidiaries and (y) either (I) the Borrower consummates any such reinvestment within 180 days of receipt of such proceeds or (II) if the Borrower or applicable Subsidiary enters into a contractual obligation to reinvest such Net Cash Proceeds within 180 days following receipt thereof, within 365 days following receipt thereof, such proceeds shall not constitute Net Cash Proceeds except to the extent not so used at the end of such 180-day period (or 365 day period, if applicable), at which time such proceeds shall be deemed to be Net Cash Proceeds.

"No Call Expiration Date" means the date that is the 18 month anniversary of the Closing Date.

"Non-Extending Lender" has the meaning specified in Section 2.16(b).

"Notice Date" has the meaning specified in Section 2.16(b).

"Obligations" means all advances to, and debts, liabilities, obligations, covenants and duties of, the Borrower arising under any Loan Document or otherwise with respect to any Loan, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against the Borrower or any Affiliate thereof of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding. Without limiting the foregoing, the Obligations include (a) the obligation to pay principal, interest, charges, expenses, fees, indemnities and other amounts payable by the Borrower under any Loan Document and (b) the obligation of the Borrower to reimburse any amount in respect of any of the foregoing that the Agent or any Lender, in each case in its sole discretion, may elect to pay or advance on behalf of the Borrower.

"OFAC" has the meaning specified in Section 3.16(a).

"OID" has the meaning specified in Section 2.09(c).

"Organizational Documents" means (a) as to any corporation or unlimited liability company, the charter or certificate or articles of incorporation or amalgamation, as applicable, and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction), (b) as to any limited liability company, the certificate or articles of formation or organization and operating or limited liability agreement and (c) as to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

"Other Connection Taxes" means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

"Other Taxes" means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 2.15(b)).

"Outstanding Amount" means, with respect to Loans on any date, the aggregate outstanding principal amount thereof after giving effect to any borrowings and prepayments or repayments of Loans occurring on such date.

"Parent Guarantors" means each of the Canadian Parent and the American Parent.

"Participant" has the meaning specified in Section 9.04(d).

"Participant Register" has the meaning specified in Section 9.04(d).

"PATRIOT Act" means the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)).

"PBGC" means the Pension Benefit Guaranty Corporation.

"Pension Plan" means any employee pension benefit plan within the meaning of Section 3(2) of ERISA (including a Multiple Employer Plan, but excluding a Multiemployer Plan) that is subject to the provisions Title IV of ERISA or is subject to the minimum funding standards under Section 412 of the Code or Section 302 of ERISA and in respect of which the Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4062 or Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Perfection Certificate" means a certificate, dated as of the date hereof, regarding the property and assets owned by the Loan Parties, in form and substance reasonably acceptable to the Agent, as such certificate may be supplemented from time to time pursuant to the terms of this Agreement and the Pledge and Security Agreement.

"Permitted Acquisition" means the purchase or other acquisition of all or substantially all of the business, a line of business or a business unit (whether by the acquisition of Equity Interests, assets or any combination thereof) of any Person that, upon the consummation thereof, will be a Wholly-Owned Subsidiary (including, without limitation, as a result of a merger, amalgamation or consolidation) and the purchase or other acquisition by the Borrower or any Subsidiary of all or substantially all of the property and assets of any Person (including any Investment which serves to increase the Borrower's or its Subsidiary's respective equity ownership in any Subsidiary); provided that, with respect to each purchase or other acquisition made pursuant to SECTION 6.06(g), such purchase or other acquisition shall be approved by the target's Board of Directors; and provided, further that:

(a) the Borrower and its Subsidiaries and any such newly created or acquired Subsidiary shall comply with any applicable requirements of SECTION 5.15;

(b) immediately before and after giving before and after giving effect to such purchase or other acquisition, no Event of Default shall have occurred and be continuing; and

(c) with respect to any transaction involving total consideration of more than $10,000,000, the Borrower shall have provided the Agent (for distribution to the Lenders) at least five Business Days prior to the date of consummation of such transaction (i) a reasonably detailed description of all material information relating thereto and copies of all material documentation (or substantially final drafts of) pertaining to such transaction and (ii) to the extent provided to the Borrower or any of its Subsidiaries in connection with such Permitted Acquisition, available financial statements of the target prepared within the previous twelve (12) month period.

"Person" means any natural person, corporation, limited liability company, unlimited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Placement Agent" means Seaport Global Securities LLC.

"Placement Agent Fee Letter" means the letter agreement, dated October 8, 2020, between the Canadian Parent and the Placement Agent.

"Plan" means any employee benefit plan within the meaning of Section 3(3) of ERISA, maintained for employees of the Borrower or any Subsidiary, or any such plan to which the Borrower or any Subsidiary is required to contribute on behalf of any of its employees or with respect to which the Borrower has any liability.

"Platform" means Debt Domain, Intralinks, Syndtrak, DebtX or a substantially similar electronic transmission system.

"Pledge and Security Agreement" means a Pledge and Security Agreement, in form and substance reasonably satisfactory to the Agent, dated as of the date hereof, made by, the Borrower, each Subsidiary of the Borrower and the American Parent in favor of the Agent for the benefit of the Lenders securing the Obligations, as such Pledge and Security Agreement may be amended, supplemented or modified from time to time.

"Pledged Collateral" has the meaning specified in the Pledge and Security Agreement.

"Preferred Assignee" means any Person that is designated by the Borrower in writing and meets the requirements to be an assignee under Section 9.04(b)(v)(A) and (vi).

"Prepayment Notice" means a notice by the Borrower to prepay Loans, which shall be in such form as the Agent may approve.

"Prepayment Premium" has the meaning specified in Section 2.05(d)(i)(B).

"PTE" means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

"Public Lender" has the meaning specified in Section 9.01(e).

"Purchase Agreement" means that certain Securities Purchase and Exchange Agreement, dated as of August 1, 2019 as amended as of December 27, 2019 and September , 2020 (as further amended, supplemented, restated or otherwise modified from time to time), by and among (i) the Canadian Parent, (ii) the Borrower, as buyer, (iii) Ilera Holdings LLC, Mera I LLC and Mera II LLC, as sellers (the "Sellers"), and (iv) Osagie Imasogie, as sellers' agent (the "Sellers' Agent").

"Purchase Money Obligation" shall mean, for any person, the obligations of such person in respect of Indebtedness incurred for the purpose of financing all or any part of the purchase price of any fixed or capital assets or the cost of installation, construction or improvement of any fixed or capital assets and any refinancing thereof, *provided, however,* that such Indebtedness is incurred within one hundred eighty (180) days after the acquisition, installation, construction, repair, replacement, exchange or improvement of such fixed or capital assets by such person.

"Recipient" means (a) the Agent or (b) any Lender, as applicable.

"Register" has the meaning specified in Section 9.04(c).

"Regulation D" means Regulation D of the Federal Reserve Board, as in effect from time to time and all official rulings and interpretations thereunder or thereof.

"Regulation T" means Regulation T of the Federal Reserve Board, as in effect from time to time and all official rulings and interpretations thereunder or thereof.

"Regulation U" means Regulation U of the Federal Reserve Board, as in effect from time to time and all official rulings and interpretations thereunder or thereof.

"Regulation X" means Regulation X of the Federal Reserve Board, as in effect from time to time and all official rulings and interpretations thereunder or thereof.

"Related Parties" means, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person's Affiliates.

"Reportable Event" means any of the events set forth in Section 4043(c) of ERISA, other than events for which the 30-day notice period has been waived.

"Required Lenders" means, at any time, Lenders having Loans representing more than 50% of the aggregate Outstanding Amount of Loans of all Lenders at such time; provided that, notwithstanding anything to the contrary contained in this Agreement, the aggregate Outstanding Amount of Loans held by Lenders that are Affiliated Lenders shall be excluded for purposes of making a determination of Required Lenders.

"Requirements of Law" means all Laws (including Environmental Laws), excluding (a) Federal Marijuana Law to the extent its then effective provisions forbid or restrict the conduct of Marijuana Activities and (b) any other U.S. federal law which by extension would be violated solely because a Marijuana Activity violates the then effective provisions of any Federal Marijuana Law.

"Resignation Effective Date" has the meaning specified in Section 8.06(a).

"Responsible Officer" means (a) the chief executive officer, president, executive vice president or a Financial Officer of the Borrower, (b) solely for purposes of the delivery of incumbency certificates and certified Organizational Documents and resolutions pursuant to Section 4.01, any vice president, secretary or assistant secretary of the Borrower and (c) solely for purposes of Borrowing Requests, prepayment notices and notices for Commitment terminations or reductions given pursuant to Article II, any other officer or employee of the Borrower so designated from time to time by one of the officers described in clause (a) in a notice to the Agent (together with evidence of the authority and capacity of each such Person to so act in form and substance satisfactory to the Agent). Any document delivered hereunder that is signed by a Responsible Officer of the Borrower shall be conclusively presumed to have been authorized by all necessary corporate, partnership or other action on the part of the Borrower and such Responsible Officer shall be conclusively presumed to have acted on behalf of the Borrower.

"Restricted Payment" means any dividend or other distribution (whether in cash, securities or other property) with respect to any Equity Interest of any Person, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such Equity Interest, or on account of any return of capital to such Person's shareholders, partners or members (or the equivalent Persons thereof).

"Sanctions" has the meaning specified in Section 3.16(a).

"SEC" means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

"SEDAR" means the System for Electronic Document Analysis and Retrieval (SEDAR) administered by the Canadian Securities Administrators and available at www.sedar.com.

"Sellers" has the meaning specified in the definition of "Purchase Agreement".

"Sellers' Agent" has the meaning specified in the definition of "Purchase Agreement".

"Shareholders' Equity" means, as of any date of determination, consolidated shareholders' equity of the Borrower and its Subsidiaries as of such date determined in accordance with Applicable Accounting Principles.

"Solvency Certificates" has the meaning specified in Section 4.01(i).

"Solvent" means, as to any Person as of any date of determination, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including contingent liabilities, of such Person, (b) the present fair saleable value of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay such debts and liabilities as they mature and (d) such Person is not engaged in a business or a transaction, and is not about to engage in a business or a transaction, for which such Person's property would constitute an unreasonably small capital. In the case of the Canadian Parent, "Solvent" means as of any date of determination, that on such date: (i) its property is sufficient, if disposed of at a fairly conducted sale under legal process, to enable payment of all its obligations, due and accruing due; (ii) it will be able to pay its debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities generally become due; and (iii) it has not ceased paying its current obligations in the ordinary course of business as they generally become due. The amount of any contingent liability at any time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"Specified Distributions" means dividends, returns of capital or other distributions, in cash, by the Borrower using all or a portion of the proceeds of the Loans that are in excess of the first $100,000,000 of the Loans, *provided* that such dividends, returns of capital or other distribution shall not exceed $15,000,000 in the aggregate.

"Subsidiary" of a Person means a corporation, partnership, limited liability company, unlimited liability company, association or joint venture or other business entity of which a majority of the Equity Interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time owned or the management of which is controlled, directly, or indirectly through one or more intermediaries, by such Person. Unless otherwise specified, all references herein to a "Subsidiary" or to "Subsidiaries" shall refer to a Subsidiary or Subsidiaries of the Borrower.

"Subsidiary Guarantor" means (a) each Subsidiary of the Borrower party to the Guaranty Agreement as of the Closing Date and (b) each other Subsidiary of the Borrower that guarantees, pursuant to Section 5.15 or otherwise, all or any part of the Obligations.

"Swap Contract" means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, that are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a "Master Agreement"), including any such obligations or liabilities under any Master Agreement.

"Swap Termination Value" means, as to any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include a Lender or any Affiliate of a Lender).

"Synthetic Lease Obligation" means the monetary obligation of a Person under (a) a so-called synthetic, off-balance sheet or tax retention lease or (b) an agreement for the use or possession of property creating obligations that do not appear on the balance sheet of such Person but, upon the insolvency or bankruptcy of such Person, would be characterized as the indebtedness of such Person (without regard to accounting treatment).

"Taxes" means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"Trade Date" has the meaning specified in Section 9.04(f)(i).

"Treasury Rate" means, with respect to a prepayment prior to the No Call Expiration Date, the yield to maturity at the time of computation of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15(519) that has become publicly available at least two Business Days prior to such prepayment date (or, if such Federal Reserve Statistical Release referred to in the previous parenthetical is no longer published, any publicly available source of similar market data)) most nearly equal to the period from such prepayment date to No Call Expiration Date; provided that if the period from such prepayment date to No Call Expiration Date is not equal to the constant maturity of the United States Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a twelve (12) month period) from the weekly average yields of United States Treasury securities for which such yields are given, except that if the period from such prepayment date to the No Call Expiration Date, is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

"UCC" shall mean the Uniform Commercial Code in effect from time to time in the State of New York; provided, however, that if by reason of mandatory provisions of law, the perfection or the effect of perfection or non-perfection of the security interest in any item or portion of the Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, "UCC" shall mean the Uniform Commercial Code as in effect in such other jurisdiction for the purposes of the provisions hereof relating to such perfection or effect of perfection or non-perfection.

"United States" and "U.S." mean the United States of America.

"U.S. Person" means any Person that is a "United States Person" as defined in Section 7701(a)(30) of the Code.

"U.S. Tax Compliance Certificate" has the meaning specified in Section 2.14(g).

"Wholly-Owned" means, as to a Subsidiary of a Person, a Subsidiary of such Person all of the outstanding Equity Interests of which (other than (a) director's qualifying shares and (b) shares issued to foreign nationals to the extent required by Applicable Law) are owned by such Person and/or by one or more Wholly-Owned Subsidiaries of such Person.

"Withholding Agent" means the Borrower and the Agent.

SECTION 1.02 Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to have the same meaning and effect as the word "shall." The word "or" is not exclusive. The word "year" shall refer (i) in the case of a leap year, to a year of three hundred sixty-six (366) days, and (ii) otherwise, to a year of three hundred sixty-five (365) days. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein," "hereof" and "hereunder," and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, (e) any reference to any law or regulation herein shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, and (f) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 1.03 Accounting Terms; Changes to GAAP.

(a) Accounting Terms. Except as otherwise expressly provided herein, all accounting terms not otherwise defined herein shall be construed in conformity with GAAP. Financial statements and other information required to be delivered by the Borrower to the Lenders pursuant to Sections 5.01(a) and 5.01(b) shall be prepared in accordance with GAAP as in effect at the time of such preparation.

(b) Changes in Applicable Accounting Principles. If the Borrower notifies the Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in Applicable Accounting Principles or in the application thereof on the operation of such provision (or if the Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in Applicable Accounting Principles or in the application thereof, then such provision shall be interpreted on the basis of Applicable Accounting Principles as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

(c) Changes to GAAP. The Canadian Parent may elect to report in GAAP*in lieu* of IFRS for financial reporting purposes and, to the extent such change would affect the computation or interpretation of any financial ratio, basket, requirement or other provision set forth in any Loan Document, and either the Borrower or the Required Lenders shall so request, the Agent and the Borrower shall negotiate in good faith to amend such ratio, basket, requirement or other provision to preserve the original intent in light of such change or the application thereof (subject to the approval of the Required Lenders not to be unreasonably withheld, conditioned or delayed); provided that, until so amended, (i) such ratio, basket, requirement or other provision shall continue to be computed or interpreted in accordance with IFRS or the application thereof prior to such change therein and (ii) the Borrower shall provide to the Agent and the Lenders a written reconciliation in form and substance reasonably satisfactory to the Agent, between calculations of such ratio, basket, requirement or other provision made before and after giving effect to such change thereof.

SECTION 1.04 Divisions(a) . For all purposes under the Loan Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its Equity Interests at such time.

ARTICLE II

COMMITMENTS AND BORROWINGS

SECTION 2.01 Commitments. Subject to the terms and conditions set forth herein each Initial Lender severally agrees to make a Loan to the Borrower on the Closing Date in an aggregate principal amount equal to such Initial Lender's Initial Commitment. Subject to the terms and conditions set forth herein and in the applicable Joinder Agreement with respect to the applicable Incremental Facility, each Incremental Lender under the applicable Incremental Facility severally agrees to make a Loan to the Borrower on such applicable Incremental Commitment Effective Date in an aggregate principal amount equal to such Incremental Lender's Incremental Commitment under such Incremental Facility. Amounts borrowed under this Section 2.01 and repaid or prepaid may not be reborrowed.

SECTION 2.02 Loans and Borrowings.

(a) Borrowings. Each Loan shall be made as part of a Borrowing consisting of Loans made by the Lenders ratably in accordance with their respective Commitments as listed on Schedule 2.01, so long as no Default or Event of Default exists hereunder.

(b) Making of Loans. Each Lender at its option may make any Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement.

(c) Minimum Amounts. Each Borrowing shall be in an aggregate amount of $5,000,000 or a larger multiple of $100,000.

SECTION 2.03 Borrowing Requests.

(a) Notice by Borrower. Each Borrowing shall be made upon the Borrower's irrevocable notice to the Agent. Each such notice shall be in the form of a written Borrowing Request, appropriately completed and signed by a Responsible Officer of the Borrower, or may be provided telephonically or by electronic communication to the Agent (if promptly confirmed by such a written Borrowing Request consistent with such telephonic or electronic notice) and must be received by the Agent not later than 11:00 a.m. (New York City time) three Business Days prior to the date of the requested Borrowing.

(b) Content of Borrowing Requests. Each Borrowing Request for a Borrowing pursuant to this Section shall specify the following information in compliance with Section 2.02: (i) the aggregate amount of the requested Borrowing; (ii) the date of such Borrowing (which shall be a Business Day), (iii) the location and number of the Borrower's account to which funds are to be disbursed, and (iv) that no Default or Event of Default then exists hereunder. The Borrower shall provide a copy of each Borrowing Request to the Agent contemporaneously with the delivery thereof to the Lenders.

SECTION 2.04 Funding of Borrowings.

(a) Funding by Lenders. Each Lender shall make the amount of each Borrowing to be made by it hereunder available to the Agent in immediately available funds at the Agent's Office not later than 12:00 noon (New York City time) one Business Day prior to any Borrowing. The Agent will make all such funds so received available to the Borrower in like funds, by wire transfer of such funds in accordance with the instructions provided in the applicable Borrowing Request.

(b) Presumption by Agent. Unless the Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Agent such Lender's share of such Borrowing, the Agent may assume that such Lender has made such share available on such date in accordance with Section 2.04(a) and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Agent, then the applicable Lender and the Borrower severally agree to pay to the Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Agent, at (i) in the case of a payment to be made by such Lender, the greater of the Federal Funds Effective Rate and a rate determined by the Agent in accordance with banking industry rules on interbank compensation, and (ii) in the case of a payment to be made by the Borrower, the interest rate applicable to such Loans. If the Borrower and such Lender shall pay such interest to the Agent for the same or an overlapping period, the Agent shall promptly remit to the Borrower the amount of such interest paid by the Borrower for such period. If such Lender pays its share of the applicable Borrowing to the Agent, then the amount so paid shall constitute such Lender's Loan included in such Borrowing. Any payment by the Borrower shall be without prejudice to any claim the Borrower may have against a Lender that shall have failed to make such payment to the Agent.

SECTION 2.05 Prepayments.

(a) Optional Prepayments. The Borrower may at any time and from time to time prepay any Borrowing in whole or in part without premium or penalty except as set forth in Section 2.05(d)(i), subject to the requirements of this Section.

(b) Mandatory Prepayments.

(i) Indebtedness for Borrowed Money. In the event the Borrower or any Subsidiary shall receive proceeds from the issuance or incurrence of Indebtedness for borrowed money (other than any proceeds from issuance of Indebtedness for borrowed money expressly permitted pursuant to Section 6.01 of this Agreement), the Borrower shall, substantially simultaneously with the receipt of such proceeds by the Borrower or such Subsidiary, apply an amount equal to 100% of such proceeds to prepay outstanding Loans on a pro rata basis, pay interest owed pursuant to Section 2.05(e), and to pay any prepayment premium required pursuant to Section 2.05(d)(i).

(i i) Asset Sales and Casualty Events. Not later than the tenth Business Day following the receipt of Net Cash Proceeds with respect to any Disposition consummated pursuant to Section 6.04(k) or any Casualty Event, the Borrower shall apply 100% of the Net Cash Proceeds received with respect thereto to prepay outstanding Loans on a pro rata basis, pay interest owed pursuant to Section 2.05(e) and, solely with respect to Net Cash Proceeds from a Disposition, to pay any prepayment premium required pursuant to Section 2.05(d)(ii) below.

(i i i) Change of Control. Not later than the fifth Business Day following the occurrence of a Change of Control, the Borrower shall prepay outstanding Loans on a pro rata basis, pay interest owed pursuant to Section 2.05(e) and pay the prepayment premium required pursuant to Section 2.05(d)(iii) below.

(c) Notices. Borrower shall provide notice of each prepayment to be made pursuant to this Section 2.05 in the form of a written Prepayment Notice, appropriately completed and signed by a Responsible Officer of the Borrower, or may be given by telephone to the Agent (if promptly confirmed by such a written Prepayment Notice consistent with such telephonic notice) and must be received by the Agent (i) in the case of a prepayment made pursuant to Section 2.05(a) or Section 2.05(b)(i), not later than 11:00 a.m. (New York City time) three Business Days before the date of prepayment, (ii) in the case of a prepayment made pursuant to Section 2.05(b)(ii), not later than 11:00 a.m. (New York City time) ten Business Days before the date of prepayment and (iii) in the case of a prepayment to be made pursuant to Section 2.05(b)(iii), promptly upon either Parent Guarantor, the Borrower or any of its Subsidiaries obtaining knowledge that such Change of Control has occurred or is reasonably likely to occur within five Business Days. Each Prepayment Notice shall specify (x) the prepayment date and (y) the principal amount of each Borrowing or portion thereof to be prepaid. Each Prepayment Notice shall be irrevocable. Promptly following receipt of any such notice relating to a Borrowing, the Agent shall advise the applicable Lenders of the contents thereof.

(d) Prepayment Premium.

(i) Any prepayment made pursuant to Section 2.05(a), (b)(i) or (b)(iii) above or as otherwise set forth in this Agreement:

(A) on or prior to the No Call Expiration Date, shall be accompanied by a premium, paid to the applicable Lenders on a pro rata basis, in an amount equal to the Make-Whole Amount, or

(B) after the date that is after the 18 month anniversary of the Closing Date, shall be accompanied by a premium, paid to the applicable Lenders on a pro rata basis, on the principal amount so prepaid in accordance with the table set forth below (the "Prepayment Premium"):

Prepayment Date	Prepayment Premium
after the date that is the eighteen month anniversary of the Closing Date but on or prior to the date that is the thirty month anniversary of the Closing Date	6.44%
after the date that is the thirty month anniversary of the Closing Date but on or prior to the date that is the forty-second month anniversary of the Closing Date	3.22%
Thereafter	0%

(ii) Any prepayment made with the Net Cash Proceeds from a Disposition pursuant to Section 2.05(b)(ii) above on any date that is on or prior to the two year anniversary of the Closing Date, shall be accompanied by a premium, paid to the applicable Lenders on a pro rata basis, in an amount equal to 1.00% of the principal amount of Loans being prepaid.

(iii) Any prepayment pursuant to Section 2.05(b)(iii) above shall be accompanied by a premium, paid to the applicable Lenders on a pro rata basis, in an amount equal to 1.00% of the principal amount of Loans being prepaid.

(e) Amounts; Application. Each partial prepayment of any Borrowing made pursuant to Section 2.05(a) shall be in an amount that would be permitted in the case of a Borrowing as provided in Section 2.02. Each prepayment shall be applied ratably to the outstanding Loans and to each Lender on a pro rata basis. All prepayments pursuant to Section 2.05(a) and (b) shall be accompanied by interest accrued but unpaid interest up to, but not including, the date of the applicable repayment with respect to the applicable Loans being prepaid, to the extent required by Section 2.08.

(f) Lender Opt-Out. With respect to any prepayment of Loans pursuant to Section 2.05(b)(ii) and (iii), any Lender, at its option, may elect to decline such prepayment by notifying the Borrower any time on or after the day on which such Lender received notice of such prepayment pursuant to Section 2.05(c) and on or before the day that is two Business Days prior to the day on which such prepayment is to be made. Any amounts declined by a Lender pursuant to this Section 2.05(f) shall be retained by the Borrower or applicable Subsidiary.

SECTION 2.06 Termination of Commitments. The Initial Commitments shall automatically and permanently terminate on the Closing Date upon the funding of the Loans under the Initial Facility. The Incremental Commitments under such Incremental Facility shall automatically and permanently terminate on the applicable Incremental Commitment Effective Date upon the funding of the Loans under such Incremental Facility.

SECTION 2.07 Repayment of Loans. The Borrower shall repay each Lender on a pro rata basis the aggregate principal amount of all Loans outstanding under the Facility on the Maturity Date.

SECTION 2.08 Interest.

(a) Interest Rates. Subject to clause (b) of this Section, each Loan shall bear interest at 12.875% per annum.

(b) Default Interest. If any amount payable by the Borrower under this Agreement or any other Loan Document (including principal of any Loan, interest, fees and other amount) is not paid when due, whether at stated maturity, by acceleration or otherwise, such amount shall thereafter bear interest at a rate per annum equal to the applicable Default Rate. Upon the request of the Required Lenders, while any Event of Default exists, the Borrower shall pay interest on the principal amount of all Loans outstanding hereunder at a rate per annum equal to the applicable Default Rate and, for the avoidance of doubt, such Default Rate shall be deemed to have accrued since the occurrence of such Event of Default.

(c) Payment Dates. Interest on the unpaid principal amount of each Loan shall accrue from the date of such Loan (based on the amount of such Loan in United States dollars determined as of the date that such Loan was funded hereunder) until the Maturity Date at a rate per annum equal at all times to the interest rate pursuant to Section 2.08(a). Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date applicable thereto and at such other times as may be specified herein; provided that (i) interest accrued pursuant to clause (b) of this Section shall be payable on demand and (ii) in the event of any repayment or prepayment of any Loan, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment. All accrued, unpaid interest shall be due and payable in full on the Maturity Date. The payment of interest shall be made to an account held by each Lender and designated by each Lender in writing in not less than five (5) Business Days prior to the date when the interest is due. Interest shall be payable in the lawful currency of the United States.

(d) Interest Computation. All interest hereunder shall be computed on the basis of a year of 365 days (or 366 days in a leap year) and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

SECTION 2.09 Fees.

(a) Agent Fees. The Borrower agrees to pay to the Agent for its own account the fees payable in the amounts and at the times agreed pursuant to the Administrative Agency Fee Letter or otherwise in writing between the Borrower and the Agent. Once due, all fees shall be fully earned and shall not be refundable under any circumstances (except to the extent set forth in the Administrative Agency Fee Letter). Acquiom Agency Services LLC (and any successor acting as Agent) and its Affiliates may accept fees and other consideration from the Borrower or any Affiliate of the Borrower for services in connection with this Agreement or otherwise without having to account for the same to the Lenders.

(b) Fee Computation. All fees payable under this Section shall be computed on the basis of a year of 360 days and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). Each determination by the Agent of a fee hereunder shall be conclusive absent manifest error.

(c) Original Issue Discount. The Borrower agrees that Initial Loans shall be issued with original issue discount ("OID") of 1.875% of the amount of all of the Initial Commitments of the Lenders as of the Closing Date (prior to the termination of such Initial Commitments); provided that that all calculations of interest and fees in respect of the Initial Loans shall be calculated on the basis of their full stated principal amount. OID shall be in all respects fully earned as of the Closing Date.

SECTION 2.10 Evidence of Debt.

(a) Maintenance of Records. Each Lender shall maintain in accordance with its usual practice records evidencing the indebtedness of the Borrower to such Lender resulting from each Borrowing made by such Lender. The Agent shall maintain the Register in accordance with Section 9.04(c). The entries made in the records maintained pursuant to this clause (a) shall be prima facie evidence absent manifest error of the existence and amounts of the obligations recorded therein. Any failure of any Lender or the Agent to maintain such records or make any entry therein or any error therein shall not in any manner affect the obligations of the Borrower under this Agreement and the other Loan Documents. In the event of any conflict between the records maintained by any Lender and the records maintained by the Agent in such matters, the records

of the Agent shall control in the absence of manifest error.

(b) Promissory Notes. Upon the request of any Lender made through the Agent, the Borrower shall prepare, execute and deliver to such Lender a promissory note of the Borrower payable to such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and a form approved by the Agent, which shall evidence such Lender's Loan in addition to such records.

(c) Subject to SECTION 2.14, all payments of monthly interest and principal shall be made by the Borrower to each Lender to the account or at the address of such Lender as specified by Agent, in United States Dollars in immediately available funds, without counterclaim or setoff and free and clear of, and without any deduction or withholding for, any Taxes or other payments. The amount payable to each Lender and information regarding the account of each Lender shall be provided by Agent to Borrower in a not less than five (5) Business Days prior to the date any such payment is due and payable hereunder.

SECTION 2.11 Payments Generally; Several Obligations of Lenders.

(a) Payments by Borrower. All payments to be made by the Borrower hereunder and the other Loan Documents shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff. Subject to SECTION 2.14, all payments of interest and principal shall be made by the Borrower to each Lender to the account or at the address of such Lender as specified by the Agent, in Dollars in immediately available funds, without counterclaim or setoff and free and clear of, and without any deduction or withholding for, any Taxes or other payments. The amount payable to each Lender and information regarding the account of each Lender shall be provided by the Agent to the Borrower at least five (5) Business Days prior to the date any such payment is due and payable hereunder. If any payment to be made by the Borrower shall fall due on a day that is not a Business Day, payment shall be made on the next succeeding Business Day and such extension of time shall be reflected in computing interest or fees, as the case may be; provided that, if such next succeeding Business Day would fall after the Maturity Date, payment shall be made on the immediately preceding Business Day. Except as otherwise expressly provided herein, all payments hereunder or under any other Loan Document shall be made in Dollars.

(b) Application of Insufficient Payments. Subject to Section 7.02, if at any time insufficient funds are received by and available to the Agent to pay fully all amounts of principal, interest, fees and other amounts then due hereunder, such funds shall be applied (i) first, to pay interest, fees and other amounts then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest, fees and other amounts then due to such parties, and (ii) second, to pay principal then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal then due to such parties.

(c) Presumptions by Agent. Unless the Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Agent for the account of the Lenders hereunder that the Borrower will not make such payment, the Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to the Agent forthwith on demand the amount so distributed to such Lender, with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Agent in accordance with banking industry rules on interbank compensation.

(d) Deductions by Agent. If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.04(b), 2.12 or 9.03(c), then the Agent may, in its discretion and notwithstanding any contrary provision hereof, (i) apply any amounts thereafter received by the Agent for the account of such Lender for the benefit of the Agent to satisfy such Lender's obligations to the Agent until all such unsatisfied obligations are fully paid or (ii) hold any such amounts in a segregated account as cash collateral for, and for application to, any future funding obligations of such Lender under any such Section, in the case of each of clauses (i) and (ii) above, in any order as determined by the Agent in its discretion.

(e) Several Obligations of Lenders. The obligations of the Lenders hereunder to make Loans and to make payments pursuant to Section 9.03(c) are several and not joint. The failure of any Lender to make any Loan or to make any such payment on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Loan or to make its payment under Section 9.03(c).

SECTION 2.12 Sharing of Payments. If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans or other obligations hereunder resulting in such Lender receiving payment of a proportion of the aggregate amount of its Loans and accrued interest thereon or other such obligations greater than its pro rata share thereof as provided herein, then the Lender receiving such greater proportion shall (a) notify the Agent of such fact, and (b) purchase (for cash at face value) participations in the Loans and such other obligations of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and other amounts owing them; provided that:

(i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and

(ii) the provisions of this subclause shall not be construed to apply to (x) any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or (y) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans to any assignee or participant, other than to the Borrower or any Subsidiary thereof (as to which the provisions of this subclause shall apply).

The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under Applicable Law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

SECTION 2.13 Increased Costs.

(a) If any Change in Law shall subject any Recipient to any Taxes (other than (i) Indemnified Taxes, (ii) Taxes described in clauses (b) through (e) of the definition of Excluded Taxes and (iii) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto and the result thereof shall be to increase the cost to such Lender or such other Recipient of making, converting to, continuing or maintaining any Loan or of maintaining its obligation to make any such Loan, or to increase the cost to such Lender, or to reduce the amount of any sum received or receivable by such Lender or other Recipient hereunder (whether of principal, interest or any other amount) then, upon request of such Lender or other Recipient, the Borrower will pay to such Lender or other Recipient, as the case may be, such additional amount or amounts as will compensate such Lender or other Recipient, as the case may be, for such additional costs incurred or reduction suffered.

(b) Capital Requirements. If any Lender determines that any Change in Law affecting such Lender or any lending office of such Lender or such Lender's holding company, if any, regarding capital or liquidity requirements, has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Loans made by such Lender to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy), then from time to time the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) Certificates for Reimbursement. A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in clause (a) or (b) of this Section and delivered to the Borrower, shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Delay in Requests. Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender pursuant to this Section for any increased costs incurred or reductions suffered more than nine months prior to the date that such Lender notifies the Borrower of the Change in Law giving rise to such increased costs or reductions, and of such Lender's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine-month period referred to above shall be extended to include the period of retroactive effect thereof).

SECTION 2.14 Taxes.

(a) Defined Terms. For purposes of this Section, the term "Applicable Law" includes FATCA.

(b) Payments Free of Taxes. Any and all payments by or on account of any obligation of the any Loan Party under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by Applicable Law. If any Applicable Law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with Applicable Law and, if such Tax is an Indemnified Tax, then the sum payable by the applicable Loan Party shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(c) Payment of Other Taxes by Borrower. The Loan Parties shall timely pay to the relevant Governmental Authority in accordance with Applicable Law, any Other Taxes.

(d) Indemnification by Borrower. The Loan Parties shall indemnify each Recipient, within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Agent), or by the Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(e) Indemnification by the Lenders. Each Lender shall severally indemnify the Agent, within 10 days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that any Loan Party has not already indemnified the Agent for such Indemnified Taxes and without limiting the obligation of the Loan Parties to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 9.04(d) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Agent to the Lender from any other source against any amount due to the Agent under this clause (e).

(f) Evidence of Payments. As soon as practicable after any payment of Taxes by any Loan Party to a Governmental Authority pursuant to this Section, the Loan Party shall deliver to the Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Agent.

(g) Status of Lenders. (i) Any Recipient (including for all purposes of this Section 2.14(g)(i) any Agent) that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower and the Agent, at the time or times reasonably requested by the Borrower or the Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Recipient, if reasonably requested by the Borrower or the Agent, shall deliver such other documentation prescribed by Applicable Law or reasonably requested by the Borrower or the Agent as will enable the Borrower or the Agent to determine whether or not such Recipient is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in clauses (g)(ii)(A), (ii)(B) and (ii)(D) of this Section) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing, in the event that the Borrower is a U.S. Person,

(A) any Recipient that is a U.S. Person shall deliver to the Borrower and the Agent on or about the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Agent), executed copies of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Agent (in such number of

copies as shall be requested by the recipient) on or about the date on which such Foreign Lender becomes a Recipient under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Agent), whichever of the following is applicable:

(1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(2) executed copies of IRS Form W-8ECI;

(3) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit B-1 to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, or a "controlled foreign corporation" related to the Borrower as described in Section 881(c)(3)(C) of the Code (a "U.S. Tax Compliance Certificate") and (y) executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E; or

(4) to the extent a Foreign Lender is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, IRS Form W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of Exhibit B-2 or Exhibit B-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit B-4 on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Agent (in such number of copies as shall be requested by the recipient) on or about the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Agent), executed copies of any other form prescribed by Applicable Law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by Applicable Law to permit the Borrower or the Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Recipient under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Recipient shall deliver to the Borrower and the Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Agent such documentation prescribed by Applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Agent as may be necessary for the Borrower and the Agent to comply with their obligations under FATCA and to determine that such Recipient has complied with such Recipient's obligations under FATCA or to determine the amount, if any, to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Each Recipient agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Agent in writing of its legal inability to do so.

(h) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section (including by the payment of additional amounts pursuant to this Section), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this clause (h) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this clause (h), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this clause (h) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This clause shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(i) Survival. Each party's obligations under this Section shall survive the resignation or replacement of the Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.

SECTION 2.15 Mitigation Obligations; Replacement of Lenders.

(a) Designation of a Different Lending Office. If any Lender requests compensation under Section 2.13, or requires the Borrower to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.14, then such Lender shall (at the request of the Borrower) use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.13 or 2.14, as the case may be, in the future, and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) Replacement of Lenders. If any Lender requests compensation under Section 2.13, or if the Borrower is required to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.14 and, in each case, such Lender has declined or is unable to designate a different lending office in accordance with clause (a) of this Section, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 9.04), all of its interests, rights (other than its existing rights to payments pursuant to Section 2.13 or Section 2.14) and obligations under this Agreement and the related Loan Documents to an Eligible Assignee or Preferred Assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that:

(i) the Borrower shall have paid to the Agent the assignment fee (if any) specified in Section 9.04;

(ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts);

(iii) in the case of any such assignment resulting from a claim for compensation under Section 2.13 or payments required to be made pursuant to Section 2.14, such assignment will result in a reduction in such compensation or payments thereafter; and

(iv) such assignment does not conflict with Applicable Law.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

SECTION 2.16 Extension of Maturity Date.

(a) Request for Extension. The Borrower may, by notice to the Agent (who shall promptly notify the Lenders) not earlier than 45 days and not later than 35 days prior to the Maturity Date then in effect hereunder (the "Existing Maturity Date"), request that each Lender extend such the Maturity Date for such Lender's Loans for an additional 364 days from the Existing Maturity Date.

(b) Lender Elections to Extend. Each Lender, acting in its sole and individual discretion, shall, by notice to the Agent given not earlier than 30 days prior to the Existing Maturity Date and not later than the date (the "Notice Date") that is 20 days prior to the Existing Maturity Date, advise the Agent whether or not such Lender agrees to such extension (each Lender that determines to so extend its Maturity Date, an "Extending Lender"; and each Lender that determines not to so extend its Maturity Date, a "Non-Extending Lender") shall notify the Agent of such fact promptly after such determination (but in any event no later than the Notice Date) and any Lender that does not so advise the Agent on or before the Notice Date shall be deemed to be a Non-Extending Lender. The election of any Lender to agree to such extension shall not obligate any other Lender to so agree.

(c) Notification by Agent. The Agent shall notify the Borrower of each Lender's determination under this Section no later than the date 15 days prior to the Existing Maturity Date (or, if such date is not a Business Day, on the next preceding Business Day).

(d) Additional Lenders. The Borrower shall have the right on or before the Existing Maturity Date to replace each Non-Extending Lender with, and add as "Lenders" under this Agreement in place thereof, one or more Eligible Assignees or Preferred Assignee (each, an " Additional Lender") as provided in Section 9.04 each of which Additional Lenders shall have entered into an Assignment and Assumption pursuant to which such Additional Lender shall, effective as of the Existing Maturity Date, assume the Outstanding Amount of Loans of such Non-Extending Lender set forth in such Assignment and Assumption (and, if any such Additional Lender is already a Lender, such Outstanding Amount of Loans so assigned and assumed shall be in addition to the Outstanding Amount of Loans of such Lender hereunder on such date).

(e) Minimum Extension Requirement. If (and only if) the total Outstanding Amount of Loans of the Lenders that have agreed so to extend their Maturity Date and the Outstanding Amount of Loans of the Additional Lenders shall be more than 50% of the Outstanding Amount of Loans of all Lenders immediately prior to the Existing Maturity Date, then, effective as of the Existing Maturity Date, the Maturity Date of each Extending Lender and of each Additional Lender (but not, or the avoidance of doubt, the Loans of Lenders that are not Extending Lenders or Additional Lenders) shall be extended to the date falling 364 days after the Existing Maturity Date (except that, if such date is not a Business Day, such Maturity Date as so extended shall be the next preceding Business Day) and each Additional Lender shall thereupon become a "Lender" for all purposes of this Agreement.

(f) Conditions to Effectiveness of Extensions. Notwithstanding the foregoing, the extension of the Maturity Date pursuant to this Section shall not be effective with respect to any Lender unless:

(i) no Default or Event of Default shall have occurred and be continuing on the date of such extension and after giving effect thereto;

(ii) the representations and warranties contained in this Agreement are true and correct on and as of the date of such extension and after giving effect thereto, as though made on and as of such date (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date); and

(iii) on or before the Maturity Date, (1) the Borrower shall have paid in full the principal of and interest on all of the Loans made by each Non-Extending Lender to the Borrower hereunder and (2) the Borrower shall have paid in full all other amounts owing to such Non-Extending Lender hereunder.

(g) Amendment; Sharing of Payments. In connection with any extension of the Maturity Date, the Borrower, the Agent and each Extending Lender may make such amendments to this Agreement as the Agent determines to be reasonably necessary to evidence the extension. This Section shall supersede Sections 2.12 and 9.02.

SECTION 2.17 Incremental Commitments.

(a) Request for Incremental Facility. The Borrower may, by notice to the Agent (who shall promptly notify the Lenders), request the establishment of one or more new term loan commitments (each, an "Incremental Commitment") pursuant to an Incremental Facility up to an aggregate amount (for all such requests) that, when combined with the amount of the Initial Facility, shall not exceed $150,000,000; provided that (i) any such request for an Incremental Facility shall be in a minimum amount of the lesser of (x) $5,000,000 (or such lesser amount as may be approved by the Agent) and (y) the entire remaining amount available under this Section and (ii) in lieu of establishing an Incremental Facility, the Borrower may elect to increase the Initial Facility, provided that such increased portion shall be subject to the same terms and conditions of this Section 2.17 as if such increased portion were a separate Incremental Facility.

(b) Incremental Lenders. An Incremental Commitment may be provided by any existing Lender or other Person that is an Eligible Assignee (each such existing Lender or other Person that agrees to provide an Incremental Commitment, an "Incremental Lender"); provided that each Incremental Lender shall be subject to the consent (in each case, not to be unreasonably withheld or delayed) of the Agent. Notwithstanding anything herein to the contrary, no Lender shall have any obligation to agree to provide an Incremental Commitment pursuant to this Section and any election to do so shall be in the sole discretion of such Lender.

(c) Terms of Incremental Commitments. The Agent and the Borrower shall determine the effective date for such Incremental Facility pursuant to this Section (an "Incremental Commitment Effective Date") and, if applicable, the final allocation of such Incremental Commitments among the Persons providing such Incremental Facility; provided that such date shall be a Business Day at least ten Business Days after delivery of the request for such Incremental Facility (unless otherwise approved by the Agent) and at least 30 days prior to the Maturity Date then in effect. Each Incremental Facility shall have the same terms (including, without limitation, Sections 2.05, 2.07 and 2.08) and conditions as the Initial Facility, other than (i) those terms and conditions set forth in this Section 2.17 that differ from those terms and conditions applicable to the Initial Facility and (ii) that Incremental Facilities shall be subject to original issue discount and/or upfront fees as agreed among the Borrower and the Persons providing such Incremental Facilities and such original issue discounts and/or upfront fees shall not be required to be the same as the OID applicable to the Initial Loans.

In order to effect such Incremental Facility, the Borrower, the applicable Incremental Lender(s) and the Agent (but no other Lenders or Persons) shall enter into one or more Joinder Agreements, each in form and substance satisfactory to the Borrower and the Agent, pursuant to which the applicable Incremental Lender(s) will provide the Incremental Commitment(s).

Effective as of the applicable Incremental Commitment Effective Date, subject to the terms and conditions set forth in this Section, each Incremental Commitment shall be a Commitment and Schedule 2.01 shall be updated accordingly to reflect such Incremental Commitment, each Incremental Lender providing such Incremental Commitment shall be, and have all the rights of, a Lender, and the Loans made by it on such Incremental Commitment Effective Date pursuant to clause (e) of this Section shall be Loans, for all purposes of this Agreement.

(d) Conditions to Effectiveness. Notwithstanding the foregoing, the Incremental Commitments pursuant to this Section shall not be effective with respect to any Incremental Lender unless:

(i) no Default or Event of Default shall have occurred and be continuing on the Incremental Commitment Effective Date and after giving effect to the Borrowings under the Incremental Facility to be made on the Incremental Commitment Effective Date;

(ii) the representations and warranties contained in this Agreement are true and correct on and as of the Incremental Commitment Effective Date and after giving effect to such Incremental Facility, as though made on and as of such date (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date);

(iii) the Agent shall have received one or more Joinder Agreements contemplated above, providing for Incremental Commitments in the amount of such Incremental Facility; and

(iv) the Agent shall have received such legal opinions and other documents reasonably requested by the Agent in connection therewith.

As of such Incremental Commitment Effective Date, upon the Agent's receipt of the documents required by this clause (d), the Agent shall record the information contained in the applicable Joinder Agreement(s) in the Register and give prompt notice of the Incremental Commitments to the Borrower and the Lenders (including each Incremental Lender).

SECTION 2.18 Payment Protocols. The Agent shall, with one Business Day of any request by Borrower, whether in connection with a payment, prepayment or otherwise, furnish to the Borrower a true and complete copy of the Register. The Borrower shall be entitled to rely upon, and shall not incur any liability for relying upon, the Register in connection with any payment or prepayment or otherwise.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Agent and the Lenders that:

SECTION 3.01 Existence, Qualification and Power. The Borrower and each Subsidiary (a) is duly organized or formed, validly existing and, as applicable, in good standing under the Laws of the jurisdiction of its incorporation or organization, (b) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to (i) own or lease its assets and carry on its business and (ii) execute, deliver and perform its obligations under the Loan Documents to which it is a party, and (c) is duly qualified and is licensed and, as applicable, in good standing under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license, except, in each case referred to in clause (a) (other than with respect to the Borrower), (b)(i) or (c), to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

SECTION 3.02 Authorization; No Contravention. The execution, delivery and performance by the Borrower of each Loan Document to which it is party have been duly authorized by all necessary corporate or other organizational action, and do not and will not (a) contravene the terms of its Organizational Documents, (b) conflict with or result in any breach or contravention of, or the creation of any Lien under, or require any payment to be made under (i) any Contractual Obligation to which the Borrower is a party or affecting the Borrower or the properties of the Borrower or any Subsidiary or (ii) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which the Borrower or any Subsidiary or its property is subject or (c) violate any Requirements of Law.

SECTION 3.03 Governmental Authorization; Other Consents. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, the Borrower of this Agreement or any other Loan Document, except for (a) filings and recordings with respect to the Collateral to be made as of the Closing Date and (b) such approvals, consents, exemptions, authorizations, actions or notices that have been duly obtained, taken or made and in full force and effect.

SECTION 3.04 Execution and Delivery; Binding Effect. This Agreement has been, and each other Loan Document, when delivered hereunder, will have been, duly executed and delivered by the Borrower. This Agreement constitutes, and each other Loan Document when so delivered will constitute, a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other Laws affecting creditors' rights generally and by general principles of equity.

SECTION 3.05 Financial Statements; No Material Adverse Effect.

(a) Financial Statements. (i) The Canadian Parent Financial Statements were prepared in accordance with IFRS consistently applied throughout the

period covered thereby, except as otherwise expressly noted therein, and fairly present in all material respects the financial condition of the Canadian Parent and its Subsidiaries as of the date thereof and their results of operations and cash flows for the period covered thereby in accordance with IFRS consistently applied throughout the period covered thereby, except as otherwise expressly noted therein. (ii) The Borrower Financial Statements were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, and fairly present in all material respects the financial condition of the Borrower and its Subsidiaries as of the date thereof and their results of operations and cash flows for the period covered thereby in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein.

(b) No Material Adverse Change. Since December 31, 2019, there has been no event or circumstance that, either individually or in the aggregate, has had or would reasonably be expected to have a Material Adverse Effect.

SECTION 3.06 Litigation. There are no actions, suits, proceedings, claims, disputes or investigations pending or, to the knowledge of the Borrower, threatened, at Law, in equity, in arbitration or before any Governmental Authority, by or against the Borrower or any Subsidiary or against any of their properties or revenues that (a) except as specifically disclosed in Schedule 3.06, either individually or in the aggregate could reasonably be expected to have a Material Adverse Effect or (b) purport to affect or pertain to this Agreement or any other Loan Document or any of the transactions contemplated hereby. There has been no change in the status, or financial effect on the Borrower or any Subsidiary, of the matters disclosed in Schedule 3.06 that, either individually or in the aggregate, has increased or could reasonably be expected to increase the likelihood that such matter(s) could have a Material Adverse Effect.

SECTION 3.07 No Default. Neither the Borrower nor any Subsidiary thereof is in default under or with respect to any Contractual Obligation that, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. No Default has occurred and is continuing or would result from the consummation of the transactions contemplated by this Agreement or any other Loan Document.

SECTION 3.08 Property.

(a) Ownership of Properties. Each of the Borrower and its Subsidiaries has good record and marketable title to, license to use, or valid leasehold interests in, or easements or other limited property interests in, as applicable, all property necessary or used in the ordinary conduct of its business, free and clear of all Liens, other than Liens permitted by Section 6.02, except to the extent a failure to have such good record and marketable title to, license to use, or valid leasehold interests in, or easements or other limited property interests in, as applicable, could not reasonably be expected to have a Material Adverse Effect.

(b) Intellectual Property. Each of the Borrower and its Subsidiaries owns, licenses or possesses the right to use all Intellectual Property rights that are reasonably necessary for the operation of their respective businesses, as currently conducted, and the use thereof by the Borrower and its Subsidiaries does not conflict with the rights of any Person, except to the extent that such failure to own, license or possess or such conflicts, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect. To the knowledge of the Borrower, no Person is infringing or violating any such Intellectual Property rights owned by the Borrower or any of its Subsidiaries, except to the extent that such infringements and violations, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect. The conduct of the business of the Borrower or any Subsidiary as currently conducted or as contemplated to be conducted does not infringe upon, or violate any rights held by any Person, except to the extent that such infringements and violations, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect. No claim or litigation regarding any of the foregoing is pending or, to the knowledge of the Borrower, threatened that could reasonably be expected to have a Material Adverse Effect.

(c) Material Licenses. Set forth on Schedule 3.08 is a complete and accurate list, as of the Closing Date, of all Material Licenses of the Borrower and each of its Subsidiaries, showing the parties and subject matter, and the remaining term thereof. Each of the Borrower and its Subsidiaries is in compliance in all material respects with each Material License and no investigation or proceeding is pending or, to the knowledge of the Loan Party, threatened in writing, that would reasonably be expected to result in the suspension, revocation or non-renewal of any such Material License.

(d) Purchase Agreement. The Borrower is in compliance with the terms of the Purchase Agreement and no litigation or proceeding is pending or, to the knowledge of the Borrower, threatened in writing, against the Borrower for any breach of violation by the Borrower of the terms of the Purchase Agreement.

SECTION 3.09 Taxes. The Borrower and its Subsidiaries have filed all federal, state, provincial, territorial and other tax returns and reports required to be filed, and have paid all federal, state, provincial, territorial and other taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable, except (a) Taxes that are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves are being maintained in accordance with IFRS or (b) to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

SECTION 3.10 Disclosure. (a) The Borrower has disclosed to the Agent and the Lenders all agreements, instruments and corporate or other restrictions to which the Borrower or any of its Subsidiaries is subject, and all other matters known to it, that, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. The reports, financial statements, certificates and other written information (other than projected or pro forma financial information) furnished by or on behalf of the Borrower to any Agent or any Lender in connection with the transactions contemplated hereby and the negotiation of this Agreement or delivered hereunder or under any other Loan Document (as modified or supplemented by other information so furnished), taken as a whole, do not contain any material misstatement of fact or omit to state any material fact necessary to make the statements therein (when taken as a whole), in the light of the circumstances under which they were made, not misleading; provided that, with respect to projected or pro forma financial information, the Borrower represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time of preparation and delivery (it being understood that such projected information may vary from actual results and that such variances may be material).

(b) The information included in the Beneficial Ownership Certification is true and correct in all respects.

SECTION 3.11 Compliance with Laws, Etc. Each of the Borrower and its Subsidiaries is in compliance with all Requirements of Law and all orders, writs, injunctions and decrees applicable to it or to its properties, except in such instances in which (i) such Requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted or (ii) the failure to so comply, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

SECTION 3.12 ERISA Compliance.

(a) Except as could not reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect, each Plan is in compliance with the applicable provisions of ERISA, the Code and other federal or state Laws.

(b) There are no pending or, to the knowledge of the Borrower, threatened or contemplated claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan that, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan that, either individually or in the aggregate, has had or could reasonably be expected to have a Material Adverse Effect.

(c) No ERISA Event has occurred, and neither the Borrower nor any ERISA Affiliate is aware of any fact, event or circumstance that, either individually or in the aggregate, could reasonably be expected to constitute or result in an ERISA Event with respect to any Pension Plan that, either individually or in the aggregate, has had or could reasonably be expected to have a Material Adverse Effect.

(d) Except as could not reasonably be expected to have a Material Adverse Effect, the present value of all accrued benefits under each Pension Plan (based on those assumptions used to fund such Pension Plan) did not, as of the last annual valuation date prior to the date on which this representation is made or deemed made, exceed the value of the assets of such Pension Plan allocable to such accrued benefits by a material amount. As of the most recent valuation date for each Multiemployer Plan, the potential liability of the Borrower or any ERISA Affiliate for a complete withdrawal from such Multiemployer Plan (within the meaning of Section 4203 or Section 4205 of ERISA), when aggregated with such potential liability for a complete withdrawal from all Multiemployer Plans, could not reasonably be expected to have an adverse effect.

(e) To the extent applicable, each Foreign Plan has been maintained in compliance with its terms and with the requirements of any and all applicable Requirements of Law and has been maintained, where required, in good standing with applicable regulatory authorities, except to the extent that the failure so to comply could not reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect. Except as could not reasonably be expected to have a Material Adverse Effect, neither the Borrower nor any Subsidiary has incurred any material obligation in connection with the termination of or withdrawal from any Foreign Plan. Except as could not reasonably be expected to have a Material Adverse Effect, the present value of the accrued benefit liabilities (whether or not vested) under each Foreign Plan that is funded, determined as of the end of the most recently ended fiscal year of the Borrower or Subsidiary, as applicable, on the basis of actuarial assumptions, each of which is reasonable, did not exceed the current value of the property of such Foreign Plan by a material amount, and for each Foreign Plan that is not funded, the obligations of such Foreign Plan are properly accrued.

SECTION 3.13 Environmental Matters. Except with respect to any matters that, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect, neither the Borrower nor any Subsidiary (a) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (b) knows of any basis for any permit, license or other approval required under any Environmental Law to be revoked, canceled, limited, terminated, modified, appealed or otherwise challenged, (c) has or could reasonably be expected to become subject to any Environmental Liability, (d) is aware of or has received notice of any claim, suit, complaint, proceeding, investigation or inquiry with respect to any Environmental Liability (and no such claim, suit, complaint, proceeding, investigation or inquiry is pending or, to the knowledge of the Borrower, is threatened or contemplated) or (e) knows of any facts, events or circumstances that could give rise to any basis for any Environmental Liability of the Borrower or any Subsidiary.

SECTION 3.14 Margin Regulations. Neither the Borrower nor any of its Subsidiaries is engaged and will not engage, principally or as one of its important activities, in the business of purchasing or carrying Margin Stock, or extending credit for the purpose of purchasing or carrying Margin Stock, and no part of the proceeds of any Borrowing hereunder will be used to buy or carry any Margin Stock. Following the application of the proceeds of each Borrowing, not more than 25% of the value of the assets (either of the Borrower only or of the Borrower and its Subsidiaries on a consolidated basis) will be Margin Stock.

SECTION 3.15 Investment Company Act. Neither the Borrower nor any of its Subsidiaries is an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940.

SECTION 3.16 Sanctions; Anti-Money Laundering; Anti-Corruption.

(a) None of the Borrower, any of its Subsidiaries or any director, officer, employee, agent, or affiliate of the Borrower or any of its Subsidiaries is an individual or entity ("person") that is, or is owned or controlled by persons that are: (i) the target of any sanctions administered or enforced by the United States (including without limitation the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") and the U.S. Departments of State or Commerce), the United Nations Security Council, the European Union and member states thereof, the United Kingdom (including without limitation Her Majesty's Treasury), the government of Canada, or other relevant sanctions authority (collectively, "Sanctions"), or (ii) located, organized or resident in or operating from a country or territory that is the target of Sanctions (including the Crimea region of Ukraine, Cuba, Iran, North Korea and Syria).

(b) The Borrower, its Subsidiaries and their respective directors, officers and employees and, to the knowledge of the Borrower, the agents of the Borrower and its Subsidiaries, are and have been in compliance with all Sanctions, Anti-Money Laundering Laws, and with Anti-Corruption Laws. The Borrower and its Subsidiaries have instituted and maintain policies and procedures designed to ensure continued compliance with Sanctions, Anti-Money Laundering Laws, and Anti-Corruption Laws. There are no pending or, to the knowledge of the Borrower, threatened claims, actions, suits, inquiries, investigations, or proceedings involving the Borrower, its Subsidiaries, or their respective directors, officers, and employees with respect to any Sanctions, Anti-Money Laundering Laws, or Anti-Corruption Laws.

SECTION 3.17 Solvency. The Borrower and its Subsidiaries on a consolidated basis are, before and immediately upon giving effect to the incurrence of the Loans hereunder, Solvent.

SECTION 3.18 Collateral Documents.

(a) The Pledge and Security Agreement and Collateral Assignments, upon execution and delivery thereof by the parties thereto, will, under the governing law thereof, create in favor of the Agent for the benefit of the Lenders, a legal, valid and enforceable security interest in the Collateral described therein to the extent intended to be created thereby.

(b) (i) when UCC financing statements in the appropriate form are filed in respect of the applicable Loan Parties in the offices of secretaries of state of those states specified in paragraph 1(a) of the Perfection Certificate, to the extent perfection can be obtained by filing UCC financing statements, the Agent (for the benefit of the Lenders) shall have a fully perfected Lien on, and security interest in all right, title and interest of the relevant Loan Parties in the Collateral described therein (including, in the case of Intellectual Property, all state trademark registrations, common law trademarks and any applications for the registration of any of the foregoing, but excluding the Collateral described in the following clauses (ii) through (iv)) and, subject to Section 9-315 of the UCC, the proceeds thereof, as security for the Obligations, prior and superior in right to any other person (except for Liens permitted under Section 6.02), (ii) in the case of the Pledged Collateral, when the original stock certificates representing the Pledged Collateral are delivered to the Agent and UCC financing statements in the appropriate form are filed in respect of the applicable Loan Parties in the offices of secretaries of state of those states specified in paragraph 1(a) of the Perfection Certificate, to the extent perfection can be obtained by the deposit of the original stock certificates and the filing of UCC financing statements, the Agent (for the benefit of the Lenders) shall have a fully perfected Lien on, and security interest in all right, title and interest of

the relevant Loan Parties in such Pledged Collateral and, subject to Section 9-315 of the UCC, the proceeds thereof, as security for the Obligations, prior and superior in right to any other person (except for Liens permitted under Section 6.02), (iii) in the case of any deposit or securities accounts included in the Collateral (which, for the avoidance of doubt, excludes Excluded Accounts), to the extent perfection can be obtained by entering into a Control Agreement, when a Control Agreement is entered into with respect to such deposit or securities accounts, the Agent (for the benefit of the Lenders) shall have a fully perfected Lien on, and security interest in all right, title and interest of the applicable Loan Parties in such deposit or securities accounts, as applicable, as security for the Obligations, prior and superior in right to any other person (except for Liens permitted under Section 6.02) and (iv) in the case of United States patent, United States copyright, and United States federal trademark registrations, and applications for the issuance or registration of any of the foregoing upon the recordation of a short-form security agreement in form and substance reasonably satisfactory to the Agent with the United States Patent and Trademark Office, or the United States Copyright Office, as applicable, together with the filing of UCC financing statements (together with any schedules the Agent requests that the Borrower includes to itemize such Intellectual Property included as Collateral) in the appropriate form in respect of the applicable Loan Parties in the offices of secretaries of state of those states specified in paragraph 1(a) of the Perfection Certificate, the Agent (for the benefit of the Lenders) shall have a fully perfected Lien on, and security interest in all right, title and interest of the applicable Loan Parties organized in the United States in such Intellectual Property in which a security interest may be perfected by such filing in the United States, in each case, prior and superior in right to any other Person (except for Liens permitted under Section 6.02 that have priority as a matter of law) (it being understood that subsequent recordings in the United States Patent and Trademark Office or the United States Copyright Office, as applicable, may be necessary to perfect a Lien on patents, patent applications, and trademark and copyright registrations and applications for registration acquired, obtained or initiated by, or granted to, the Loan Parties after the date hereof).

ARTICLE IV

CONDITIONS

SECTION 4.01 Closing Date. The obligation of each Lender to make Borrowings hereunder is subject to the satisfaction (or waiver in accordance with Section 9.02) of the following conditions (and, in the case of each document specified in this Section to be received by the Agent, such document shall be in form and substance satisfactory to the Agent and each Lender):

(a) Executed Counterparts. The Agent shall have received (i) from each party hereto a counterpart of this Agreement signed on behalf of such party (or written evidence satisfactory to the Agent (which may include transmission by electronic mail of a signed signature page to this Agreement) that such party has signed a counterpart of this Agreement), (ii) from each party to the Guaranty Agreement a counterpart of the Guaranty Agreement signed on behalf of such party (or written evidence satisfactory to the Agent (which may include transmission by electronic mail of a signed signature page to the Guaranty Agreement) that such party has signed a counterpart of the Guaranty Agreement), (iii) from each party to the Pledge and Security Agreement a counterpart of the Pledge and Security Agreement signed on behalf of such party (or written evidence satisfactory to the Agent (which may include transmission by electronic mail of a signed signature page to the Pledge and Security Agreement) that such party has signed a counterpart of the Pledge and Security Agreement), and (iv) from each party to the Notice of Assignment (as defined in the Pledge and Security Agreement) pertaining to the Purchase Agreement, a counterpart of such Notice of Assignment signed on behalf of such party (or written evidence satisfactory to the Agent (which may include transmission by electronic mail of a signed signature page to such Notice of Assignment) that such party has signed a counterpart of such Notice of Assignment).

(b) Certificates. The Agent shall have received a certificate of a Responsible Officer of each Loan Party (or other person duly authorized by the constituent documents of such Loan Party) dated the Closing Date and certifying:

(i) that attached thereto is a true and complete copy of the Organizational Documents of such Loan Party as in effect on the Closing Date;

(ii) that attached thereto is a true and complete copy of resolutions (or equivalent authorizing actions) duly adopted by the Board of Directors (or equivalent governing body) of such Loan Party (or its managing general partner or managing member), authorizing the execution, delivery and performance of the Loan Documents to which such Loan Party is a party and, in the case of the Borrower, the borrowings hereunder, and that such resolutions have not been modified, rescinded or amended and are in full force and effect on the Closing Date; and

(iii) as to the incumbency and specimen signature of each officer or other duly authorized person executing any Loan Document or any other document delivered in connection herewith on behalf of such Loan Party;

(c) Good Standing Certificates. The Agent shall have received a certificate as to the good standing (to the extent such concept or a similar concept exists under the laws of the relevant jurisdiction) of each Loan Party as of a recent date from the applicable Governmental Authority (or other similar official or registry).

(d) Opinion of Counsel to Borrower. The Agent shall have received (i) an opinion of Norton Rose Fulbright US LLP, counsel to the Loan Parties, as it pertains to matters of New York and Delaware law, (ii) an opinion of Saul Ewing Arnstein & Lehr LLP, counsel to the Borrower and its Subsidiaries as it pertains to Pennsylvania law, and (iii) Norton Rose Fulbright Canada LLP, counsel to the Canadian Parent as it pertains to matters of Ontario law, in each case, addressed to the Agent and the Lenders and dated the Closing Date, in form and substance satisfactory to the Agent (and the Borrower hereby instructs such counsel to deliver such opinion to such Persons).

(e) Collateral Matters. The Agent shall have received:

(i) the Perfection Certificate signed on behalf of the Borrower (or written evidence satisfactory to the Agent (which may include transmission by electronic mail of a signed signature page to the Perfection Certificate) that such party has signed a counterpart of the Perfection Certificate) dated as of the Closing Date,

(ii) in respect of the Borrower and each of its Subsidiaries, the results of searches for any UCC financing statements, tax Liens or judgment Liens, as applicable, filed against the Borrower, its Subsidiaries or their respective property, which results shall not show any such Liens (other than Liens permitted pursuant to Section 6.02),

(iii) evidence reasonably satisfactory to the Agent that arrangements are in place for the filing of financing statements in respect of each Loan Party (other than the Canadian Parent) on Form UCC 1 in each of the offices of secretaries of state of those states specified in paragraph 1(a) of the Perfection Certificate,

(iv) evidence reasonably satisfactory to the Agent that arrangements are in place for all original stock certificates representing all of the Equity Interests required to be pledged pursuant to the Pledge and Security Agreement, accompanied by undated stock transfer powers or other proper instruments of transfer reasonably acceptable to the Agent executed in blank, to be delivered to the Agent,

(v) evidence reasonably satisfactory to the Agent that arrangements are in place for all original promissory notes and other instruments required to be pledged pursuant to the Pledge and Security Agreement, accompanied by note transfer powers or other proper instruments of transfer reasonably acceptable to the Agent executed in blank, to be delivered to the Agent, and

(vi) a certificate of a Responsible Officer of the Borrower certifying that attached thereto are true, complete and correct copies of (A) each Material License as in effect on the Closing Date and (B) the Purchase Agreement.

(f) KYC Information.

(i) Upon the reasonable request of any Lender made at least five days prior to the Closing Date, the Borrower shall have provided to such Lender the documentation and other information so requested in connection with applicable "know your customer" and anti-money-laundering rules and regulations, including the PATRIOT Act, in each case at least three days prior to the Closing Date.

(ii) At least five days prior to the Closing Date, if the Borrower qualifies as a "legal entity customer" under the Beneficial Ownership Regulation, it shall deliver a Beneficial Ownership Certification.

(g) Fees and Expenses. The Borrower shall have paid all fees, costs and expenses (including legal fees and expenses) agreed in writing to be paid by it to the Agent and the Lenders in connection herewith (including pursuant to the Fee Letters) to the extent due (and, in the case of expenses (including legal fees and expenses), to the extent that statements for such expenses shall have been delivered to the Borrower at least three days prior to the Closing Date).

(h) Officer's Certificate. The Agent shall have received a certificate, dated the Closing Date and signed by a Responsible Officer of the Borrower, confirming satisfaction of the conditions set forth in this Section and compliance with the conditions set forth in clauses (b) and (c) of the first sentence of Section 4.02.

(i) Solvency Certificates. The Agent shall have received, from each of the Borrower, the American Parent and the Canadian Parent, a certificate, substantially in the form of Exhibit C, executed by a Financial Officer of each of the Borrower, the American Parent and the Canadian Parent, in each case, certifying that such Person and its Subsidiaries are (after giving effect to the Loans made on the Closing Date), on a consolidated basis, Solvent (collectively, the "Solvency Certificates").

Without limiting the generality of Section 8.03(c), for purposes of determining satisfaction of the conditions specified in this Section, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Agent shall have received notice from such Lender prior to the proposed Closing Date specifying its objection thereto.

The Agent shall notify the Borrower and the Lenders of the Closing Date, and such notice shall be conclusive and binding.

SECTION 4.02 Conditions to All Borrowings. The obligation of each Lender to make a Borrowing (including its initial Borrowing and any Borrowing under an Incremental Facility) is additionally subject to the satisfaction of the following conditions:

(a) the Agent shall have received a written Borrowing Request in accordance with the requirements hereof;

(b) the representations and warranties of the Borrower set forth in this Agreement and in any other Loan Document shall be true and correct in all material respects (or, in the case of any such representation or warranty already qualified by materiality, in all respects) on and as of the date of such Borrowing (or, in the case of any such representation or warranty expressly stated to have been made as of a specific date, as of such specific date); and

(c) no Default shall have occurred and be continuing or would result from such Borrowing or from the application of proceeds thereof.

Each Borrowing Request by the Borrower hereunder and each Borrowing shall be deemed to constitute a representation and warranty by the Borrower on and as of the date of the applicable Borrowing as to the matters specified in clauses (b) and (c) above in this Section 4.02.

ARTICLE V

AFFIRMATIVE COVENANTS

Until the Commitments have expired or been terminated and all Obligations shall have been paid in full, the Borrower covenants and agrees with the Lenders that:

SECTION 5.01 Financial Statements. The Borrower will furnish to the Agent and each Lender:

(a) as soon as available, and in any event within 120 days after the end of each fiscal year of the Canadian Parent, (i) a consolidated balance sheet of the Canadian Parent and its Subsidiaries as at the end of such fiscal year and the related consolidated statements of income or operations, Shareholders' Equity and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, audited and accompanied by a report and opinion of independent public accountants, which report and opinion shall be prepared in accordance with generally accepted auditing standards to the effect that such consolidated financial statements present fairly in all material respects the financial condition, results of operations, Shareholders' Equity and cash flows of the Canadian Parent and its Subsidiaries on a consolidated basis in accordance with IFRS consistently applied and (ii) a consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such fiscal year and the related consolidated statements of income or operations and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, in each case, prepared in cooperation by the management of the Borrower and an independent public accountant, and in a form substantially consistent with the financials of the Canadian Parent, certified by a Financial Officer of the Borrower as fairly presenting in all material respects the financial condition, results of operations and cash flows of the Borrower and its Subsidiaries on a consolidated basis in accordance with GAAP consistently applied;

(b) as soon as available, but in any event within 60 days after the end of the first three fiscal quarters of each fiscal year of the Canadian Parent (commencing with the fiscal quarter ending March 31, 2021) (i) a consolidated balance sheet of the Canadian Parent and its Subsidiaries as at the end of such fiscal quarter, the related consolidated statements of income or operations, Shareholders' Equity and cash flows for such fiscal quarter and for the portion of the Canadian

Parent's fiscal year then ended, in each case setting forth in comparative form, as applicable, the figures for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year, and (ii) a consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such fiscal quarter, the related consolidated statements of income or operations and cash flows for such fiscal quarter and for the portion of the Borrower's fiscal year then ended, in each case, setting forth in comparative form, as applicable, the figures for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year, and in a form substantially consistent with the financials of the Canadian Parent, certified by a Financial Officer of the Borrower as fairly presenting in all material respects the financial condition, results of operations and cash flows of the Canadian Parent and its Subsidiaries and the Borrower and its Subsidiaries, as applicable, on a consolidated basis in accordance with IFRS or GAAP, as applicable, consistently applied, subject only to normal year-end audit adjustments and the absence of notes; and

(c) as soon as available, but in any event at least 60 days after the end of each fiscal year of the Borrower, annual management budgets prepared by management of the Borrower and a summary of material assumptions used to prepare such management budgets.

SECTION 5.02 Certificates; Other Information. The Borrower will deliver to the Agent and each Lender:

(a) concurrently with the delivery of the financial statements referred to in Sections 5.01(a) and (b), a duly completed certificate in the form of Exhibit D signed by a Responsible Officer of the Borrower (each, a "Compliance Certificate") (i) certifying as to whether a Default has occurred and, if a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto, (ii) setting forth reasonably detailed calculations demonstrating compliance with Section 6.12, and (iii) providing supplemental information pertaining to Collateral and property of the Loan Parties as required pursuant to Section 5.15(c);

(b) promptly after the same are publicly available, copies of each annual report, proxy or financial statement or other report or communication sent to the shareholders of the Borrower, and copies of all annual, regular, periodic and special reports and registration statements that any Loan Party may file or be required to file with the SEC or any Governmental Authority succeeding to any or all of the functions of the SEC, or with any national securities exchange, and not otherwise required to be delivered pursuant hereto;

(c) promptly after receipt thereof by any Loan Party, copies of each notice or other correspondence received from the SEC (or comparable agency in any applicable non-U.S. jurisdiction) concerning any investigation or possible investigation or other inquiry by such agency regarding financial or other operational results of the Borrower or any Subsidiary thereof;

(d) promptly following request therefor, copies of any detailed audit reports, management letters or recommendations submitted to the board of directors (or the audit committee of the board of directors) of any Loan Party by independent accountants in connection with the accounts or books of any Loan Party, or any audit of any of them as the Agent or any Lender (through the Agent) may from time to time reasonably request; and

(e) promptly following any request therefor, (i) such other information regarding the operations, business, properties, liabilities (actual or contingent), condition (financial or otherwise) or prospects of any Loan Party, or compliance with the terms of the Loan Documents, as the Agent or any Lender (through the Agent) may from time to time reasonably request, including without limitation, but subject to security controls, available backup information regarding the location of any cash included in any measurement of Liquidity; or (ii) information and documentation reasonably requested by the Agent or any Lender for purposes of compliance with applicable "know your customer" requirements under the PATRIOT Act or other Anti-Money Laundering Laws.

Documents required to be delivered pursuant to Section 5.01(a) or (b) or Section 5.02(b) (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and, if so delivered, shall be deemed to have been delivered on the date (i) on which such materials are publicly available as posted on the Electronic Data Gathering, Analysis and Retrieval system (EDGAR) or SEDAR; or (ii) on which such documents are posted on the Borrower's behalf on an Internet or intranet website, if any, to which each Lender and the Agent have access (whether a commercial, third-party website or whether sponsored by the Agent); provided that: (A) upon written request by the Agent, the Borrower shall deliver paper copies of such documents to the Agent or any Lender upon its request to the Borrower to deliver such paper copies until a written request to cease delivering paper copies is given by the Agent or such Lender and (B) the Borrower shall notify the Agent and each Lender (by electronic mail) of the posting of any such documents and provide to the Agent by electronic mail electronic versions (i.e., soft copies) of such documents. The Agent shall have no obligation to request the delivery of or to maintain paper copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by the Borrower with any such request by a Lender for delivery, and each Lender shall be solely responsible for timely accessing posted documents or requesting delivery of paper copies of such document to it and maintaining its copies of such documents.

SECTION 5.03 Quarterly Lender Calls. Borrower and the Canadian Parent shall participate in conference calls for Lenders to discuss financial and other information regarding the Borrower and its Subsidiaries and their business, at times mutually agreed by the Agent and the Borrower, each acting reasonably; provided that such calls shall be limited once per quarter and shall be held within ten Business Days following the earlier of (a) the delivery of the Compliance Certificate pursuant to Section 5.02(a) or (b) the date on which a Compliance Certificate was required to be delivered pursuant to Section 5.02(a) or (b).

SECTION 5.04 Notices. The Borrower shall promptly notify the Agent and each Lender of:

(a) the occurrence of any Default;

(b) the filing or commencement of any action, suit, investigation, inquiry, claim or proceeding by or before any arbitrator or Governmental Authority against or affecting the Borrower or any Affiliate thereof, including pursuant to any applicable Environmental Laws, that could reasonably be expected to be adversely determined, and, if so determined, could reasonably be expected to have a Material Adverse Effect;

(c) the occurrence of any ERISA Event that, either individually or together with any other ERISA Events, could reasonably be expected to have a Material Adverse Effect;

(d) notice of any action, suit, investigation, inquiry, claim or proceeding arising under any Environmental Law or of any noncompliance by the Borrower or any Subsidiary with any Environmental Law or any permit, approval, license or other authorization required thereunder that, if adversely determined, could reasonably be expected to have a Material Adverse Effect;

(e) any material change in accounting or financial reporting practices by the Borrower or any Subsidiary;

(f) any matter or development that has had or could reasonably be expected to have a Material Adverse Effect;

(g) any change in the information provided in the Beneficial Ownership Certification that would result in a change to the list of beneficial owners identified in parts (c) or (d) of such certification; and

(h) (i) any material breach or default by the Borrower or any of its Subsidiaries under a Material License or the Purchase Agreement or (ii) any dispute, claim, legal action, arbitration or other proceeding that is pending or has been threatened in writing, involving or affecting the validity, renewal or compliance with a Material License or compliance by the Borrower with the terms of the Purchase Agreement.

Each notice delivered under this Section shall be accompanied by a statement of a Responsible Officer of the Borrower setting forth the details of the occurrence requiring such notice and stating what action the Borrower has taken and proposes to take with respect thereto.

SECTION 5.05 Preservation of Existence, Etc. The Borrower will, and will cause each of its Subsidiaries to, (a) preserve, renew and maintain in full force and effect its legal existence and good standing under the Laws of the jurisdiction of its organization except in a transaction permitted by Section 6.03 or 6.04; (b) take all reasonable action to maintain all rights, licenses (including the Material Licenses), permits, privileges and franchises necessary or desirable in the normal conduct of its business, except other than in the case of Material Licenses to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect; and (c) preserve and renew all of its registered Intellectual Property rights, and protect all of its unregistered Intellectual Property rights, used in the operation of its business, the non-preservation, non-renewal or non-protection of which could reasonably be expected to have a Material Adverse Effect.

SECTION 5.06 Maintenance of Properties. The Borrower will, and will cause each of its Subsidiaries to, (a) maintain, preserve and protect all of its properties and equipment necessary in the operation of its business in good working order and condition (ordinary wear and tear excepted) and (b) make all necessary repairs thereto and renewals and replacements thereof, except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

SECTION 5.07 Maintenance of Insurance. The Borrower will, and will cause each of its Subsidiaries to, maintain with financially sound and reputable insurance companies, insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts (after giving effect to any self-insurance reasonable and customary for similarly situated Persons engaged in the same or similar businesses as the Borrower and its Subsidiaries) as are customarily carried under similar circumstances by such Persons. If any portion of any Material Real Property is at any time located in an area identified by the Federal Emergency Management Agency (or any successor agency) as a special flood hazard area with respect to which flood insurance has been made available under the National Flood Insurance Act of 1968 (as now or hereafter in effect or successor act thereto), then, to the extent required by Applicable Laws, the Borrower shall, or shall cause the applicable Subsidiary to, (i) maintain, or cause to be maintained, with a financially sound and reputable insurer, flood insurance sufficient to comply with all applicable rules and regulations promulgated pursuant to any applicable flood insurance Laws and (ii) deliver to the Agent and the Lenders as requested evidence of such compliance in such form, on such terms and in such amounts acceptable to the Agent and the Lenders. Any such insurance shall name the Agent as additional insured or loss payee, as applicable.

SECTION 5.08 Payment of Obligations. The Borrower will, and will cause each of its Subsidiaries to, pay, discharge or otherwise satisfy as the same shall become due and payable, all of its obligations and liabilities, including Tax liabilities, unless the same are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves in accordance with GAAP are being maintained by the Borrower or such Subsidiary, except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

SECTION 5.09 Compliance with Laws. The Borrower will, and will cause each of its Subsidiaries to:

(a) comply with all Requirements of Law and all orders, writs, injunctions and decrees applicable to it or to its business or property, except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect; and

(b) (i) take all reasonable measures within its control to conduct its business in a way that prevents the distribution of Marijuana to minors, (ii) prevent revenue from the sale of Marijuana going to criminal enterprises, gangs, cartels or any other illegal organization, activity, or conspiracy, (iii) prevent unlawful diversion of Marijuana from any Legalized Marijuana State to any other U.S. state (including any other Legalized Marijuana State), (iv) prevent Marijuana Activities from being used as a cover or pretext for the trafficking of other drugs or other illegal activity, and (v) prevent drugged driving and the exacerbation of other adverse public health consequences associated with Marijuana use.

SECTION 5.10 Environmental Matters. Except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect, the Borrower will, and will cause each of its Subsidiaries to, (a) comply with all Environmental Laws, (b) obtain, maintain in full force and effect and comply with any permits, licenses or approvals required for the facilities or operations of the Borrower or any of its Subsidiaries, and (c) conduct and complete any investigation, study, sampling or testing, and undertake any corrective, cleanup, removal, response, remedial or other action necessary to identify, report, remove and clean up and otherwise remediate all Hazardous Materials present or released at, on, in, under or from any of the facilities or real properties of the Borrower or any of its Subsidiaries.

SECTION 5.11 Books and Records. The Borrower will, and will cause each of its Subsidiaries to, maintain proper books of record and account, in which full, true and correct entries in conformity with GAAP consistently applied shall be made of all financial transactions and matters involving the assets and business of the Borrower or such Subsidiary, as the case may be.

SECTION 5.12 Inspection Rights. The Borrower will, and will cause each of its Subsidiaries to, permit representatives and independent contractors of the Agent and each Lender to visit and inspect any of its properties, to examine its corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss its affairs, finances and accounts with its directors, officers, and independent public accountants, all at the reasonable expense of the Borrower and at such reasonable times during normal business hours as may be reasonably requested; provided that, other than with respect to such visits and inspections during the continuation of an Event of Default, (a) only the Agent on behalf of the Lender may exercise rights under this Section and (b) the Agent shall not exercise such rights more often than once during any calendar year; provided, further, that when an Event of Default exists the Agent or any Lender (or any of their respective representatives or independent contractors) may do any of the foregoing under this Section at the expense of the Borrower and at any time during normal business hours and without advance notice. The Agent and the Lenders shall give the Borrower the opportunity to participate in any discussions with the Borrower's accountants.

SECTION 5.13 Use of Proceeds. The Borrower will, and will cause each of its Subsidiaries to, use the proceeds of the Loans (a) to fund the contingent payment due on the acquisition of Ilera Healthcare, (b) to pay transaction fees and expenses in connection with this Agreement and the other Loan Documents and the incurrence of the Loans, (c) if applicable, to pay Specified Distributions and (d) for working capital and general corporate purposes of the Borrower and its Subsidiaries not in contravention of any Law or of any Loan Document.

SECTION 5.14 Sanctions; Anti-Money Laundering Laws; Anti-Corruption Laws. The Borrower will maintain in effect policies and procedures designed to promote compliance by the Borrower, its Subsidiaries, and their respective directors, officers, employees, and agents with Sanctions, Anti-Money Laundering Laws, and Anti-Corruption Laws.

SECTION 5.15 Additional Guarantors and Collateral Matters.

(a)The Borrower shall cause each Subsidiary of the Borrower organized or acquired after the Closing Date to become a Loan Party within sixty (60) days (or such later time as the Agent may agree) following the date of acquisition or organization, by (i) executing and delivering a supplement to the Guaranty Agreement, a supplement to the Pledge and Security Agreement, a supplement to the Perfection Certificate and each schedule thereto and such other documents as the Agent may reasonably request and (ii) taking such other actions as are necessary to deliver certificates, documents, opinions and statements substantially consistent with those certificates, instruments, documents, opinions and statements delivered on or before the Closing Date pursuant to Section 4.01(b) through (f).

(b)The Borrower shall, and shall cause each of its Subsidiaries, to (i) notify the Agent promptly upon its acquiring or obtaining any Material Real Property after the Closing Date and shall satisfy the Material Real Property Requirement with respect to such Material Real Property within seventy five (75) days (or such later time as the Agent may agree) of the date of acquiring or obtaining such Material Real Property and (ii) notify the Agent promptly upon entering into any lease agreements with respect to real property and shall, within seventy five (75) days of such date (or such later time as the Agent may agree), deliver a counterpart of each party to a Notice of Assignment (as defined in the Pledge and Security Agreement) with respect to such leased properties, signed on behalf of such party (or written evidence satisfactory to the Agent (which may include transmission by electronic mail of a signed signature page to such Notice of Assignment) that such party has signed a counterpart of such Notice of Assignment).

(c)The Borrower shall, and shall cause each of its Subsidiaries, to deliver or cause to be delivered to the Agent (i) concurrent with the delivery of the Compliance Certificate delivered pursuant to Section 5.02, a Perfection Certificate Supplement (as defined in the Pledge and Security Agreement) or a certification of a Responsible Officer of Borrower stating that the Perfection Certificate (as supplemented by delivery of any previous Perfection Certificate Supplement) remain true and accurate since last delivered to the Agent either on or before the Closing Date or pursuant to this clause (c) and (ii) all such information as the Agent or the Required Lenders shall reasonably request regarding Collateral.

(d)The Borrower shall, and shall cause each of its Subsidiaries, to execute any and all further documents, financing statements, agreements and instruments (including, without limitation, legal opinions, corporate documents, corporate authorizations, title insurance policies and other insurance documents and endorsements and/or lien searches), and take all further action (including filing Uniform Commercial Code and other financing statements, mortgages and deeds of trust) that may be required under Applicable Law, or that the Required Lenders or the Agent may reasonably request, in order to effectuate the transactions contemplated by the Loan Documents and in order to grant, preserve, protect and perfect the validity and first priority of the security interests created or intended to be created by the Collateral Documents. In addition, from time to time, the Borrower shall, and shall cause each of its Subsidiaries, at its cost and expense, promptly secure the Obligations by pledging, charging, or creating, or causing to be pledged, charged or created, perfected security interests with respect to such of its assets and properties as the Agent or the Required Lenders shall designate (it being understood that it is the intent of the parties that the Obligations shall be secured by substantially all the assets of the Borrower and its Subsidiaries (including real and other properties acquired subsequent to the Closing Date)). Such security interests and Liens will be created under the Collateral Documents and other security agreements, mortgages, deeds of trust and other instruments and documents in form and substance satisfactory to the Agent or the Required Lenders. The Borrower agrees to provide such evidence as the Agent or the Required Lenders shall reasonably request as to the perfection and priority status of each such security interest and Lien.

(e)On or prior to the date that is sixty (60) days (or such later date as the Agent may agree) after the later of (a) the date of acquisition or opening of any new deposit account or securities account maintained in the United States (in each case, other than any Excluded Accounts) by the Borrower or any of its Subsidiaries (or if later, sixty (60) days after the date such Person became a Subsidiary of the Borrower (or such later time as the Agent may agree)), or (b) the date any deposit account or securities account maintained in the United States ceases to be an Excluded Account (or, in each case, such later date reasonably agreed to by the Agent in its sole discretion), the Borrower or such Subsidiary shall enter into, and cause each depository or securities intermediary to enter into, Control Agreements with respect to such deposit account or securities account (other than any Excluded Accounts).

SECTION 5.16 Post-Closing Obligations. The Borrower shall, and shall cause each of its Subsidiaries to, satisfy the requirements set forth on Schedule 5.16 in the time periods set forth therein. The parties acknowledge and agree that notwithstanding anything herein to the contrary, all conditions, representations, warranties and covenants of the Loan Documents with respect to the taking of such actions are qualified by the non-completion of such actions until the earlier of the time at which they are completed or required to be completed in accordance with this Section 5.16.

ARTICLE VI

NEGATIVE COVENANTS

Until the Commitments have expired or been terminated and all Obligations have been paid in full, the Borrower covenants and agrees with the Lenders that:

SECTION 6.01 Indebtedness. The Borrower will not, nor will it permit any Subsidiary to, create, incur, assume or suffer to exist any Indebtedness, except:

(a) Indebtedness under the Loan Documents;

(b) Indebtedness outstanding on the date hereof and listed on Schedule 6.01;

(c) Guarantees of the Borrower or any Subsidiary in respect of Indebtedness otherwise permitted hereunder of the Borrower or any Subsidiary Guarantor;

(d) obligations (contingent or otherwise) of the Borrower or any Subsidiary existing or arising under any Swap Contract, provided that such obligations are (or were) entered into by such Person in the ordinary course of business for the purpose of mitigating risks associated with liabilities, commitments, investments, assets or property held or reasonably anticipated by such Person, or changes in the value of securities issued by such Person, and not for speculative purposes;

(e)Indebtedness in respect of capital leases, Synthetic Lease Obligations and Purchase Money Obligations, provided that, the aggregate amount of all such Indebtedness at any time outstanding shall not exceed $40,000,000;

(f) Indebtedness of the Borrower or any Subsidiary as an account party in respect of commercial letters of credit;

(g)Indebtedness in respect of performance bonds, bid bonds, appeal bonds, surety bonds and completion guarantees and similar obligations not in connection with money borrowed, in each case provided in the ordinary course of business, including those incurred to secure health, safety and environmental obligations in the ordinary course of business;

(h)Indebtedness (i) resulting from a bank or other financial institution honoring a check, draft or similar instrument in the ordinary course of business or (ii) arising under or in connection with cash management services in the ordinary course of business;

(i)Indebtedness consisting of (i) the financing of insurance premiums or (ii) take or pay obligations contained in supply arrangements, in each case, in the ordinary course of business;

(j)Indebtedness in an aggregate principal amount not exceeding $2,500,000 at any time outstanding, *provided* that, prior to the incurrence of any Indebtedness pursuant to this clause (j) that is owed to the Canadian Parent or any of its Subsidiaries (other than the Borrower and its Subsidiaries), the borrower and lender with respect to such Indebtedness shall have executed and delivered to the Agent either an intercompany subordination agreement or, to the extent required by the Pledge and Security Agreement, an intercompany note, in each case, reasonably satisfactory to the Agent;

(k)Indebtedness arising as a direct result of judgments, orders, awards or decrees against any Loan Party, in each case not constituting an Event of Default;

(l) unsecured Indebtedness representing any Taxes to the extent such Taxes are being contested by any Loan Party in good faith by appropriate proceedings and adequate reserves are being maintained by such Loan Party in accordance with Applicable Accounting Principles;

(m)unsecured Indebtedness in respect of obligations of the Borrower or any Subsidiary of the Borrower to pay the deferred purchase price of goods or services or progress payments in connection with such goods and services; provided that such obligations are incurred in connection with open accounts extended by suppliers on customary trade terms in the ordinary course of business and not in connection with the borrowing of money; and

(n)Indebtedness that is either (i) assumed at the time of a Permitted Acquisition or (ii) incurred for the purposes of financing a Permitted Acquisition, provided that, in each case, (A) to the extent such Indebtedness is secured, it is not secured by any assets other than those assets that were acquired through such Permitted Acquisition (including, for avoidance of doubt, a limited recourse pledge of the Equity Interests of the relevant Subsidiary acquired in such Permitted Acquisition) or owned by a Subsidiary acquired through such Permitted Acquisition, (B) to the extent such Indebtedness is guaranteed, it is not guaranteed by any of the Loan Parties other than any Subsidiaries that are acquired as part of such Permitted Acquisition, and (C) before and after giving effect to the incurrence or assumption of such Indebtedness and the related Permitted Acquisition as if such actions had occurred at the beginning of the most recently ended fiscal two fiscal quarter period, (I) the Financial Covenants on a pro forma basis would each be satisfied as of the last day of the most recently ended fiscal quarter and (II) the Consolidated Leverage Ratio on a pro forma basis as of the last day of the most recently ended fiscal quarter would be equal to or less than 2.50:1.00; and

(o)any refinancings, refundings, renewals or extensions of Indebtedness incurred under clause (b), (j) and (n); *provided* that (i) the amount of such Indebtedness is not increased at the time of such refinancing, refunding, renewal or extension except by an amount equal to premiums, original issue discount, or other amount paid, and fees and expenses reasonably incurred, in connection with such refinancing, refunding, renewal or extension and by an amount equal to any existing commitments unutilized thereunder, (ii) to the extent such Indebtedness incurred under clauses (b), (j) and (n) is secured, such Indebtedness incurred under this clause (o) refinancing, refunding, renewing or extending such Indebtedness shall not be secured by any assets other than those assets securing the original Indebtedness that is subject to such refinancing, refunding, renewal or extension and (iii) to the extent such Indebtedness incurred under clauses (b), (j) and (n) is guaranteed, such Indebtedness incurred under this clause (o) refinancing, refunding, renewing or extending such Indebtedness shall not be guaranteed by any Loan Party other than those Loan Parties guaranteeing the original Indebtedness that is subject to such refinancing, refunding, renewal or extension.

SECTION 6.02 Liens. The Borrower will not, nor will it permit any Subsidiary to, create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, other than the following:

(a) Liens in favor of the Borrower or any of its Subsidiaries or created under the Loan Documents;

(b)Liens existing on the date hereof and listed on Schedule 6.02 and any renewals or extensions thereof, provided that (i) the property covered thereby is not changed, (ii) the amount secured or benefited thereby is not increased except as contemplated by Sections 6.01SECTION 6.01(o), (iii) the direct or any contingent obligor with respect thereto is not changed and (iv) any renewal or extension of the obligations secured or benefited thereby is permitted by Section 6.01SECTION 6.01(o);

(c)Liens for Taxes or other governmental charges not yet due or that are being contested in good faith and by appropriate proceedings diligently conducted, if adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with Applicable Accounting Principles, or for property Taxes on property that any Loan Party has determined to abandon if the sole recourse for such Tax, assessment, charge, levy or claim is to such property;

(d)carriers', warehousemen's, mechanics', materialmen's, repairmen's, construction or other like Liens arising in the ordinary course of business and which, if they secure obligations that are then due and unpaid and are overdue for more than thirty (30) days are being contested in good faith by appropriate proceedings for which adequate reserves have been established with respect thereto on the books of the applicable Person;

(e)Liens securing Indebtedness permitted under SECTION 6.01(e); provided that (i) such Liens do not at any time encumber any property other than the property financed by such Indebtedness (except for additions and accessions to such assets, the proceeds and products thereof and customary security deposits) and (ii) the Indebtedness secured thereby does not exceed the cost or fair market value, whichever is lower, plus related transaction costs, of the property being acquired on the date of acquisition; provided that, in the case of clause (e)(i), individual financings provided by one lender may be cross collateralized to other financings provided by such lender or its affiliates;

(f)Liens imposed by Requirements of Law or pledges or deposits in the ordinary course of business in connection with (i) workers' compensation, unemployment insurance and other social security legislation, other than any Lien imposed by ERISA, and (ii) public utility services provided to the Borrower or a Subsidiary;

(g)deposits to secure the performance of bids, trade contracts and leases (other than Indebtedness), statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(h)easements, rights-of-way, restrictions and other similar encumbrances affecting real property that, in the aggregate, do not materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the applicable Person, and any zoning or similar law or right reserved to or vested in any Governmental Authority to control or regulate the use of any real property that does not materially interfere with the ordinary conduct of the business of the Borrower and its Subsidiaries;

(i)Liens securing judgments for the payment of money, or orders, attachments, decrees or awards, in each case not constituting an Event of Default under SECTION 7.01(j);

(j)any Lien existing on any property or asset prior to the acquisition thereof by the Borrower or any Subsidiary or existing on any property or asset of any Person that becomes a Subsidiary (or that is merged or amalgamated into the Borrower or any Subsidiary of the Borrower) after the date hereof prior to the time such Person becomes a Subsidiary (or that is merged or amalgamated into the Borrower or any Subsidiary of the Borrower); provided that (i) such Lien is not created in contemplation of or in connection with such acquisition or such Person becoming a Subsidiary, as the case may be, (ii) such Lien shall not apply to any other property or assets of the Borrower or any Subsidiary (provided, however, that such Liens may include a limited recourse pledge of the Equity Interests of the relevant acquired Subsidiary) and (iii) such Lien shall secure only those obligations that it secures on the date of such acquisition or the date such Person becomes a Subsidiary, as the case may be, and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof (other than increases relating to transaction costs of such extensions, renewals and replacements);

(k)Liens (i) of a collecting bank arising under Section 4-210 of the Uniform Commercial Code on items in the course of collection and (ii) in favor of a banking institution arising as a matter of law encumbering deposits (including the right of setoff) that are customary in the banking industry;

(l)any interest or title of a lessor, sublessor, licensor or sublicensor under leases or non-exclusive licenses permitted by this Agreement that are entered into in the ordinary course of business;

(m)leases, non-exclusive licenses, subleases or non-exclusive sublicenses granted to others in the ordinary course of business that do not (i) interfere in any material respect with the ordinary conduct of the business of the Borrower and its Subsidiaries, or (ii) secure any Indebtedness;

(n) Liens securing Indebtedness permitted under Section 6.01(n);

(o)Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods in the ordinary course of business;

(p)Liens incurred in the ordinary course of business in connection with the purchase or shipping of goods or assets (or the related assets and proceeds thereof), which Liens are in favor of the seller or shipper of such goods or assets and only attach to such goods or assets, and;

(q)Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into by any Loan Party in the ordinary course of business in accordance with the past practices of such Loan Party;

(r)bankers' Liens, rights of setoff and other similar Liens existing solely with respect to cash and Cash Equivalents on deposit in one or more accounts maintained by any Loan Party, in each case granted in the ordinary course of business in favor of the bank or banks with which such accounts are maintained, securing amounts owing to such bank with respect to cash management and operating account arrangements, including those involving pooled accounts, sweep accounts and netting arrangements and similar arrangements of the Loan Parties consisting of the right to apply the funds held therein to satisfy overdraft or similar obligations incurred in the ordinary course of business of such person; *provided* that, unless such Liens are non-consensual and arise by operation of law, in no case shall any such Liens secure (either directly or indirectly) the repayment of any Indebtedness, and Liens granted in the ordinary course of business by the Borrower or any of its Subsidiaries to any bank with whom it maintains accounts to the extent required by the relevant bank's (or custodian's or trustee's, as applicable) standard terms and conditions, in each case, which are within the general parameters customary in the banking industry;

(s)Liens (i) on advances of cash or Cash Equivalents in favor of the seller of any property to be acquired in an Investment permitted pursuant to SECTION 6.06 to be applied against the purchase price for such Investment, (ii) Liens on deposits or other amounts held in escrow to secure contractual payments (contingent or otherwise) payable by the Borrower or its Subsidiaries to a seller after the consummation of a Permitted Acquisition or other permitted Investment, and (iii) Liens attaching solely to cash earnest money deposits in connection with an Investment permitted by SECTION 6.06;

(t)Liens of a collecting bank arising in the ordinary course of business under Section 4-208 of the UCC in effect in the relevant jurisdiction covering only the items being collected upon;

(u)(i) deposits of cash with the owner or lessor of premises leased or operated by the Borrower or any of its Subsidiaries and (ii) cash collateral on deposit with banks or other financial institutions issuing letters of credit (or backstopping such letters of credit) or other equivalent bank guarantees issued naming as beneficiaries the owners or lessors of premises leased or operated by the Borrower or any of its Subsidiaries, in each case, in the ordinary course of business of the Borrower and such Subsidiaries to secure the performance of the Borrower's or such Subsidiary's obligations under the terms of the lease for such premises;

(v)statutory Liens incurred or pledges or deposits made in favor of a Governmental Authority to secure the performance of obligations of any Loan Party under Environmental Laws to which any assets of such Loan Party are subject; and

(w) Liens securing Indebtedness and other obligations in an aggregate amount not exceeding $5,000,000 at any time outstanding.

SECTION 6.03 Fundamental Changes. The Borrower will not, nor will it permit any Subsidiary to, merge, dissolve, liquidate, consolidate with or into another Person, or Dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person, except that, so long as no Default exists or would result therefrom:

(a)any Subsidiary may merge with (i) the Borrower, provided that the Borrower shall be the continuing or surviving Person, or (ii) any one or more other Subsidiaries, provided that when any Subsidiary Guarantor is merging with another Subsidiary, a Subsidiary Guarantor shall be the continuing or surviving Person;

(b)any Subsidiary may Dispose of all or substantially all of its assets (upon voluntary liquidation or otherwise) to the Borrower or to another Subsidiary; provided that if the transferor in such a transaction is a Subsidiary Guarantor, then the transferee shall either be the Borrower or another Subsidiary Guarantor;

(c) the Borrower and its Subsidiaries may make Dispositions permitted by Section 6.04;

(d) any Investment permitted by Section 6.06 may be structured as a merger, consolidation or amalgamation; and

(e)any Subsidiary may dissolve, liquidate or wind up its affairs at any time provided that (i) such dissolution, liquidation or winding up, as applicable, would not reasonably be expected to have a Material Adverse Effect and (ii) any property or assets owned by such Subsidiary prior to dissolution are disposed of through a Disposition permitted pursuant to Section 6.04.

SECTION 6.04 Dispositions. The Borrower will not, and will not permit any Subsidiary to, make any Disposition or enter into any agreement to make any Disposition, except:

(a) Dispositions of property no longer used or useful in the business, or obsolete or worn out property in the ordinary course of business;

(b) Dispositions of inventory in the ordinary course of business;

(c)Dispositions of equipment or real property to the extent that (i) such property is exchanged for credit against the purchase price of similar replacement property or (ii) the proceeds of such Disposition are reasonably promptly applied to the purchase price of such replacement property;

(d)Dispositions of property by any Subsidiary to the Borrower or to a Subsidiary, provided that if the transferor of such property is a Subsidiary Guarantor, the transferee must be either the Borrower or a Subsidiary Guarantor;

(e) Dispositions permitted by Section 6.03;

(f)leases, non-exclusive licenses, subleases or non-exclusive sublicenses granted in the ordinary course of business and on ordinary commercial terms that do not interfere in any material respect with the business of the Borrower and its Subsidiaries;

(g) Restricted Payments permitted by Section 6.05 and Investments permitted by Section 6.06; and

(h)Dispositions by the Borrower and its Subsidiaries not otherwise permitted under this Section; provided that such Disposition must (a) be for the fair market value, (b) with respect to any aggregate consideration received in respect thereof in excess of $1,000,000, at least 75% of consideration for such Disposition must consist of cash or Cash Equivalents (with any securities, notes or other obligations or assets received by the Borrower or any Subsidiary from such transferee that are converted by such person into cash or Cash Equivalents (to the extent of the cash or Cash Equivalents received) within one hundred eighty (180) days following the closing of the applicable disposition, treated as cash) and (c) the aggregate book value of all property Disposed of pursuant to this clause (i) in any fiscal year shall not exceed $3,000,000.

SECTION 6.05 Restricted Payments. The Borrower will not, and will not permit any Subsidiary to, declare or make, directly or indirectly, any Restricted Payment, or incur any obligation (contingent or otherwise) to do so, except that, so long as no Event of Default shall have occurred and be continuing at the time of any action described below or would result therefrom:

(a)each Subsidiary may make Restricted Payments to the Borrower and any other Subsidiary of the Borrower that owns an Equity Interest in such Subsidiary, ratably according to their respective holdings of such Equity Interests in respect of which such Restricted Payment is being made;

(b)the Borrower and each Subsidiary may declare and make dividend payments or other distributions payable solely in common Equity Interests of such Person;

(c)the Borrower and each Subsidiary may purchase, redeem or otherwise acquire Equity Interests issued by it with the proceeds received from the substantially concurrent issue of new common Equity Interests;

(d)the Borrower may declare or pay cash dividends to its sole shareholder, the American Parent, and purchase, redeem or otherwise acquire for cash its Equity Interests from its sole shareholder, the American Parent:

(i)in any amount if, before and after giving effect thereto as if such cash dividend had occurred at the beginning of the most recently ended fiscal quarter, (A) the Financial Covenants on a pro forma basis would each be satisfied as of the last day of the most recently ended fiscal quarter and (B) the Consolidated Leverage Ratio on a pro forma basis as of the last day of the most recently ended fiscal quarter would be equal to or less than 2.50:1.00, or

(ii) if the conditions of clause (d)(i) above are not satisfied, in an amount that does not exceed $1,250,000 in the aggregate per fiscal quarter;

provided, that the proceeds of any such payment, purchase, redemption or otherwise, pursuant to this clause (d) shall not, directly or indirectly, be paid to, through distribution, dividend, loan, investment, or payment of any kind, to any direct or indirect shareholder of the Canadian Parent;

(e)the Borrower and each Subsidiary may pay withholding or similar taxes payable by any future, present or former employee, director or officer (or any spouses, former spouses, successors, executors, administrators, heirs, legatees or distributees of any of the foregoing) in connection with any repurchases of Equity Interests or the exercise of stock options;

(f) the Borrower may make Specified Distributions using a portion of proceeds of the Loans; and

(g)the Borrower may make Restricted Payments in an amount required for the Canadian Parent or Affiliate to pay quarterly and annual Taxes due in an amount which does not materially exceed the tax liabilities that would have been payable by the Borrower and its Subsidiaries on a stand-alone basis.

SECTION 6.06 Investments. The Borrower will not, and will not permit any Subsidiary to, make any Investments, except:

(a) Investments held by the Borrower or such Subsidiary in the form of Cash Equivalents;

(b)(i) Investments in Subsidiaries in existence on the Closing Date, and (ii) other Investments in existence on the Closing Date and identified on Schedule 6.06, and any refinancing, refunding, renewal or extension of any such Investment that does not increase the amount thereof;

(c)Investments of the Borrower in any Subsidiary Guarantor and Investments of any Subsidiary in the Borrower or in another Subsidiary of the Borrower, provided that if the Subsidiary making such Investment is a Subsidiary Guarantor, then the Subsidiary that is receiving such Investment must also be a Subsidiary Guarantor;

(d)Investments consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit in the ordinary course of business, and Investments received in satisfaction or partial satisfaction thereof from financially troubled account debtors to the extent reasonably necessary in order to prevent or limit loss;

(e) Investments consisting of the indorsement by the Borrower or any Subsidiary of negotiable instruments payable to such Person for deposit or collection in the ordinary course of business;

(f) to the extent constituting an Investment, transactions otherwise permitted by Sections 6.01, 6.03 and 6.05;

(g) Permitted Acquisitions; and

(h)other Investments not exceeding $2,000,000 (or, in the case of Investments in Subsidiaries of the Canadian Parent that are not Loan Parties, $2,500,000, provided that any such Investments must be in the form of a Loan, the obligations for which are represented by a promissory note with terms and conditions reasonably satisfactory to the Agent and, notwithstanding the amount thereof or any other term of this Agreement or another Loan Document, pledged to the Agent as Collateral for the benefit of the Lenders) in the aggregate in any fiscal year of the Borrower.

SECTION 6.07 Transactions with Affiliates. The Borrower will not, and will not permit any Subsidiary to, enter into any transaction of any kind with any Affiliate of the Borrower, whether or not in the ordinary course of business, other than on fair and reasonable terms substantially as favorable to the Borrower or such Subsidiary as would be obtainable by the Borrower or such Subsidiary at the time in a comparable arm's-length transaction with a Person other than an Affiliate; provided that the foregoing restriction shall not apply to (a) transactions between or among the Borrower and any of its Wholly-Owned Subsidiaries or between and among any Wholly-Owned Subsidiaries, (b) Restricted Payments permitted by Section 6.05, (c) director, officer and employee compensation (including bonuses) and other benefits (including retirement, health, stock option and other benefit plans) and indemnification arrangements and severance agreements, in each case approved by the Board of Directors of the Borrower or direct or indirect parent entity of the Borrower or the applicable Subsidiary, (d) transactions in respect of agreements and arrangements in effect on the Closing Date and set forth on Schedule 6.07 and any amendment or modification with respect to such agreement, arrangement or transaction, and the performance of obligations thereunder, so long as such amendment or modification is not materially adverse to the interests of the Lenders, (e) any agreement between any Person and an Affiliate of such Person existing at the time such Person is acquired by or merged into the Borrower or its Subsidiaries in accordance with the terms of this Agreement; provided that such agreement was not entered into in contemplation of such acquisition, merger or amalgamation, or any amendment thereto (so long as any such amendment is not disadvantageous to the Lenders in any material respect in the good faith judgment of the Borrower when taken as a whole as compared to such agreement as in effect on the date of such acquisition or merger) and (f) that certain management services agreement dated March 1, 2020 by and among IHC Management LLC, Ilera Healthcare LLC and TerrAscend NJ LLC.

SECTION 6.08 Certain Restrictive Agreements. The Borrower will not, and will not permit any Subsidiary to, enter into any Contractual Obligation (other than this Agreement or any other Loan Document) that, directly or indirectly, limits the ability of (i) any Subsidiary to make Restricted Payments to the Borrower or to otherwise transfer property to the Borrower, (ii) any Subsidiary to Guarantee Indebtedness of the Borrower or (iii) the Borrower or any Subsidiary to create, incur, assume or suffer to exist Liens on property of such Person to secure the Obligations; provided that this Section 6.08 shall not prohibit:

(a)covenants in documents creating Liens permitted by Section 6.02 prohibiting further Liens on the properties encumbered thereby (other than Liens securing the Obligations);

(b) customary restrictions on cash or other deposits;

(c) net worth provisions in leases and other agreements entered into by a Loan Party in the ordinary course of business;

(d) contractual encumbrances or restrictions existing on the Closing Date and identified on Schedule 6.08;

(e)any prohibition or limitation that (I) exists pursuant to applicable Requirements of Law, (II) consists of customary restrictions and conditions contained in any agreement relating to the sale of any property permitted under Section 6.04, stock sale agreement, purchase agreements, or acquisition agreements (including by way of merger, amalgamation, acquisition or consolidation) entered into by Borrower or any of its Subsidiaries solely to the extent pending the consummation of such transaction, which covenant or restriction is limited to the assets that are the subject of such agreements, or (III) restricts subletting or assignment of leasehold interests contained in any lease governing a leasehold interest of Borrower or any of its Subsidiaries;

(f)any documents relating to Indebtedness permitted hereunder that are, taken as a whole, in the good faith judgment of the Borrower, not materially more restrictive with respect to Borrower or any Subsidiary than (I) the restrictions contained in this Agreement or (II) restrictions in effect on the Closing Date (pursuant to documents included on Schedule 6.08);

(g) customary provisions restricting placing a lien on or sublicensing, or assignment of any license;

(h) customary provisions restricting assignment of any agreement entered into by a Subsidiary in the ordinary course of business;

(i) customary restrictions and conditions contained in any software license;

(j)any agreement in effect at the time such Subsidiary becomes a Subsidiary, so long as such agreement was not entered into in connection with or in contemplation of such person becoming a Subsidiary of the Borrower and such agreement's restrictions are not applicable to any person, or the properties or assets of any

person, other than the person or the properties or assets of the person so acquired;

(k)customary provisions in partnership agreements, limited liability company organizational governance documents and other similar agreements entered into in the ordinary course of business that restrict the transfer of ownership interests in such partnership, limited liability company or similar person.

SECTION 6.09 Changes in Fiscal Periods. The Borrower will not permit the last day of its fiscal year to end on a day other than December 31 or change the Borrower's method of determining its fiscal quarters.

SECTION 6.10 Changes in Nature of Business. The Borrower will not, and will not permit any Subsidiary to, engage to any material extent in any business other than those businesses conducted by the Borrower and its Subsidiaries on the date hereof or any business reasonably related, ancillary, complimentary or incidental thereto, necessary or appropriate for, or representing a reasonable expansion thereof.

SECTION 6.11 Restriction on Use of Proceeds. The Borrower will not use the proceeds of any Borrowing, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase or carry Margin Stock, or to extend credit to others for the purpose of purchasing or carrying Margin Stock or to refund indebtedness originally incurred for such purpose.

SECTION 6.12 Financial Covenants.

(a) Minimum Liquidity. The Borrower will not, and will not permit any Subsidiary to, permit Liquidity as of 5:00 pm (New York city time) on the last day of each fiscal quarter (starting with the quarter ending June 30, 2021) to be less than the greater of (x) $7,700,000 and (y) 6.4% of all Loans outstanding as of such date.

(b) Consolidated Interest Coverage Ratio. The Borrower will not permit the Consolidated Interest Coverage Ratio as of the end of any fiscal quarter of the Borrower, starting with the fiscal quarter ending on June 30, 2021, to be less than the ratio set forth below opposite such fiscal quarter:

Fiscal Quarters Ending	Minimum Consolidated Interest Coverage Ratio
June 30, 2021 through December 31, 2021	2.50:1.00
March 31, 2022 through Maturity Date	3.00:1.00

SECTION 6.13 Sanctions; Anti-Corruption Use of Proceeds. The Borrower will not, directly or indirectly, use the proceeds of the Loans, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person, (a) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of the Anti-Corruption Laws, or (b) (i) to fund any activities or business of or with any Person, or in any country or territory, that, at the time of such funding, is the target of Sanctions, or (ii) in any other manner that would result in any Person (including any Person participating in the Loans, whether as Agent, Placement Agent, Lender, underwriter, advisor, investor, or otherwise) breaching Sanctions or becoming the target of any Sanctions.

SECTION 6.14 Federal Enforcement Priorities. The Borrower will not, and will not permit any Subsidiary to, permit any of its directors, officers, employees, consultants, agents or representatives to (a) engage in violence or the use of firearms (except as may be required or permitted for security purposes under applicable state law governing Marijuana Activities), or permit the use of violence or firearms, in the conduct of any Marijuana Activities, (b) grow or permit the growth of Marijuana on any public lands, or (c) possess or use, or permit the possession or use, of Marijuana on federal property.

ARTICLE VII

EVENTS OF DEFAULT

SECTION 7.01 Events of Default. If any of the following events (each, an "Event of Default") shall occur:

(a)the Borrower shall fail to pay any principal of any Loan when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;

(b)the Borrower shall fail to pay any interest on any Loan, or any fee or any other amount (other than an amount referred to in clause (a) of this Section) payable under this Agreement or under any other Loan Document, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of three or more Business Days;

(c)any representation or warranty made or deemed made by or on behalf of any Loan Party, as applicable, in or in connection with this Agreement or any other Loan Document or any amendment or modification hereof or thereof, or any waiver hereunder or thereunder, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with this Agreement or any other Loan Document or any amendment or modification hereof or thereof, or any waiver hereunder or thereunder, shall prove to have been incorrect in any material respect (or, in the case of any such representation or warranty under this Agreement or any other Loan Document already qualified by materiality, such representation or warranty shall prove to have been incorrect in any respect) when made or deemed made (subject to, if curable, a grace period of 15 days following the earlier of (x) knowledge by the Borrower or (y) written notice from the Agent);

(d)the Borrower shall fail to observe or perform any covenant, condition or agreement contained in Section 5.04(a), 5.05 (with respect to the Borrower's existence) or 5.13 or in Article VI;

(e)the Borrower shall fail to observe or perform any covenant, condition or agreement contained in this Agreement or any other Loan Document (other than those specified in clause (a), (b) or (d) of this Section) and such failure shall continue unremedied for a period of fifteen (15) or more days after receipt by the Borrower of written notice thereof from the Agent;

(f)(i) any Loan Party shall fail to make any payment when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) in respect of any Indebtedness (other than Indebtedness under the Loan Documents) having an aggregate principal amount of more than $5,000,000, in each case beyond the applicable grace period with respect thereto, if any; or (ii) the Borrower or any Subsidiary shall fail to observe or perform any other agreement or condition relating to any such Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event occurs, the effect of

which default or other event is to cause, or to permit the holder or holders or beneficiary or beneficiaries of such Indebtedness (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, with the giving of notice if required, such Indebtedness to become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem such Indebtedness to be made, prior to its stated maturity; provided that this clause (f)(ii) shall not apply to secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness, if such sale or transfer is permitted hereunder and under the documents providing for such Indebtedness and such Indebtedness is repaid when required under the documents providing for such documents;

(g) an involuntary case or proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief or any analogous case, proceeding, step or procedure in any jurisdiction (including any application for winding-up or dissolution) in respect of any Loan Party or its debts, or of a substantial part of its assets, under any Debtor Relief Law now or hereafter in effect or (ii) the appointment of a receiver, interim receiver, receiver and manager, monitor, trustee, custodian, sequestrator, conservator or similar official for any Loan Party or for a substantial part of its assets, and, in any such case, such case, proceeding or petition shall continue undismissed for a period of 60 or more days or an order or decree approving or ordering any of the foregoing shall be entered;

(h) any Loan Party shall (i) voluntarily commence any case or proceeding or file any petition seeking liquidation, reorganization or other relief or any analogous case, proceeding, step or procedure in any jurisdiction (including any application for winding-up or dissolution) under any Debtor Relief Law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (g) of this Section, (iii) apply for or consent to the appointment of a receiver, interim receiver, receiver and manager, monitor, trustee, custodian, sequestrator, conservator or similar official for any Loan Party or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such case or proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing;

(i) any Loan Party shall become unable or admit in writing its inability or fail generally to pay its debts as they become due;

(j) there is entered against any Loan Party (i) a final judgment or order for the payment of money in an aggregate amount (as to all such judgments and orders) exceeding $5,000,000 (to the extent not covered by independent third-party insurance as to which the insurer has been notified of such judgment or order and has not denied or failed to acknowledge coverage), or (ii) a non-monetary final judgment or order that, either individually or in the aggregate, has or could reasonably be expected to have a Material Adverse Effect and, in either case, (A) enforcement proceedings are commenced by any creditor upon such judgment or order, or (B) there is a period of 30 consecutive days during which a stay of enforcement of such judgment, by reason of a pending appeal or otherwise, is not in effect;

(k) an ERISA Event occurs with respect to a Pension Plan or Multiemployer Plan that has resulted or could reasonably be expected to result in liability of the Borrower under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount that could reasonably be expected to have a Material Adverse Effect;

(l) any material provision of any Loan Document, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or thereunder or satisfaction in full of all Obligations, ceases to be in full force and effect; or any party to a Loan Document contests in writing the validity or enforceability of any provision of such Loan Document; or any Loan Party denies in writing that it has any or further liability or obligation under any Loan Document, or purports in writing to revoke, terminate or rescind any Loan Document;

(m) any Loan Party is criminally indicted or convicted under any Requirement of Law, that may reasonably be expected to lead to a forfeiture of any property of such Loan Party having a fair market value in excess of $1,000,000; or

(n) the Borrower shall fail to make the Final Payment (as defined in the Purchase Agreement) and any Deferred Amount (as defined in the Purchase Agreement), in each case on the respective due dates therefor (as such dates may be amended by agreement of the parties in accordance with the terms and conditions of the Purchase Agreement) in accordance with the Purchase Agreement;

then, and in every such event (other than an event with respect to the Borrower described in clause (g), (h) or (i) of this Section), and at any time thereafter during the continuance of such event, the Agent may, and at the request of the Required Lenders shall, by notice to the Borrower, take any or all of the following actions, at the same or different times:

(i) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other Obligations of the Borrower accrued hereunder and, to the extent applicable, the Make-Whole Amount and Prepayment Premium, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower; and

(ii) exercise on behalf of itself and the Lenders all rights and remedies available to it and the Lenders under the Loan Documents and Applicable Law;

provided that, in case of any event with respect to the Borrower described in clause (g), (h) or (i) of this Section, the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other Obligations accrued hereunder and, to the extent applicable, the Make-Whole Amount, shall automatically become due and payable, in each case without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower.

SECTION 7.02 Application of Payments. Notwithstanding anything herein to the contrary, following the occurrence and during the continuance of an Event of Default, and notice thereof to the Agent by the Borrower or the Required Lenders, all payments received on account of the Obligations, including, without limitation, all proceeds of the Collateral, shall be applied by the Agent as follows:

(i) first, to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts (including fees and disbursements and other charges of counsel payable under Section 9.03 and amounts payable under the Administrative Agency Fee Letter) payable to the Agent in its capacity as such;

(ii) second, to payment of that portion of the Obligations constituting fees, indemnities and other amounts (other than principal and interest) payable to the Lenders (including fees and disbursements and other charges of counsel payable under Section 9.03) arising under the Loan Documents, ratably among them in proportion to the respective amounts described in this clause (ii) payable to them;

(iii) third, to payment of that portion of the Obligations constituting accrued and unpaid interest on the Loans, ratably among the Lenders in

proportion to the respective amounts described in this clause (iii) payable to them;

(iv) fourth, to payment of that portion of the Obligations constituting unpaid principal of the Loans ratably among the Lenders in proportion to the respective amounts described in this clause (iv) payable to them;

(v) fifth, to the payment in full of all other Obligations, in each case ratably among the Agent and the Lenders based upon the respective aggregate amounts of all such Obligations owing to them in accordance with the respective amounts thereof then due and payable; and

(vi) finally, the balance, if any, after all Obligations have been indefeasibly paid in full, to the Borrower or as otherwise required by Law.

ARTICLE VIII

AGENCY

SECTION 8.01 Appointment and Authority. Each of the Lenders hereby irrevocably appoints Acquiom Agency Services LLC to act on its behalf as the Agent hereunder and under the other Loan Documents and authorizes the Agent to take such actions on its behalf and to exercise such powers as are delegated to the Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Agent and the Lenders, and the Borrower shall not have rights as a third-party beneficiary of any of such provisions. It is understood and agreed that the use of the term "agent" herein or in any other Loan Documents (or any other similar term) with reference to the Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any Applicable Law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties.

SECTION 8.02 Merger or Consolidation. Any corporation or association into which Acquiom Agency Services LLC may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer all or substantially all of its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which Acquiom Agency Services LLC is a party, will be and become the successor Agent under this Agreement and will have and succeed to the rights, powers, duties, immunities and privileges as its predecessor, without the execution or filing of any instrument or paper or the performance of any further act.

SECTION 8.03 Exculpatory Provisions.

(a)The Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents, and its duties hereunder shall be administrative in nature. Without limiting the generality of the foregoing, the Agent:

(i) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(ii)shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents); provided that the Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Agent to liability or that is contrary to any Loan Document or Applicable Law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law;

(iii)shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Affiliates that is communicated to or obtained by the Person serving as the Agent or any of its Affiliates in any capacity

(iv)shall not be required to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties or in the exercise of any of its rights or powers hereunder; and

(v)shall not be responsible or liable for any failure or delay in the performance of its obligations under this Agreement arising out of or caused, directly or indirectly, by circumstances beyond its control, including without limitation, any act or provision of any present or future law or regulation or governmental authority; acts of God; earthquakes; fires; floods; wars; terrorism; civil or military disturbances; sabotage; epidemics; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications service; accidents; labor disputes; acts of civil or military authority or governmental actions; or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility; it being understood that the Agent shall use its best efforts to resume performance as soon as practicable under the circumstances.

(b)The Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 7.01 and 9.02), or (ii) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and nonappealable judgment. The Agent shall be deemed not to have knowledge of any Default unless and until notice describing such Default is given to the Agent in writing by the Borrower or a Lender. In the event that the Agent receives such a notice of the occurrence of a Default, the Agent shall take such action with respect to such Default or Event of Default as shall reasonably be directed by the Required Lenders, provided that, unless and until the Agent shall have received such directions, the Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default as it shall deem advisable in the best interest of the Lenders.

(c)The Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any recital, statement, warranty or representation (whether written or oral) made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the value, validity, enforceability, effectiveness, sufficiency or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document, (v) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Agent, (vi) any litigation or collection proceedings (or to initiate or conduct any such litigation or proceedings) under any Loan Document unless requested by the Required Lenders in writing and it receives indemnification satisfactory to it from the Lenders or (vii) the value or rating of any Collateral.

SECTION 8.04 Reliance by Agent. The Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it

to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan that by its terms must be fulfilled to the satisfaction of a Lender, the Agent may presume that such condition is satisfactory to such Lender unless the Agent shall have received notice to the contrary from such Lender prior to the making of such Loan. The Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

SECTION 8.05 Delegation of Duties.

(a)The Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Agent. The Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the Facilities as well as activities as Agent. The Agent shall not be responsible for the negligence or misconduct of any sub-agents except to the extent that a court of competent jurisdiction determines in a final and nonappealable judgment that the Agent acted with gross negligence or willful misconduct in the selection of such sub-agents.

(b)Any corporation or other entity into which the Agent may be merged or converted or with which the Agent may be consolidated, or any corporation or other entity resulting from any merger, conversion or consolidation to which the Agent shall be a party, or any corporation or other entity succeeding to all or substantially all of the corporate trust business of the Agent, shall be the successor to the Agent hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto.

SECTION 8.06 Resignation of Agent.

(a)The Agent may at any time give notice of its resignation to the Lenders and the Borrower. Upon receipt of any such notice of resignation, (i) the Required Lenders shall have the right, with the prior written consent of the Borrower (which consent is not required if an Event of Default has occurred and is continuing and which consent shall not be unreasonably withheld or delayed), to appoint, as applicable, a successor Agent (which shall be a Lender or such other Person appointed by the Required Lenders). If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within thirty (30) days after the retiring Agent gives notice of its resignation (or such earlier day as shall be agreed by the Required Lenders) (the "Resignation Effective Date"), then the retiring Agent may (but shall not be obligated to), on behalf of the Lenders, appoint a successor Agent meeting the qualifications set forth above. Whether or not a successor has been appointed, such resignation shall become effective in accordance with such notice on the Resignation Effective Date.

(b)If no such successor shall have been so appointed by applicable Required Lenders and shall have accepted such appointment within thirty (30) days (or such earlier day as shall be agreed by the applicable Required Lenders) (the "Removal Effective Date"), then such removal shall nonetheless become effective in accordance with such notice on the Removal Effective Date.

(c)With effect from the Resignation Effective Date or the Removal Effective Date (as applicable) (i) the retiring or removed Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any collateral security held by the Collateral Agent on behalf of the Lenders under any of the Loan Documents, the retiring collateral agent shall continue to hold such collateral security until such time as a successor Collateral Agent is appointed) and (ii) except for any indemnity payments owed to the retiring or removed Agent, all payments, communications and determinations provided to be made by, to or through the Agent shall instead be made by or to each Lender directly, until such time, if any, as the Required Lenders appoint a successor Agent as provided for above. Upon the acceptance of a successor's appointment as Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring or removed Agent (other than any rights to indemnity payments owed to the retiring or removed Agent), and the retiring or removed Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents. The fees payable by the Borrower to a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the retiring or removed Agent's resignation or removal hereunder and under the other Loan Documents, the provisions of this Article and Section 9.03 shall continue in effect for the benefit of such retiring or removed Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring or removed Agent was acting as Agent.

SECTION 8.07 Non-Reliance on Agent and Other Lenders. Each Lender acknowledges and agrees that it has, independently and without reliance upon the Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges and agrees that it will, independently and without reliance upon the Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder. Except for notices, reports, and other documents and information expressly required to be furnished to the Lenders by the Agent hereunder and for other information in the Agent's possession which has been requested by a Lender and for which such Lender pays the Agent's expenses in connection therewith, the Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the affairs, financial condition, or business of any Loan Party or any of its Affiliates that may come into the possession of the Agent or any of its Affiliates.

SECTION 8.08 No Other Duties. Anything herein to the contrary notwithstanding, the Placement Agent listed on the cover page hereof shall not have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as the Agent or a Lender hereunder.

SECTION 8.09 Indemnity of the Agent. **THE LENDERS SEVERALLY AGREE TO INDEMNIFY THE AGENT AND ITS AFFILIATES AND ITS DIRECTORS, OFFICERS, EMPLOYEES, AND AGENTS (TO THE EXTENT NOT REIMBURSED BY THE BORROWER), RATABLY ACCORDING TO THE RESPECTIVE PRINCIPAL AMOUNTS OF THE ADVANCES THEN HELD BY EACH OF THEM (OR IF NO PRINCIPAL OF THE ADVANCES IS AT THE TIME OUTSTANDING, RATABLY ACCORDING TO THE RESPECTIVE COMMITMENTS HELD BY EACH OF THEM IMMEDIATELY PRIOR TO THE TERMINATION, EXPIRATION OR FULL REDUCTION OF EACH SUCH COMMITMENT), FROM AND AGAINST ANY AND ALL LIABILITIES, OBLIGATIONS, LOSSES, DAMAGES, PENALTIES, ACTIONS, JUDGMENTS, SUITS, COSTS, EXPENSES, OR DISBURSEMENTS OF ANY KIND OR NATURE WHATSOEVER WHICH MAY BE IMPOSED ON, INCURRED BY, OR ASSERTED AGAINST SUCH INDEMNIFIED PERSON IN ANY WAY RELATING TO OR ARISING OUT OF THIS AGREEMENT OR ANY ACTION TAKEN OR OMITTED BY THE AGENT UNDER THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT (IN ALL CASES, WHETHER OR NOT CAUSED BY OR ARISING, IN WHOLE OR IN PART, OUT OF THE COMPARATIVE, CONTRIBUTORY OR SOLE NEGLIGENCE OF SUCH INDEMNIFIED PERSON), AND INCLUDING, WITHOUT LIMITATION, ENVIRONMENTAL CLAIMS, PROVIDED THAT NO LENDER SHALL BE LIABLE FOR ANY PORTION OF SUCH LIABILITIES, OBLIGATIONS, LOSSES, DAMAGES, PENALTIES, ACTIONS, JUDGMENTS, SUITS, COSTS, EXPENSES, OR DISBURSEMENTS RESULTING FROM SUCH INDEMNIFIED PERSON'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, IN EACH CASE, AS DETERMINED BY A FINAL NON-APPEALABLE JUDGMENT OF A**

COURT OF COMPETENT JURISDICTION. WITHOUT LIMITATION OF THE FOREGOING, EACH LENDER AGREES TO REIMBURSE THE AGENT PROMPTLY UPON DEMAND FOR ITS RATABLE SHARE (DETERMINED AS SET FORTH ABOVE IN THIS PARAGRAPH) OF ANY OUT-OF- POCKET EXPENSES (INCLUDING COUNSEL FEES) INCURRED BY THE AGENT IN CONNECTION WITH THE PREPARATION, EXECUTION, DELIVERY, ADMINISTRATION, MODIFICATION, AMENDMENT, OR ENFORCEMENT (WHETHER THROUGH NEGOTIATIONS, LEGAL PROCEEDINGS, OR OTHERWISE) OF, OR LEGAL ADVICE IN RESPECT OF RIGHTS OR RESPONSIBILITIES UNDER, THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, TO THE EXTENT THAT THE AGENT IS NOT REIMBURSED FOR SUCH BY THE BORROWER.

SECTION 8.10 Certain Rights of the Agent. If the Administrative Agent or Collateral Agent shall request instructions from the Required Lenders with respect to any action or actions (including the failure to act) in connection with this Agreement or the other Loan Documents, such Administrative Agent or Collateral Agent, as applicable, shall be entitled to refrain from such act or taking such act unless and until it shall have received instructions from such Lenders, and such Administrative Agent or Collateral Agent, as applicable, shall not incur liability to any Person by reason of so refraining. Without limiting the foregoing, no Lender shall have any right of action whatsoever against the Administrative Agent or Collateral Agent as a result of the Administrative Agent or Collateral Agent acting or refraining from acting hereunder in accordance with the instructions of the Required Lenders where required by the terms of this Agreement or the other Loan Documents.

SECTION 8.11 Agent May File Proofs of Claim. In case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to any Loan Party, the Agent (irrespective of whether the principal of any Loan shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Agent shall have made any demand on the Borrower) shall be entitled and empowered (but not obligated) by intervention in such proceeding or otherwise:

(a)to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and the Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders and the Agent and their respective agents and counsel and all other amounts due the Lenders and the Agent under Section 9.03) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, interim receiver, receiver and manager, monitor, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Agent and, in the event that the Agent shall consent to the making of such payments directly to the Lenders, to pay to the Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Agent and its agents and counsel, and any other amounts due the Agent under Section 9.03.

SECTION 8.12 Certain ERISA Matters.

(a)Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Agent and not, for the avoidance of doubt, to or for the benefit of the Borrower, that at least one of the following is and will be true:

(i)such Lender is not using "plan assets" (within the meaning of Section 3(42) of ERISA or otherwise) of one or more Benefit Plans with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Commitments or this Agreement,

(ii)the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement,

(iii) (A) such Lender is an investment fund managed by a "Qualified Professional Asset Manager" (within the meaning of Part VI of PTE 84-14), (B) such "Qualified Professional Asset Manager" made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84- 14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement, or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Agent, in its sole discretion, and such Lender.

(b)In addition, unless either (1) sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender or (2) a Lender has provided another representation, warranty and covenant in accordance with sub-clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Agent and not, for the avoidance of doubt, to or for the benefit of the Borrower, that the Agent is not a fiduciary with respect to the assets of such Lender involved in such Lender's entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement (including in connection with the reservation or exercise of any rights by the Agent under this Agreement, any Loan Document or any documents related hereto or thereto).

SECTION 8.13 Collateral and Guaranty Matter.

(a) The Agent (acting at the direction of the Required Lenders) is authorized on behalf of the Lenders, without the necessity of any notice to or further consent from such Lenders, from time to time, to take any actions with respect to any Collateral or security instruments which may be necessary to perfect and maintain the Liens upon the Collateral granted pursuant to the Pledge and Security Agreement. The Agent (acting at the direction of the Required Lenders) is further authorized (but not obligated) on behalf of the Lenders, without the necessity of any notice to or further consent from the Lenders, from time to time, to take any action in exigent circumstances as may be reasonably necessary to preserve any rights or privileges of the Lenders under the Loan Documents or Applicable Law. By accepting the benefit of the Liens granted pursuant to the Pledge and Security Agreement, each Lender hereby agrees to the terms of this clause (a).

(b) The Lenders hereby, and any other Lender by accepting the benefit of the Liens granted pursuant to the Pledge and Security Agreement, irrevocably

authorize the Agent to, and the Agent shall, upon request of the Borrower release any Lien granted to or held by the Agent upon any Collateral (a) upon termination of this Agreement and the payment in full of all outstanding Loans and all other Obligations (other than contingent indemnity obligations for which no claims have been made); (b) constituting property sold or to be sold or Disposed of as part of or in connection with any Disposition permitted under this Agreement or any other Loan Document; (c) constituting property in which no Loan Party owned an interest at the time the Lien was granted or at any time thereafter other than as a result of a transaction prohibited hereunder; or (d) constituting property leased to any Loan Party under a lease which has expired or has been terminated in a transaction permitted under this Agreement or is about to expire and which has not been, and is not intended by such Loan Party to be, renewed or extended. Upon the request of the Agent at any time, the Lenders will confirm in writing the Agent's authority to release particular types or items of Collateral pursuant to this Section 8.11. At the written request and sole expense of the Borrower, which written request shall also include a certification from a Responsible Officer certifying to the Lenders, the Agent that such release is permitted under this Section 8.11 and that such transaction is in compliance with this Agreement and the other Loan Documents (which certification the Agent may, but is not obligated to, rely on), the Collateral Agent shall promptly provide the releases of Collateral permitted to be released under this Section 8.11 subject to evidence of such transaction and release documentation reasonably satisfactory to the Required Lenders, the Agent except that, with the Required Lender's prior written consent, the Agent may, but shall not be obligated, to provide such releases for such property to be sold but not yet sold or such property subject to a lease that is about to expire but not yet expired. Upon any of the Collateral constituting personal property being Disposed of as permitted under this Agreement, then such Collateral shall be automatically released from the Liens created under the applicable security instrument; provided, that (x) the Agent shall use commercially reasonable efforts to provide any evidence of such Lien release reasonably requested by the Borrower in accordance with this Section.

(c) Notwithstanding anything contained in any of the Loan Documents to the contrary, the Loan Parties, the Agent and each Lender hereby agree that no Lender shall have any right individually to realize upon any of the Collateral or to enforce the Guaranty Agreement, it being understood and agreed that all powers, rights and remedies hereunder, under the Guaranty and under the Pledge and Security Agreement may be exercised solely by the Agent (acting at the direction of the Required Lenders), as applicable, on behalf of the Lenders in accordance with the terms hereof and the other Loan Documents. By accepting the benefit of the Liens granted pursuant to the Pledge and Security Agreement, each Lender not party hereto hereby agrees to the terms of this clause (c).

SECTION 8.14 Credit Bidding.

(a) The Agent, on behalf of itself and the Lenders, shall have the right, acting at the direction of the Required Lenders, to credit bid and purchase for the benefit of the Agent and the Lenders all or any portion of Collateral at any sale thereof conducted by the Agent under the provisions of the UCC, including pursuant to Sections 9-610 or 9-620 of the UCC, at any sale thereof conducted under the provisions of the United States Bankruptcy Code, including Section 363 thereof, or a sale under a plan of reorganization, or at any other sale or foreclosure conducted by the Agent (whether by judicial action or otherwise) in accordance with Applicable Law.

(b) Each Lender hereby agrees that, except as otherwise provided in any Loan Documents or with the written consent of the Agent and the Required Lenders, it will not take any enforcement action, accelerate obligations under any Loan Documents, or exercise any right that it might otherwise have under Applicable Law to credit bid at foreclosure sales, UCC sales or other similar Dispositions of Collateral.

SECTION 8.15 Agent Actions. With respect to any term or provision of this Agreement or any other Loan Document that requires the consent, approval, satisfaction, discretion, determination, decision, action or inaction or any similar concept of or by the Agent, or that allows, permits, requires, empowers or otherwise provides that any matter, action, decision or similar may be taken, made or determined by the Agent (including any provision that refers to any document or other matter being satisfactory or acceptable to the Agent) without expressly referring to the requirement to obtain consent or input from any Lenders, or to otherwise notify any Lender, or without providing that such matter is required to be satisfactory or acceptable to the Required Lenders, such term or provision shall be interpreted to refer to the Agent exercising its discretion, it being understood and agreed that the Agent shall be entitled to confirm that any matter is satisfactory or acceptable to the Required Lenders to the extent that it deems such confirmation necessary or desirable.

SECTION 8.16 Force Majeure. The Agent shall not be (i) required to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties or in the exercise of any of its rights or powers hereunder or under any other Loan Document or (ii) responsible or liable for any failure or delay in the performance of its obligations hereunder or under any other Loan Document arising out of or caused, directly or indirectly, by circumstances beyond its control, including without limitation, any act or provision of any present or future law or regulation or governmental authority; acts of God; earthquakes; fires; floods; wars; terrorism; civil or military disturbances; sabotage; epidemics; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications service; accidents; labor disputes; acts of civil or military authority or governmental actions; or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility.

ARTICLE IX

MISCELLANEOUS

SECTION 9.01 Notices; Public Information.

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in clause (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by email as follows:

(i) if to the Borrower, to WDB Holding PA, Inc., c/o TerrAscend Corp. at 489 Fifth Avenue, 29th Fl, New York, NY 10017, Attention of Keith Stauffer, Chief Financial Officer (Telephone No. (717) 343-5386; Email: kstauffer@terrascend.com), with a copy to: TerrAscend Corp. at 3610 Mavis Road, PO Box 43125, Mississauga, Ontario L5C 1W2, Attention of Jason Marks, Chief Legal Officer (Telephone No. (609) 937-6390; Email: jmarks@terrascend.com);

(ii) if to the Agent, to Acquiom Agency Services LLC at 150 South Fifth Street, Suite 2600, Minneapolis, MN 55402, Attention of Jennifer Anderson (Telephone No. (612) 509-2321; Email: loanagency@srsacquiom.com), with a copy to: Stroock & Stroock & Lavan LLP at 180 Maiden Lane, New York, NY 10038, Attention of Alex Cota (Telephone No. (212) 806-5531; Email: acota@stroock.com); and

(iii) if to a Lender, to it at its address (or email address) set forth in its Administrative Questionnaire.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient). Notices delivered through electronic communications, to the extent provided in clause (b) below, shall be effective as provided in said clause (b).

(b) Electronic Communications. Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communication (including e-mail, FpML, and Internet or intranet websites) pursuant to procedures approved by the Agent, provided that the foregoing shall not apply to notices to any Lender pursuant to Article II if such Lender has notified the Agent that it is incapable of receiving notices under such Article by electronic communication. The Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

Unless the Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient, at its e-mail address as described in the foregoing clause (i), of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii) above, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient.

(c) Change of Address, etc. Any party hereto may change its address or facsimile number for notices and other communications hereunder by notice to the other parties hereto.

(d) Platform.

(i) The Borrower agrees that the Agent may, but shall not be obligated to, make the Communications (as defined below) available to the other Lenders by posting the Communications on the Platform.

(ii) The Platform is provided "as is" and "as available." The Agent Parties (as defined below) do not warrant the adequacy of the Platform and expressly disclaim liability for errors or omissions in the Communications. No warranty of any kind, express, implied or statutory, including any warranty of merchantability, fitness for a particular purpose, non-infringement of third-party rights or freedom from viruses or other code defects, is made by any Agent Party in connection with the Communications or the Platform. In no event shall the Agent or any of its Related Parties (collectively, the "Agent Parties") have any liability to the Borrower, any Lender or any other Person or entity for damages of any kind, including direct or indirect, special, incidental or consequential damages, losses or expenses (whether in tort, contract or otherwise) arising out of the Borrower's or the Agent's transmission of communications through the Platform. " Communications" means, collectively, any notice, demand, communication, information, document or other material provided by or on behalf of the Borrower pursuant to any Loan Document or the transactions contemplated therein that is distributed to the Agent or any Lender by means of electronic communications pursuant to this Section, including through the Platform.

(e) Public Information. The Borrower hereby acknowledges that certain of the Lenders (each, a 'Public Lender") may have personnel who do not wish to receive material non-public information with respect to the Borrower or its Affiliates (including the Canadian Parent), or the respective securities of any of the foregoing, and who may be engaged in investment and other market-related activities with respect to such Persons' securities. The Borrower hereby agrees that it will use commercially reasonable efforts to identify that portion of the materials and information provided by or on behalf of the Borrower or any of its Affiliates hereunder and under the other Loan Documents (collectively, "Borrower Materials") that may be distributed to the Public Lenders and that (i) all such Borrower Materials shall be clearly and conspicuously marked "PUBLIC," which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof; (ii) by marking Borrower Materials "PUBLIC," the Borrower shall be deemed to have authorized the Agent and the Lenders to treat such Borrower Materials as not containing any material non-public information with respect to the Borrower or its Affiliates or their respective securities for purposes of U.S. federal and other applicable securities Laws and as not containing material information that has not been generally disclosed (within the meaning of Canadian securities Laws) with respect to the Borrower or its Affiliates or their respective securities (provided, that to the extent that such Borrower Materials constitute Information, they shall be subject to Section 9.12); (iii) all Borrower Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Side Information"; and (iv) the Agent shall be entitled to treat any Borrower Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not designated "Public Side Information". Each Public Lender will designate one or more representatives that shall be permitted to receive information that is not designated as being available for Public Lenders.

SECTION 9.02 Waivers; Amendments.

(a) No Waiver; Remedies Cumulative; Enforcement. No failure or delay by the Agent or any Lender in exercising any right, remedy, power or privilege hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, remedy, power or privilege, or any abandonment or discontinuance of steps to enforce such a right remedy, power or privilege, preclude any other or further exercise thereof or the exercise of any other right remedy, power or privilege. The rights, remedies, powers and privileges of the Agent and the Lenders hereunder and under the Loan Documents are cumulative and are not exclusive of any rights, remedies, powers or privileges that any such Person would otherwise have.

(b) Amendments, Etc. Except as otherwise expressly set forth in this Agreement, no amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by the Borrower therefrom, shall be effective unless in writing executed by the Borrower and the Required Lenders, and acknowledged by the Agent, or by the Borrower and the Agent with the consent of the Required Lenders, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided that:

(i) no such amendment, waiver or consent shall:

(A) extend or increase any Commitment of any Lender without the written consent of such Lender (it being understood that a waiver of any condition precedent set forth in Article IV or the waiver of any Default shall not constitute an extension or increase of any Commitment of any Lender);

(B) reduce the principal of, or rate of interest specified herein on, any Loan, or any fees or other amounts payable hereunder or under any other Loan Document, without the written consent of each Lender directly and adversely affected thereby (provided that only the consent of the Required Lenders shall be necessary (x) to amend the definition of "Default Rate" or to waive the obligation of the Borrower to pay interest at the Default Rate or (y) to amend any financial covenant (or any defined term directly or indirectly used therein), even if the effect of such amendment would be to reduce the rate of interest on any Loan or other Obligation or to reduce any fee payable hereunder);

(C) postpone any date scheduled for any payment of principal of, or interest on, any Loan, or any fees or other amounts payable hereunder or under any other Loan Document, or reduce the amount of, waive or excuse any such payment, without the written consent of each Lender directly and adversely affected thereby;

(D) change Section 2.11(b) or Section 2.12 in a manner that would alter the pro rata sharing of payments required thereby without the written consent of each Lender directly and adversely affected thereby;

(E) waive any condition set forth in Section 4.01 without the written consent of each Lender;

(F) change any provision of this Section or the percentage in the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder, in each case, without the written consent of each Lender, or

(G) require the consent of the Required Lenders if such amendment, waiver or consent is to a provision of either Fee Letter but such amendment, waiver or consent shall require the consent of the Placement Agent (with respect to the Placement Agent Fee Letter) and the Agent (with respect to the Administrative Agency Fee Letter),

(ii) no such amendment, waiver or consent shall amend, modify or otherwise affect the rights or duties hereunder or under any other Loan Document of the Agent, unless in writing executed by the Agent, in each case in addition to the Borrower and the Lenders required above, and

(iii) no Lender shall receive an amendment or similar fee as consideration for, or in connection with, such amendment, waiver or consent unless the Borrower shall have sought consent from all Lenders holding outstanding Loans at such time and offered all such Lenders the same fee, provided that the Borrower shall only be obligated to pay such fee to those Lenders that actually consent to such amendment, waiver or consent.

In addition, notwithstanding anything in this Section to the contrary, if the Agent and the Borrower shall have jointly identified an obvious error or any error or omission of a technical nature, in each case, in any provision of the Loan Documents, then the Agent and the Borrower shall be permitted to amend such provision, and, in each case, such amendment shall become effective without any further action or consent of any other party to any Loan Document if the same is not objected to in writing by the Required Lenders to the Agent within ten Business Days following receipt of notice thereof.

SECTION 9.03 Expenses; Indemnity; Damage Waiver.

(a) Costs and Expenses. The Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Placement Agent (including the reasonable fees, charges and disbursements of counsel for the Placement Agent), in connection with the diligence of the Loan Parties, their Subsidiaries and activities, and the preparation, negotiation, execution, delivery of this Agreement and the other Loan Documents, or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), provided, that the Borrower's obligation to make payment pursuant to this clause (i) with respect to expenses incurred prior to the Closing Date shall be subject to any arrangements separately agreed to between the Placement Agent and the Borrower prior to the date hereof, (ii) all reasonable out-of-pocket expenses incurred by the Agent and its Affiliates (including the reasonable fees, charges and disbursements of counsel for the Agent), in connection with the syndication of the Facilities, the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents, or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (iii) all out-of-pocket expenses incurred by the Agent or any Lender (including the fees, charges and disbursements of any counsel for the Agent or any Lender) in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Loan Documents, including its rights under this Section, or (B) in connection with the Loans made hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans, (iv) all reasonable and documented out-of-pocket costs and expenses, if any, of the Agent or any lender if an Event of Default has occurred and is continuing, or otherwise in connection with any workout, restructuring, reorganization or debt modification or exchange transaction, any enforcement of, or exercise or protection of rights or remedies (whether through negotiations, legal proceedings, or otherwise) under, this Agreement and the other Loan Documents (including the fees, charges and disbursements of any counsel for the Agent or any Lender), (v) any financial or other professional advisors, consultants, and third party service providers retained, appointed or engaged by or on behalf of the Required Lenders, and (vi) any financial or other professional advisors, consultants, and third party service providers retained, appointed or engaged by or on behalf of the Agent.

(b) Indemnification by the Borrower. The Borrower shall indemnify the Agent (and any sub-agent thereof) and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses (including the fees, charges and disbursements of any counsel for any Indemnitee), incurred by any Indemnitee or asserted against any Indemnitee by any Person (including the Borrower) arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, (ii) any Loan or the use or proposed use of the proceeds therefrom, (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Borrower or any of its Subsidiaries, or any Environmental Liability related in any way to the Borrower or any of its Subsidiaries, (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower, and regardless of whether any Indemnitee is a party thereto, or (v) any claim (including, without limitation, any environmental claims), investigation, litigation or other proceeding (whether or not the Agent or any Lender is a party thereto) and the prosecution and defense thereof, arising out of or in any way connected with any Loan, any Loan Document, or any way connected with any Loan, any Loan Document, or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby (and in all cases, whether or not caused by or arising, in whole or in part, out of the comparative, contributory or sole negligence of such Indemnitee); provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee, (y) result from a claim brought by the Borrower against an Indemnitee for bad faith of such Indemnitee's obligations hereunder or under any other Loan Document, if the Borrower has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction or (z) result from a claim not involving an act or omission of the Borrower and that is brought by an Indemnitee against another Indemnitee (other than against the Placement Agent or the Agent in their capacities as such). Paragraph (b) of this Section shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim. No Loan Party shall, without the prior written consent of each Indemnitee affected thereby, settle any threatened or pending claim or action that would give rise to the right of any Indemnitee to claim indemnification hereunder unless such settlement (x) includes a full and unconditional release of all liabilities arising out of such claim or action against such Indemnitee at any time (including future, prospective and unmatured claims or actions), (y) does not include any statement as to or an admission of fault, culpability or failure to act by or on behalf of any Indemnitee and (z) does not require any payment to be made, and does not result in any obligation regarding any payment (including any payment of any costs or expenses) to be imposed or require such obligation to be incurred or assumed, and does not require any actions to be taken or refrained from being taken by any Indemnitee other than the execution of the related settlement agreement, if any.

(c) Reimbursement by Lenders. To the extent that the Borrower for any reason fails to indefeasibly pay any amount required under clauses (a) or (b) of this Section to be paid by it to the Agent (or any sub-agent thereof) or any Related Party of any of the foregoing, each Lender severally agrees to pay to the Agent (or any such sub-agent) or such Related Party, as the case may be, such Lender's pro rata share (determined as of the time that the applicable unreimbursed expense or indemnity payment is

sought based on each Lender's Applicable Percentage at such time) of such unpaid amount (including any such unpaid amount in respect of a claim asserted by such Lender); provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Agent (or any such sub-agent), or against any Related Party of any of the foregoing acting for the Agent (or any such sub-agent) in connection with such capacity. The obligations of the Lenders under this clause (c) are subject to the provisions of Section 2.11(e).

(d) Waiver of Consequential Damages, Etc. To the fullest extent permitted by Applicable Law, the Borrower shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan, or the use of the proceeds thereof. No Indemnitee referred to in clause (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby.

(e) Payments. All amounts due under this Section shall be payable promptly (and in no event, not later than thirty days) after demand therefor.

(f) Survival. Each party's obligations under this Section shall survive the termination of the Loan Documents and payment of the obligations hereunder.

SECTION 9.04 Successors and Assigns.

(a) Successors and Assigns Generally. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Agent and each Lender (and any other attempted assignment or transfer by any party hereto shall be null and void), and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of clause (b) of this Section, (ii) by way of participation in accordance with the provisions of clause (d) of this Section, or (iii) by way of pledge or assignment of a security interest subject to the restrictions of clause (e) of this Section. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in clause (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders. Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); provided that any such assignment shall be subject to the following conditions:

(i) Minimum Amounts.

(A) in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and/or the Loans at the time owing to it or contemporaneous assignments to and/or by related Approved Funds (determined after giving effect to such assignments) that equal at least the amount specified in clause (b)(i)(B) of this Section in the aggregate or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and

(B) in any case not described in clause (b)(i)(A) of this Section, the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) or, if the Commitment is not then in effect, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date) shall not be less than $2,500,000, unless each of the Agent and, so long as no Event of Default has occurred and is continuing, the Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed).

(ii) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loan or the Commitment assigned.

(iii) Required Consents. No consent shall be required for any assignment except to the extent required by clause (b)(i)(B) of this Section and, in addition:

(A) the consent of the Borrower (such consent not to be unreasonably withheld or delayed) shall be required unless (x) an Event of Default has occurred and is continuing at the time of such assignment, or (y) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund; provided that the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Agent within five Business Days after having received notice thereof and provided, further, that the Borrower's consent shall not be required during the primary syndication of any Facility; and

(B) the consent of the Agent (such consent not to be unreasonably withheld or delayed) shall be required for assignments to a Person that is not a Lender, an Affiliate of a Lender or an Approved Fund.

(iv) Assignment and Assumption. The parties to each assignment shall execute and deliver to the Agent an Assignment and Assumption, together with a processing and recordation fee of $3,500; provided that the Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment. The assignee, if it is not a Lender, shall deliver to the Agent an Administrative Questionnaire.

(v) No Assignment to Certain Persons. No such assignment shall be made to the Borrower, the Canadian Parent or any of the Canadian Parent's Subsidiaries.

Subject to acceptance and recording thereof by the Agent pursuant to clause (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Section 9.03 with respect to facts and circumstances occurring prior to the effective date of such assignment. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this clause shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with clause (d) of this Section.

(c) Register. The Agent, acting solely for this purpose as a non-fiduciary agent of the Borrower (and, to the extent the Borrower is disregarded for U.S. federal income tax purposes, the Borrower's regarded owner for U.S. federal income tax purposes), shall maintain at its address referred to in Section 9.01 a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts (and stated interest) of the Loans and interest owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrower, the Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower and any Lender (but a Lender shall solely be permitted to inspect such portions of the Register that disclose information relating to such Lender's Loans and amounts owning to it, and not to any other Lender), at any reasonable time and from time to time upon reasonable prior notice. The Borrower hereby agrees that the Agent acting as its agent solely for the purpose set forth above in this clause (c), shall not subject the Agent to any fiduciary or other implied duties, all of which are hereby waived by the Borrower with respect to the Agent acting as its agent solely for the purpose set forth above in this clause (c).

(d) Participations. Any Lender may at any time, without the consent of, or notice to, the Borrower or the Agent, sell participations to any Person (other than a natural person, or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural person, or the Borrower or any of the Borrower's Affiliates or Subsidiaries) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, and (iii) the Borrower, the Agent and Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. For the avoidance of doubt, each Lender shall be responsible for the indemnity under Section 9.03(b) with respect to any payments made by such Lender to its Participant(s).

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in Section 9.02(b)(i) through (v) that adversely affects such Participant. The Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.13 and 2.14 (subject to the requirements and limitations therein, including the requirements under Section 2.14(g) (it being understood that the documentation required under Section 2.14(g) shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to clause (b) of this Section; provided that such Participant (A) agrees to be subject to the provisions of Section 2.15 as if it were an assignee under clause (b) of this Section; and (B) shall not be entitled to receive any greater payment under Section 2.13 or 2.14, with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. Each Lender that sells a participation agrees, at the Borrower's request and expense, to use reasonable efforts to cooperate with the Borrower to effectuate the provisions of Section 2.15(b) with respect to any Participant. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 9.08 as though it were a Lender; provided that such Participant agrees to be subject to Section 2.12 as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower (and, to the extent the Borrower is disregarded for U.S. federal income tax purposes, the Borrower's regarded owner for U.S. federal income tax purposes), maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Agent (in its capacity as Agent) shall have no responsibility for maintaining a Participant Register. The Borrower hereby agrees that each Lender acting as its agent solely for the purpose set forth above in this clause (d) shall not subject such Lender to any fiduciary or other implied duties, all of which are hereby waived by the Borrower with respect to such Lender acting as it agent solely for the purpose set forth above in this clause (d).

(e) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(f) Cashless Settlement. Notwithstanding anything to the contrary contained in this Agreement, any Lender may exchange, continue or rollover all or a portion of its Loans in connection with any refinancing, extension, loan modification or similar transaction permitted by the terms of this Agreement, pursuant to a cashless settlement mechanism approved by the Borrower, the Agent and such Lender.

(g) Affiliated Lenders. Notwithstanding anything to the contrary contained in this Agreement, the aggregate Outstanding Amount of Loans that are held by Affiliated Lenders at any time may not exceed 25% of the aggregate Outstanding Amount of all Loans.

SECTION 9.05 Survival. All covenants, agreements, representations and warranties made by the Borrower herein and in any Loan Document or other documents delivered in connection herewith or therewith or pursuant hereto or thereto shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery hereof and thereof and the making of the Borrowings hereunder, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Agent or any Lender may have had notice or knowledge of any Default at the time of any Borrowing, and shall continue in full force and effect as long as any Loan or any other Obligation hereunder shall remain unpaid or unsatisfied and so long as the Commitments have not expired or been terminated. The provisions of Sections 2.13, 9.03, 9.15 and Article VIII shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the payment in full of the Obligations, the expiration or termination of the Commitments or the termination of this Agreement or any provision hereof.

SECTION 9.06 Counterparts; Integration; Effectiveness; Electronic Execution.

(a) Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Loan Documents, and any separate letter agreements with respect to fees payable to the Agent, constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Agent and when the Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto.

(b) Electronic Execution. Delivery of an executed counterpart of a signature page of this Agreement by facsimile, electronic mail (e.g., "pdf" or "tif") or any other electronic means complying with the U.S. federal ESIGN Act of 2000 or the New York State Electronic Signatures and Records Act or other transmission method

shall be effective as delivery of a manually executed counterpart of this Agreement and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes to the fullest extent permitted by Applicable Law. For the avoidance of doubt, the foregoing also applies to any amendment, extension or renewal of this Agreement. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to this Agreement, the other Loan Documents and any document to be signed in connection with this Agreement, the other Loan Documents and the transactions contemplated hereby and thereby shall be deemed to include electronic signatures, deliveries or electronic records, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any Applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act. Each of the parties hereto represents and warrants to the other parties hereto that it has the corporate capacity and authority to execute this Agreement through electronic means and there are no restrictions for doing so in that party's constitutive documents.

SECTION 9.07 Severability. If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 9.08 Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender, and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by Applicable Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held, and other obligations (in whatever currency) at any time owing, by such Lender or any such Affiliate, to or for the credit or the account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing under this Agreement or any other Loan Document to such Lender or its respective Affiliates, irrespective of whether or not such Lender or Affiliate shall have made any demand under this Agreement or any other Loan Document and although such obligations of the Borrower may be contingent or unmatured or are owed to a branch office or Affiliate of such Lender different from the branch office or Affiliate holding such deposit or obligated on such indebtedness. The rights of each Lender and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender or its respective Affiliates may have. Each Lender agrees to notify the Borrower and the Agent promptly after any such setoff and application; provided that the failure to give such notice shall not affect the validity of such setoff and application.

SECTION 9.09 Governing Law; Jurisdiction; Etc.

(a) Governing Law. This Agreement and the other Loan Documents and any claims, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Agreement or any other Loan Document (except, as to any other Loan Document, as expressly set forth therein) and the transactions contemplated hereby and thereby shall be governed by, and construed in accordance with, the law of the State of New York.

(b) Jurisdiction. The Borrower irrevocably and unconditionally agrees that it will not commence any action, litigation or proceeding of any kind or description, whether in law or equity, whether in contract or in tort or otherwise, against the Agent, any Lender, or any Related Party of the foregoing in any way relating to this Agreement or any other Loan Document or the transactions relating hereto or thereto, in any forum other than the courts of the State of New York sitting in New York County, and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, and each of the parties hereto irrevocably and unconditionally submits to the jurisdiction of such courts and agrees that all claims in respect of any such action, litigation or proceeding may be heard and determined in such New York State court or, to the fullest extent permitted by Applicable Law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action, litigation or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or in any other Loan Document shall affect any right that the Agent or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against the Borrower or its properties in the courts of any jurisdiction.

(c) Waiver of Venue. The Borrower irrevocably and unconditionally waives, to the fullest extent permitted by Applicable Law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in clause (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by Applicable Law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Waiver of Defense of Illegality. The Borrower irrevocably waives any defense based on federal law or that the transactions contemplated by this Agreement are void as against public policy or based on illegality under federal law, including without limitation, Federal Marijuana Laws.

(e) Service of Process. Each party hereto irrevocably consents to service of process in the manner provided for notices in Section 9.01. Nothing in this Agreement will affect the right of any party hereto to serve process in any other manner permitted by Applicable Law.

SECTION 9.10 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 9.11 Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 9.12 Treatment of Certain Information; Confidentiality. Each of the Agent and the Lenders agree to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its Related Parties (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential); (b) to the extent required or requested by any regulatory authority purporting to have jurisdiction over such Person or its Related Parties (including any self-regulatory authority, such as the National Association of Insurance Commissioners); (c) to the extent required by Applicable Laws or by any subpoena or similar legal process; (d) to any other party hereto; (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder; (f) subject to an agreement containing provisions substantially the same as (or no less restrictive than) those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights and obligations under this Agreement, or (ii) any actual or prospective party (or its Related

Parties) to any swap, derivative or other transaction under which payments are to be made by reference to the Borrower and its obligations, this Agreement or payments hereunder; (g) with the consent of the Borrower; or (h) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section, or (y) becomes available to the Agent, any Lender or any of their respective Affiliates on a non-confidential basis from a source other than the Borrower who did not acquire such information as a result of a breach of this Section. In addition, the Agent and the Lenders may disclose the existence of this Agreement and information about this Agreement to market data collectors, similar service providers to the lending industry and service providers to the Agent or any Lender in connection with the administration of this Agreement, the other Loan Documents, and the Commitments.

For purposes of this Section, "Information" means all information received from the Borrower or any of its Subsidiaries relating to the Borrower or any of its Subsidiaries or any of their respective businesses, other than any such information that is available to the Agent or any Lender on a nonconfidential basis prior to disclosure by the Borrower or any of its Subsidiaries; provided that, in the case of information received from the Borrower or any of its Subsidiaries after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

SECTION 9.13 PATRIOT Act. Each Lender subject to the PATRIOT Act hereby notifies the Borrower that, pursuant to the requirements of the PATRIOT Act, it may be required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender to identify the Borrower in accordance with the PATRIOT Act.

SECTION 9.14 Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts that are treated as interest on such Loan under Applicable Law (collectively, "charges"), shall exceed the maximum lawful rate (the "Maximum Rate") that may be contracted for, charged, taken, received or reserved by the Lender holding such Loan in accordance with Applicable Law, the rate of interest payable in respect of such Loan hereunder, together with all charges payable in respect thereof, shall be limited to the Maximum Rate. To the extent lawful, the interest and charges that would have been paid in respect of such Loan but were not paid as a result of the operation of this Section shall be cumulated and the interest and charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the amount collectible at the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Effective Rate for each day to the date of repayment, shall have been received by such Lender. Any amount collected by such Lender that exceeds the maximum amount collectible at the Maximum Rate shall be applied to the reduction of the principal balance of such Loan or refunded to the Borrower so that at no time shall the interest and charges paid or payable in respect of such Loan exceed the maximum amount collectible at the Maximum Rate.

SECTION 9.15 Payments Set Aside. To the extent that any payment by or on behalf of the Borrower is made to the Agent or any Lender, or the Agent or any Lender exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Agent or such Lender in its discretion) to be repaid to a trustee, receiver, interim receiver, receiver and manager, monitor or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred, and (b) each Lender severally agrees to pay to the Agent upon demand its applicable share (without duplication) of any amount so recovered from or repaid by the Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the Federal Funds Effective Rate from time to time in effect.

SECTION 9.16 No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), the Borrower acknowledges and agrees, and acknowledges its Affiliates' understanding, that: (a) (i) no fiduciary, advisory or agency relationship between the Borrower and its Subsidiaries and the Placement Agent, the Agent or any Lender is intended to be or has been created in respect of the transactions contemplated hereby or by the other Loan Documents, irrespective of whether the Placement Agent, the Agent, or any Lender has advised or is advising the Borrower or any Subsidiary on other matters, (ii) the arranging and other services regarding this Agreement provided by the Placement Agent, the Agent and the Lenders are arm's-length commercial transactions between the Borrower and its Affiliates, on the one hand, and the Placement Agent, the Agent and the Lenders, on the other hand, (iii) the Borrower has consulted its own legal, accounting, regulatory and tax advisors to the extent that it has deemed appropriate and (iv) the Borrower is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; and (b) (i) the Placement Agent, the Agent and the Lenders each is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Borrower or any of its Affiliates, or any other Person; (ii) none of the Placement Agent, the Agent and the Lenders has any obligation to the Borrower or any of its Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and (iii) the Placement Agent, the Agent and the Lenders and their respective Affiliates may be engaged, for their own accounts or the accounts of customers, in a broad range of transactions that involve interests that differ from those of the Borrower and its Affiliates, and none of the Placement Agent, the Agent and the Lenders has any obligation to disclose any of such interests to the Borrower or its Affiliates. To the fullest extent permitted by Law, the Borrower hereby waives and releases any claims that it may have against any of the Placement Agent, the Agent and the Lenders with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

SECTION 9.17 Acknowledgement Regarding Any Supported QFCs. To the extent that the Loan Documents provide support, through a guarantee or otherwise, for Swap Contracts or any other agreement or instrument that is a QFC (such support, "QFC Credit Support" and each such QFC a "Supported QFC"), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the "U.S. Special Resolution Regimes") in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

(a) In the event a Covered Entity that is party to a Supported QFC (each, a "Covered Party") becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the laws of the United States or a state of the United States.

(b) As used in this Section 9.18, the following terms have the following meanings:

"BHC Act Affiliate" of a party means an "affiliate" (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

"Covered Entity" means any of the following:

(i) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b)

(ii) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or

(iii) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

"Default Right" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

"QFC" has the meaning assigned to the term "qualified financial contract" in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

SECTION 9.18 Judgment Currency. For the purposes of obtaining judgment in any court, it is necessary to convert a sum due hereunder or any other Loan Document in one currency into another currency, the rate of exchange used shall be that at which in accordance with normal banking procedures the Agent could purchase the first currency with such other currency on the Business Day preceding that on which final judgment is given. The obligation of any Loan Party in respect of any such sum due from it to the Administrative Agent or any Lender hereunder or under the other Loan Documents shall, notwithstanding any judgment in a currency (the "Judgment Currency") other than that in which such sum is denominated in accordance with the applicable provisions of this Agreement (the "Agreement Currency"), be discharged only to the extent that on the Business Day following receipt by the Agent or such Lender, as the case may be, of any sum adjudged to be so due in the Judgment Currency, the Agent or such Lender, as the case may be, may in accordance with normal banking procedures purchase the Agreement Currency with the Judgment Currency. If the amount of the Agreement Currency so purchased is less than the sum originally due to the Agent or any Lender from any Loan Party in the Agreement Currency, each Loan Party agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Agent or such Lender, as the case may be, against such loss. If the amount of the Agreement Currency so purchased is greater than the sum originally due to the Agent or any Lender in such currency, the Agent or such Lender, as the case may be, agrees to return the amount of any excess to the applicable Loan Party (or to any other Person who may be entitled thereto under applicable law).

[Remainder of page intentionally blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

WDB HOLDING PA, INC.,
as Borrower

By *_/s/ Keith Stauffer_*
Name: Keith Stauffer
Title: Chief Financial Officer

AGENT

ACQUIOM AGENCY SERVICES, LLC,
as Administrative Agent and Collateral Agent

By *_/s/ Jennifer Anderson_*
Name: Jennifer Anderson
Title: Director

LENDERS

CAPSTONE HOLDINGS INC.,
as Lender

By *_/s/ Lynn Giachetti_*
Name: Lynn Giachetti
Title: CFO

LENDERS

MILLSTREET CREDIT FUND LP,
as Lender
By: Millstreet Capital Partners LLC, its General Partner

By _____ */s/ Craig M. Kelleher*
Name: Craig M. Kelleher
Title: Managing Member

LENDERS

MERCER QIF FUND PLC – MERCER INVESTMENT FUND 1,
as Lender

By: Millstreet Capital Management LLC, its Sub-Investment Manager

By _____ /s/ *Craig M. Kelleher*
Name: Craig M. Kelleher
Title: Managing Member

LENDERS

GRATICULE ASIA MACRO MASTER FUND LTD.,
as Lender

By _____ /s/ *Adam Levison*
Name: Adam Levison
Title: Authorized Signatory

LENDERS

AFC GAMMA, INC.,
as Lender

By _____ /s/ [*Illegible*]
Name:
Title: CEO

LENDERS

DG VALUE PARTNERS II MASTER FUND, LP
DG VALUE PARTNERS FUND, LP
DG VALUE PARTNERS II MASTER FUND, LP – CLASS C
EISENREICH FAMILY FOUNDATION
AE 2015 GRANTOR CLAT
2016 ALAN SHAMAH DISCRETIONARY TRUST
THE SAM AND HELENE WIDER FAMILY TRUST
PPG HEDGE FUND HOLDINGS LLC,

as Lender

By: DG CAPITAL MANAGEMENT, LLC,
As Investment Manager

By /s/ *Dov Gertzulin*
Name: Dov Gertzulin
Title: Managing Member

LENDERS

IG MACKENZIE FLOATING RATE INCOME FUND
IG MACKENZIE STRATEGIC INCOME FUND
IG MACKENZIE CANADIAN HIGH YIELD INCOME FUND
IPROFILE FIXED INCOM PRIVATE POOL
MACKENZIE CORPORATE BOND FUND
MACKENZIE DIVERSIFIED ALTERNATIVES FUND
MACKENZIE FLOATING RATE INCOME ETF
MACKENZIE FLOATING RATE INCOME FUND
MACKENZIE GLOBAL CREDIT OPPORTUNITIES FUND
MACKENZIE GLOBAL HIGH YIELD FIXED INCOME ETF
MACKENZIE NORTH AMERICAN CORPORATE BOND FUND
MACKENZIE STRATEGIC INCOME FUND
MACKENZIE UNCONSTRAINED BOND ETF
MACKENZIE UNCONSTRAINED FIXED INCOME FUND
as Lender

By /s/ *Movin Mokbel*
Name: Movin Mokbel
Title: VP Investments

By /s/ *Daniel Cooper*
Name: Daniel Cooper
Title: VP Investments

LENDERS

VR Global Partners, L.P.,
as Lender

By /s/ *Emile du Toit*
Name: Emile du Toit
Title: Authorized signatory

LENDERS

MYDA ADVANTAGE, LP.,
as Lender

By /s/ *Jason Lieber*
Name: Jason Lieber
Title: Managing Member

LENDERS

J&G REALTY, LLC,
as Lender

By /s/ [*Illegible*]

Name:
Title: Member

LENDERS

TRICIA M. HEDBERG REVOCABLE TRUS U/A, JULY 18, 2006,
as Lender

By /s/ *Jeremy Hedberg*
Name: Jeremy Hedberg
Title: Trustee

LENDERS

INTREPID INCOME FUND.,
as Lender

By /s/ *Hunter Hoyes*
Name: Hunter Hoyes
Title: Portfolio Manager

LENDERS

THOMAS E. BERNARD,
as Lender

By /s/ *Thomas E. Bernard*
Name: Thomas E. Bernard
Title: Investor

LENDERS

MERA I, LLC,
as Lender

By /s/ *Myles Norin*
Name: Myles Norin
Title: Member

LENDERS

KJH SENIOR LOAN FUND,
as Lender

By: its subadvisor, Wellington Square Capital Partners Inc.

By /s/ *Jeff Sujitno*
Name: Jeff Sujitno
Title: President

LENDERS

JASON KLARREICH,
as Lender

By /s/ *Jason Klarreich*
Name: Jason Klarreich
Title:

LENDERS

1000 SOUTH ELMORA ASSOCIATES LLC,
as Lender

By /s/ [*Illegible*]
Name:
Title: Managing Director

LENDERS

CEDARVIEW OPPORTUNITIES MASTER FUND, LP,
as Lender

By /s/ *Burton Weinstein*
Name: Burton Weinstein
Title: Managing Partner of the Investment Manager

LENDERS

JAMES DWORKIN,
as Lender

By /s/ *James Dworkin*
Name: James Dworkin
Title:

LENDERS

KEITH STAUFFER,
as Lender

By /s/ *Keith Stauffer*
Name: Keith Stauffer
Title:

LENDERS

RENATO NEGRIN,
as Lender

By /s/ *Renator Negrin*
Name: Renato Negrin
Title:

LENDERS

JOEL A. KLARREICH.,
as Lender

By /s/ *Joel A. Klarreich*
Name: Joel A. Klarreich
Title:

Schedule 2.01

Commitments and Lenders

Name of Initial Lender	Initial Commitment
Capstone Holdings Inc.	$ 25,000,000
Millstreet Credit Fund LP	$ 14,500,000
Mercer QIF Fund PLC - Mercer Investment Fund 1	$ 7,500,000
Graticule Asia Macro Master Fund Ltd.	$ 20,000,000
AFC Gamma, Inc.	$ 10,000,000
DG Value Partners II Master Fund, LP	$ 5,935,000
DG Value Partners Fund, LP	$ 1,065,000
DG Value Partners II Master Fund, LP - Class C	$ 1,800,000
Eisenreich Family Foundation	$ 150,000
AE 2015 Grantor CLAT	$ 450,000
2016 Alan Shamah Discretionary Trust	$ 400,000
The Sam and Helene Wieder Family Trust	$ 50,000
PPG Hedge Fund Holdings LLC	$ 150,000
IG Mackenzie Floating Rate Income Fund	$ 1,750,000
IG Mackenzie Strategic Income Fund	$ 70,000
IG Mackenzie Canadian High Yield Income Fund	$ 250,000
iProfile Fixed Income Private Pool	$ 420,000
Mackenzie Corporate Bond Fund	$ 260,000
Mackenzie Diversified Alternatives Fund	$ 175,000
Mackenzie Floating Rate Income ETF	$ 1,500,000
Mackenzie Floating Rate Income Fund	$ 1,750,000
Mackenzie Global Credit Opportunities Fund	$ 100,000
Mackenzie Global High Yield Fixed Income ETF	$ 90,000
Mackenzie North American Corporate Bond Fund	$ 450,000
Mackenzie Strategic Income Fund	$ 720,000
Mackenzie Unconstrained Bond ETF	$ 540,000
Mackenzie Unconstrained Fixed Income Fund	$ 1,925,000
VR Global Partners LP	$ 5,000,000
MYDA Advantage, LP	$ 4,500,000
J&G Realty, LLC	$ 3,000,000
Tricia M. Hedberg Revocable Trust u/a July 18, 2006	$ 2,000,000
Intrepid Income Fund	$ 1,800,000
Thomas E. Bernard	$ 1,700,000
Mera I, LLC	$ 1,000,000
KJH Senior Loan Fund	$ 1,000,000
Jason Klarreich	$ 900,000
1000 South Elmora Associates LLC	$ 700,000
Cedarview Opportunities Master Fund, LP	$ 500,000
James Dworkin	$ 300,000
Keith Stauffer	$ 250,000
Renato Negrin	$ 250,000
Joel A. Klarreich	$ 100,000
TOTAL	$ 120,000,000

Schedule 3.06

Litigation

On October 7, 2020, a complaint was filed by Big Bite Real Estate, LLC and Shannon Hexter against Ilera Healthcare LLC and other defendants in the Court of Common Pleas of Philadelphia County, Pennsylvania. The plaintiff alleged various claims including that the defendants breached their fiduciary duties. Ilera Healthcare LLC refutes the plaintiff's claims and is defending itself. On October 30, 2020, Ilera Healthcare LLC and IHC Real Estate LP filed a complaint against Big Bite Real Estate, LLC in the Court of

Common Pleas of Fulton County, Pennsylvania seeking a preliminary injunction and lis pendens to have the defendant convey legal title to real estate pursuant to the terms of an agreement.

Schedule 3.08

Material Licenses

Name of Loan Party	State Requiring Material License	Material License Required
Ilera Healthcare, LLC	Pennsylvania	Permit to operate a medical marijuana dispensary facility (Permit #D-1037-17)
Ilera Healthcare LLC	Pennsylvania	Medical Marijuana Grower/Processor Permit (Permit #GP-3010-17)

Schedule 5.16

Post-Closing Obligations

Within thirty (30) days of the Closing Date (or such later time as the Agent may agree), insurance certificates evidencing the insurance coverage and endorsements required by Section 5.07.

Within thirty (30) days of the Closing Date (or such later time as the Agent may agree) (i) short-form security agreement(s) in form and substance reasonably satisfactory to the Agent, signed on behalf of each party thereto (or written evidence satisfactory to the Agent (which may include transmission by electronic mail of a signed signature page to such short-form security agreement(s)) that such party has signed a counterpart of such short-form security agreement(s)), with respect to the Intellectual Property pledged in favor of the Agent pursuant to the Pledge and Security Agreement on the Closing Date and (ii) recordation of such short-form security agreement(s) with the United States Patent and Trademark Office, or the United States Copyright Office, as applicable.

Within thirty (30) days of the Closing Date (or such later time as the Agent may agree), Borrower shall (i) provide evidence that the limited liabity company agreements and limited partnership agreements, as applicable, for each of the following Subsidiaries shall have been amended to opt into Article 8 of the applicable Uniform Commerical Code and (ii) have delivered certificates representing the Equity Interests for each of the following Subsidiaries, accompanied by undated stock transfer powers or other proper instruments of transfer reasonably acceptable to the Agent executed in blank.

IHC Management LLC
Ilera Healthcare LLC
Ilera Dispensing LLC
IHC Real Estate GP, LLC
IHC Real Estate LP
Ilera Security LLC
235 Main Street Mercersburg LLC
Ilera InvestCo I, LLC
Ilera Dispensing 2 LLC
Ilera Dispensing 3 LLC

Within thirty (30) days of the Closing Date (or such later time as the Agent may agree), American Parent shall deliver to the Agent an intercompany note (which such note may, at the American Parent's option, take the form of an intercompany global note) representing intercompany obligations of the Borrower owed to the American Parent, together with an instrument of transfer executed in blank, in each case, reasonably acceptable to the Agent.

Within sixty (60) days of the Closing Date (or such later time as the Agent may agree), the Borrower shall have delivered a counterpart of each party to each Notice of Assignment (as defined in the Pledge and Security Agreement) with respect to each of the leased properties identified on paragraph 2(f) of the Perfection Certificate, signed on behalf of such party (or written evidence satisfactory to the Agent (which may include transmission by electronic mail of a signed signature page to such Notice of Assignment) that such party has signed a counterpart of such Notice of Assignment).

Within sixty (60) days of the Closing Date (or such later time as the Agent may agree), a Control Agreement, signed on behalf of each party thereto (or written evidence satisfactory to the Agent (which may include transmission by electronic mail of a signed signature page to such Control Agreement) that such party has signed a counterpart of such Control Agreement), with respect to each account pledged in favor of the Agent pursuant to the Pledge and Security Agreement on the Closing Date (which, for the avoidance of doubt, excludes any Excluded Accounts).

Within seventy five (75) days of the Closing Date (or such later time as the Agent may agree), the Borrower shall have delivered a mortgage with respect to each Material Real Property owned by the Borrower or any of its Subsidiaries as of the Closing Date, signed on behalf of each party thereto (or written evidence satisfactory to the Agent (which may include transmission by electronic mail of a signed signature page to such mortgage agreement) that such party has signed a counterpart of such mortgage agreement) and evidence reasonably satisfactory to the Agent that all Material Real Property Requirements with respect to such Material Real Property have been completed.

Schedule 6.01

Indebtedness

WDB Holding PA, Inc. intercompany payable due to TerrAscend USA, Inc. in the amount of $67,767,717.39.

Schedule 6.02

Liens

1. Securities Purchase and Exchange Agreement, dated August 1, 2019, by and among Ilera Holdings LLC, Mera I LLC, Mera II, TerrAscend Corp., WDB Holding PA, Inc. and Osagie Imasogie, as amended by a First Amendment to Securities Purchase and Exchange Agreement, dated December 27, 2019, as further amended by a Second Side Letter Agreement, dated March 25, 2020, and as further amended by a Second Amendment to Securities Purchase and Exchange Agreement, dated September 4, 2020.

Schedule 6.06

Investments

Stock Ownership and Other Equity Interests

Equity investment held by the Borrower or any other Loan Party (other than the Canadian Parent and, in the case of the American Parent, solely to the extent of its Equity Interest in the Borrower) that represents 100% of the issued Equity Interests of the entity in which such investment was made.

Entity	**Equity Interests held by the relevant Loan Party**	**Loan Party which is the owner of record or beneficial owner of such Equity Interests**	**Percentage of issued Equity Interests held by the relevant Loan Party**
WDB Holding PA, Inc.	100 shares of common stock	TerrAscend USA, Inc.	100%
IHC Management LLC	Limited Liability Company membership interests	WDB Holding PA, Inc.	100%
Ilera Healthcare LLC	Limited Liability Company membership interests	WDB Holding PA, Inc.	100%
Ilera Dispensing LLC	Limited Liability Company membership interests	WDB Holding PA, Inc.	100%
IHC Real Estate GP, LLC	Limited Liability Company membership interests	WDB Holding PA, Inc.	100%
Ilera Security LLC	Limited Liability Company membership interests	WDB Holding PA, Inc.	100%
235 Main Street Mercersburg LLC	Limited Liability Company membership interests	WDB Holding PA, Inc.	100%

Entity	**Equity Interests held by the relevant Loan Party**	**Loan Party which is the owner of record or beneficial owner of such Equity Interests**	**Percentage of issued Equity Interests held by the relevant Loan Party**
Ilera InvestCo I, LLC	Limited Liability Company membership interests	WDB Holding PA, Inc.	100%
Ilera Dispensing 2 LLC	Limited Liability Company membership interests	WDB Holding PA, Inc.	100%
Ilera Dispensing 3 LLC	Limited Liability Company membership interests	WDB Holding PA, Inc.	100%

Equity investment held by the Borrower or any Loan Party (other than the Parent Guarantors) that represents less than 100% of the issued Equity Interests of the entity in which such investment was made.

Entity	**Equity Interests held by the relevant Loan Party**	**Loan Party which is the owner of record or beneficial owner of such Equity Interests**	**Percentage of issued Equity Interests held by the relevant Loan Party**
IHC Real Estate LP	Limited Partnership interests (24 Class B units)	Ilera Healthcare LLC	50%
Guadco LLC	Limited Liability Company membership interests	Ilera InvestCo I, LLC	10%
KCR Holdings LLC	Limited Liability Company membership interests	Ilera InvestCo I, LLC	10%

Schedule 6.07

Transactions with Affiliates

1. Amended and Restated Limited Partnership Agreement IHC Real Estate LP, dated as of January 17, 2018, by and among IHC Real Estate GP, LLC, Matthew Turner, GEERS LT Holdings, LLC, Myles Norin, J&G Realty, LLC, Andrew Slutkin, Steven Sanders, Smaha Living Trust, Gail F Schwartz Children's Trust, Robert L. David, Kenneth E. Schwartz, PDP Amity LLC, and Ilera Healthcare LLC.

2. WDB Holding PA, Inc. intercompany payable due to TerrAscend USA, Inc. in the amount of $67,767,717.39.

Schedule 6.08

Restrictive Agreements

Nil.

EXHIBIT A

[FORM OF]
ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (the "Assignment and Assumption") is dated as of the Effective Date set forth below and is entered into by and between the Assignor identified in item 1 below (an "Assignor") and the Assignee identified in item 2 below (the "Assignee"). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Agent as contemplated below (i) all of the Assignor's rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including any letters of credit, guarantees, and swingline loans included in such facilities), and (ii) to the extent permitted to be assigned under Applicable Law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned by the Assignor to the Assignee pursuant to clauses (i) and (ii) above being referred to herein collectively as the "Assigned Interest"). Each such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor: _____

_____

2. Assignee: _____

_____

[Assignee is an [Affiliate][Approved Fund] of [*identify Lender*]]

3. Borrower: WDB Holding PA, Inc.

4. Agent: Acquiom Agency Services LLC, as the administrative agent under the Credit Agreement

5. Credit Agreement: The Credit Agreement dated as of December 18, 2020 among WDB Holding PA, Inc., the Lenders parties thereto and Acquiom Agency Services LLC, as Administrative Agent,

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6. Assigned Interest:

Aggregate Amount of Loans for all Lenders[1]	Amount of Loans Assigned[8]	Percentage Assigned of Loans[2]
$	$	%
$	$	%
$	$	%

7. Trade Date: _____[3]

[1] Amount to be adjusted by the counterparties to take into account any payments or prepayments made between the Trade Date and the Effective Date.

[2] Set forth, to at least 9 decimals, as a percentage of the Commitment/ Loans of all Lenders thereunder.

[3] To be completed if the Assignor and the Assignee intend that the minimum assignment amount is to be determined as of the Trade Date.

Effective Date: _____ ___, 20___[4]

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR
[NAME OF ASSIGNOR]

By: _____
Title:

ASSIGNEE
[NAME OF ASSIGNEE]

By: _____
Title:

Consented to and Accepted:

ACQUIOM AGENCY SERVICES LLC, as Agent

By: _____
Title:

Consented to:

WDB HOLDING PA, INC., as Borrower

By: _____
Title:

[4] To be inserted by the Agent and which shall be the Effective Date of recordation of transfer in the register therefor.

ANNEX 1

STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document, or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2 Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it meets all the requirements to be an assignee under Section 9.04 of the Credit Agreement (subject to such consents, if any, as may be required thereunder), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it is sophisticated with respect to decisions to acquire assets of the type represented by the Assigned Interest and either it, or the Person exercising discretion in making its decision to acquire the Assigned Interest, is experienced in acquiring assets of such type, (v) it has received a copy of the Credit Agreement, and has received or has been accorded the opportunity to receive copies of the most recent financial statements delivered pursuant to Section 5.01 thereof, as applicable, and such other documents and information as it deems appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest, (vi) it has, independently and without reliance upon the Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest, (vii) attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee and (viii) [is an Affiliate of the Borrower][is not an Affiliate of the Borrower]; and (b) agrees that (i) it will, independently and without reliance on the Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts that have accrued to but excluding the Effective Date and to the Assignee for amounts that have accrued from and after the Effective Date. Notwithstanding the foregoing, the Agent shall make all payments of interest, fees or other amounts paid or payable in kind from and after the Effective Date to the Assignee.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by electronic mail shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

EXHIBIT B-1

[FORM OF]

U.S. TAX COMPLIANCE CERTIFICATE
(For Foreign Lenders That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Credit Agreement dated as of December 18, 2020 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among WDB Holding PA, Inc., each Lender from time to time party thereto, and Acquiom Agency Services LLC, as Administrative Agent.

Pursuant to the provisions of Section 2.14 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) it is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a "10 percent shareholder" of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (iv) it is not a "controlled foreign corporation" related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Agent and the Borrower with a certificate of its non-U.S. Person status on IRS Form W-8BEN or IRS Form W-8BEN-E. By executing this certificate, the undersigned agrees that (1) if the information provided in this certificate changes, the undersigned shall promptly so inform the Borrower and the Agent, and (2) the undersigned shall have at all times furnished the Borrower and the Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF LENDER]

By: _____
Name:
Title:

Date: _____ __, 20[ ]

EXHIBIT B-2

[FORM OF]

U.S. TAX COMPLIANCE CERTIFICATE
(For Foreign Participants That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Credit Agreement dated as of December 18, 2020 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among WDB Holding PA, Inc., each Lender from time to time party thereto, and Acquiom Agency Services LLC, as Administrative Agent.

Pursuant to the provisions of Section 2.14 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the participation in respect of which it is providing this certificate, (ii) it is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a "10 percent shareholder" of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (iv) it is not a "controlled foreign corporation" related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with a certificate of its non-U.S. Person status on IRS Form W-8BEN or IRS Form W-8BEN-E. By executing this certificate, the undersigned agrees that (1) if the information provided in this certificate changes, the undersigned shall promptly so inform such Lender in writing, and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF PARTICIPANT]

By: _____
Name:
Title:

Date: _____ __, 20[ ]

EXHIBIT B-3

[FORM OF]

U.S. TAX COMPLIANCE CERTIFICATE
(For Foreign Participants That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Credit Agreement dated as of December 18, 2020 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among WDB Holding PA, Inc., each Lender from time to time party thereto, and Acquiom Agency Services LLC, as Administrative Agent.

Pursuant to the provisions of Section 2.14 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the participation in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such participation, (iii) with respect such participation, neither the undersigned nor any of its direct or indirect partners/members is a "bank" extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a "10 percent shareholder" of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a "controlled foreign corporation" related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or IRS Form W-8BEN-E or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or IRS Form W-8BEN-E from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided in this certificate changes, the undersigned shall promptly so inform such Lender and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF PARTICIPANT]

By: _____
Name:
Title:

Date: _____ __, 20[ ]

EXHIBIT B-4

[FORM OF]

U.S. TAX COMPLIANCE CERTIFICATE
(For Foreign Lenders That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Credit Agreement dated as of December 18, 2020 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among WDB Holding PA, Inc., each Lender from time to time party thereto, and Acquiom Agency Services LLC, as Administrative Agent.

Pursuant to the provisions of Section 2.14 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such Loan(s) (as well as any Note(s) evidencing such Loan(s)), (iii) with respect to the extension of credit pursuant to this Credit Agreement or any other Loan Document, neither the undersigned nor any of its direct or indirect partners/members is a "bank" extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a "10 percent shareholder" of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a "controlled foreign corporation" related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Agent and the Borrower with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or IRS Form W-8BEN-E or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or IRS Form W-8BEN-E from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided in this certificate changes, the undersigned shall promptly so inform the Borrower and the Agent, and (2) the undersigned shall have at all times furnished the Borrower and the Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF LENDER]

By: _____
Name:
Title:

Date: _____ __, 20[ ]

EXHIBIT C-1

[FORM OF]

US SOLVENCY CERTIFICATE

December 18, 2020

Reference is hereby made to the Credit Agreement dated as of December 18, 2020 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among WDB Holding PA, Inc., each Lender from time to time party thereto, and Acquiom Agency Services LLC, as Administrative Agent. Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement. This certificate is furnished pursuant to Section 4.01(i) of the Credit Agreement.

Solely in my capacity as a Financial Officer of the [Borrower][American Parent] and not individually (and without personal liability), I hereby certify, that as of the date hereof, after giving effect to the Loans made on the Closing Date:

1. The fair value of the property of the [Borrower][American Parent] and its Subsidiaries, on a consolidated basis, is greater than the total amount of liabilities, including contingent liabilities, of the [Borrower][American Parent] and its Subsidiaries, on a consolidated basis.

2. The present fair saleable value of the [Borrower][American Parent] and its Subsidiaries, on a consolidated basis, is not less than the amount that will be required to pay the probable liability of the [Borrower][American Parent] and its Subsidiaries, on a consolidated basis, on their debts as they become absolute and matured.

3. The [Borrower][American Parent] and its Subsidiaries, on a consolidated basis, do not intend to, and do not believe that they will, incur debts or liabilities beyond the [Borrower][American Parent]'s and its Subsidiaries', on a consolidated basis, ability to pay such debts and liabilities as they mature.

4. The [Borrower][American Parent] and its Subsidiaries, on a consolidated basis, do not have unreasonably small capital with which to conduct the business in which they are engaged as such business is now conducted and is proposed to be conducted following the date hereof.

For purposes of this Certificate, the amount of any contingent liability at any time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

[Remainder of page intentionally blank]

IN WITNESS WHEREOF, I have executed this Certificate as of the date first written above.

[__],
as [Borrower][American Parent]

By: _____
Name:
Title:

EXHIBIT C-2

[FORM OF]

CANADIAN SOLVENCY CERTIFICATE

December 18, 2020

Reference is hereby made to the Credit Agreement dated as of December 18, 2020 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among WDB Holding PA, Inc., each Lender from time to time party thereto, and Acquiom Agency Services LLC, as Administrative Agent. Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement. This certificate is furnished pursuant to Section 4.01(i) of the Credit Agreement.

Solely in my capacity as a Financial Officer of the Canadian Parent and not individually (and without personal liability), I hereby certify, that as of the date hereof, after giving effect to the Loans made on the Closing Date:

1. The property of the Canadian Parent is sufficient, if disposed of at a fairly conducted sale under legal process, to enable payment of all its obligations, due and accruing due.

2. The Canadian Parent is able to pay its debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities generally become due.

3. The Canadian Parent and its Subsidiaries, on a consolidated basis, do not intend to, and do not believe that they will, incur debts or liabilities beyond the Canadian Parent's and its Subsidiaries', on a consolidated basis, ability to pay such debts and liabilities as they mature.

4. The Canadian Parent and its Subsidiaries, on a consolidated basis, do not have unreasonably small capital with which to conduct the business in which they are engaged as such business is now conducted and is proposed to be conducted following the date hereof.

5. The Canadian Parent has not ceased paying its current obligations in the ordinary course of business as they generally become due.

For purposes of this Certificate, the amount of any contingent liability at any time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

[Remainder of page intentionally blank]

IN WITNESS WHEREOF, I have executed this Certificate as of the date first written above.

TERRASCEND CORP.,
as Canadian Parent

By: _____
Name:
Title:

EXHIBIT D

[FORM OF]

COMPLIANCE CERTIFICATE

[●], 20[●]

Reference is hereby made to the Credit Agreement dated as of December 18, 2020 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among WDB Holding PA, Inc., each Lender from time to time party thereto, and Acquiom Agency Services LLC, as Administrative Agent. Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement. This certificate is furnished pursuant to Section 5.02(a) of the Credit Agreement.

The undersigned, [●], hereby certifies, on behalf of myself and on behalf of the TerrAscend Corp. (the "Canadian Parent"), that (i) I am the duly elected [●] of the Canadian Parent, (ii) makes the certification in the first paragraph below as it pertains to the financial statements described in clause (i) thereof and (iii) makes the certifications in paragraphs two through four below.

The undersigned, [●], hereby certifies, on behalf of myself and on behalf of WDB Holdings Pa, Inc. (the "Borrower"), that (i) I am the duly elected [●] of the Borrower, (ii) makes the certification in the first paragraph below as it pertains to the financial statements described in clause (ii) thereof and (iii) makes the certifications in paragraphs two through four below.

1. I have reviewed the terms of the Credit Agreement and I have made, or have caused to be made under my supervision, a detailed review of the transactions and conditions of the Borrower and its Subsidiaries during the accounting period covered by the financial statements attached hereto as Schedule I, consisting of [(i) a consolidated balance sheet of the Canadian Parent and its Subsidiaries as at the end of such fiscal year and the related consolidated statements of income or operations, Shareholders' Equity and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, audited and accompanied by a report and opinion of independent public accountants, which report and opinion have been prepared in accordance with generally accepted auditing standards to the effect that such consolidated financial statements present fairly in all material respects the financial condition, results of operations, Shareholders' Equity and cash flows of the Canadian Parent and its Subsidiaries on a consolidated basis in accordance with IFRS consistently applied and (ii) a consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such fiscal year and the related consolidated statements of income or operations and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, in each case, prepared in cooperation by the management of the Borrower and an independent public accountant][(i) a consolidated balance sheet of the Canadian Parent and its Subsidiaries as at the end of such fiscal quarter, the related consolidated statements of income or operations and cash flows for such fiscal quarter and for the portion of the Canadian Parent's fiscal year then ended, and (ii) a consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such fiscal quarter, the related consolidated statements of income or operations and cash flows for such fiscal quarter and for the portion of the Borrower's fiscal year then ended],[5] in each case, setting forth in comparative form, as applicable, the figures for the [previous fiscal year] [corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year],[6] which present fairly in all material respects the financial condition, results of operations, Shareholders' Equity (with respect to the Canadian Parent only) and cash flows of the Canadian Parent and its Subsidiaries and the Borrower and its Subsidiaries, as applicable, on a consolidated basis in accordance with IFRS or GAAP, as applicable, consistently applied[, subject only to normal year-end audit adjustments and the absence of notes][7].

[5] Include first set of bracketed language for delivery of annual financial statements and include second set of bracketed language for delivery of quarterly financial statements.

2. Schedule II attached hereto sets forth the reasonably detailed calculations demonstrating compliance with Section 6.12.

3. Schedule III attached hereto provides supplemental information pertaining to Collateral and property of the Loan Parties as required pursuant to Section 5.15(c).

4. [No Default or Event of Default exists as of the date hereof.][As of the date hereof, there exists a [Default][Event of Default] pertaining to [●]].[8]

[6] Include first set of bracketed language for delivery of annual financial statements and include second set of bracketed language for delivery of quarterly financial statements.
[7] Include bracketed language only for delivery of quarterly financial statements.

[Remainder of page intentionally blank]

The foregoing certifications, together with [the computations set forth in Schedules II hereto and] the financial statements attached hereto as Schedule I and in support hereof, are made and delivered this _____day of _____, 20_____.

WDB HOLDINGS PA, INC., as Borrower

By: _____
Name:
Title:

TERRASCEND CORP., as Canadian Parent

By: _____
Name:
Title:

Schedule I:

FINANCIAL STATEMENTS

[see attached]

Schedule II:

FINANCIAL COVENANT CALCULATIONS

[see attached]

Schedule III:

SUPPLEMENTAL INFORMATION PERTAINING TO COLLATERAL AND PROPERTY OF THE LOAN PARTIES

TERRASCEND

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (hereinafter this "**Agreement**") is made effective 1st day of May 2018 (the "**Effective Date**")

BETWEEN:

TerrAscend Corp. (the "Company"),

- and -

Michael Nashat (the "Employee"),

RECITALS

WHEREAS the Employee is employed as Company's President & Chief Executive Officer;

AND WHEREAS the Employee and Company have negotiated new terms of employment, which include new compensation terms;

AND WHEREAS the Company has agreed to continue to employ the Employee on the terms and conditions set forth in this Agreement which will supersede and replace any and all prior agreements between the Employee and Company effective as of the Effective Date;

NOW THEREFORE for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows.

SECTION 1
EMPLOYMENT

1.1. Conditions. This Agreement is conditional on the Employee obtaining the Employee's successful completion of any background checks reasonably required by the Company;

1.2. Employment. The Company shall employ the Employee and the Employee shall perform services on behalf of the Company as its employee as provided herein during the Period of Active Employment.

1.3. Period of Active Employment. In this Agreement, "**Period of Active Employment**" means the period beginning on May 1, 2018 (the '**Start Date**") and terminating on the date on which the first of the following occurs:

(a) the termination of the Employee's employment by the Company pursuant to Section4.1;

(b) the termination of the Employee's employment by the Employee pursuant to Section4.2;

(c) the date notice of termination of the Employee's employment by the Company is given pursuant to Section 4.3;

(d) the date specified in a notice given under Section 4.4; or

(e) the death of the Employee as referenced in Section 4.5.

SECTION 2
POSITION

2.1. Capacity and Services. The Company shall employ the Employee in the position of President and Chief Executive Officer of the Company, reporting to Jason Wild, Chairman, and the Board of Directors at TerrAscend. In that position, the Employee shall perform such duties and have such authority as are normally associated with the position and as may be assigned, delegated or limited from time to time. Key objectives for the Employee will be defined by the Company on an annual basis in its discretion. The Employee will perform all duties and responsibilities in a manner consistent with the written policies of the Company that have been made available to Company employees. Employee shall, if so requested by the Company, serve without additional compensation, as an officer, director or manager of any subsidiary or affiliate of the Company. The Employee acknowledges that the Employee is a fiduciary and has fiduciary obligations to the Company.

2.2. Full Time and Attention. The Employee shall well and faithfully serve the Company and use best efforts to promote the interests and goodwill of the Company. The Employee shall devote the Employee's full business time and energy to the Company and shall not engage in any other business, occupation or professional activity or become a director, employee, consultant or agent of any other entity during the Employee's employment with the Company, except with the express written consent of the Company, which shall not be unreasonably withheld for non-competitive, civic or charitable opportunities. The Employer acknowledges that the employee has ownership and directorship positions as it relates to the pharmacy affiliated business. The Employee acknowledges that he plays a minimal role in the organizations he has ownership or directorship in. Notwithstanding the foregoing, Employee shall continue to be permitted to engage in the activities as stated in Schedule B.

2.3. Prohibited Investments. The Employee shall not be an investor, shareholder, joint venture or partner in any enterprise, association, company, joint venture or partnership (each, an "**Investment**") in any of the following circumstances:

(a) if the Investment conflicts with the interests of the Company or any of its or their affiliated or related entities;

(b) if the Investment requires the Employee's involvement in the management or operation of the Investment; or

(c) if the Employee's involvement or activities with the Investment interferes with the performance of the Employee's duties and obligations hereunder.

For greater certainty, this provision is not intended to prohibit the Employee from being an investor in disclosed entities or being an investor or owner of shares of any publicly listed issuer, provided that such investment does not exceed 2.5% of the aggregate issued and outstanding listed securities of such issuer.

The Employee shall identify and inform the Company of any potential conflicts that may arise as a result of an Investment by the Employee and the Employee shall, to the best of the Employee's efforts, reduce or eliminate any such conflict. The Company reserves the right, acting reasonably, to determine whether any Investment conflicts with or is otherwise inconsistent with the Company's interests in which case the Employee shall be required to eliminate any such conflict.

SECTION 3
COMPENSATION AND BENEFITS

3.1. Base Salary. The annual gross base salary of the Employee shall be CDN$200,000.

3.2. Stock Options. The Employee acknowledges that he has received a stock option grant, which grant is subject to the terms and conditions of the applicable plan and option agreement. The employee will be eligible to participate in the stock option plan after the first anniversary of the agreement.

3.3. Benefits. The Employee will continue to be eligible to participate in the benefit programs that the Company maintains from time to time for the benefit of similar employees if the Employee qualifies therefore in accordance with the terms and conditions of the programs. The Company may, at any time and from time to time, modify, suspend, or discontinue any or all such benefits for its employees generally or for any group thereof.

3.4. Bonus Compensation. The Employee shall be eligible to participate in such bonus plans, and other incentive compensation schemes as are established by the board of directors from time to time as determined by the board of directors in its discretion, having regard to the role, responsibilities and contributions of the Employee relative to other personnel engaged in the Business.

3.5. Vacation. The Employee shall be entitled to take four (4) weeks of vacation with pay per calendar year. The taking and timing of vacations shall be in accordance with the Company's policies and practices for employees and the business needs of the Company.

3.6. Expenses. The Company shall reimburse the Employee for the Employee's travel and other expenses or disbursements reasonably and necessarily incurred or made in connection with the Company's business. Expenses will be reimbursed in accordance with policies and practices approved by the Company. The Employee shall furnish statements and receipts for all such expenses prior to reimbursement.

3.7. Allowance. The Employee will receive an allowance of CDN$700 per month.

3.8. Statutory Deductions and Withholdings. The Company may withhold from any amounts payable under this Agreement such federal or provincial taxes and other statutory deductions as are required by applicable law to be so withheld or deducted. Compensation will be provided in accordance with the Company's regular payroll practices and procedures.

SECTION 4
TERMINATION AND RESIGNATION

4.1. Termination for Cause. The Company may immediately terminate the employment of the Employee at any time for cause by written notice to the Employee. For the purposes of this Agreement, "cause" means just cause at common law. If the Company terminates the employment of the Employee for cause under this Section 4.1, the Company shall not be obligated to make any further payments under this Agreement or otherwise subject only to the express minimum requirements of the Ontario *Employment Standards Act, 2000,* as amended or replaced (the "**ESA**"), and any amounts which may be due and remaining unpaid at the time of the termination of employment.

4.2. Resignation by Employee. The Employee shall give the Company not less than eight (8) weeks' notice of the resignation of the Employee's employment hereunder; however, it is understood and agreed that the Company shall be entitled to waive all or part of that notice and accept the Employee's resignation at an earlier effective date, subject to applicable laws and the payment of compensation and the continuation of benefits during the notice period.

4.3. Termination Without Cause. The Company may terminate the Employee's employment without cause at any time by providing the Employee with the greater of:

(a) two (2) months of notice plus one additional (1) month's notice of base salary in lieu of notice for each completed year of service, to a maximum of twelve (12) months of notice, plus benefit continuation for same period (to the extent permitted by the Company's insurance provider, but not less than any minimum period required under the ESA). The Company may provide all or part of the notice under this paragraph as notice or pay in lieu of notice, provided that the pay in lieu of notice payable under this paragraph shall be at least equal to one week of base salary more than the Employee's entitlements to severance under the ESA, if any; and

(b) the minimum amount of notice or pay in lieu of notice, benefit continuation, vacation pay, severance pay, and other minimum entitlements (if and as applicable) that are expressly required by the ESA.

In the event of the Employee's dismissal without cause in accordance with this Section 4.3, the Employee will not be entitled to any additional notice, pay in lieu of notice,

severance payments or other compensation of any kind, pursuant to the common law or otherwise, except for any amounts which may be due and remaining unpaid at the time of the termination of employment. The Employee will be required to execute a release document in the form attached hereto as Schedule "A" in order to receive any payments or benefits in excess of the minimum requirements of the ESA. Should the Employee elect not to execute and deliver such release, the Employee shall only be entitled to receive such minimum notice of termination or pay in lieu of notice, benefit continuation and severance pay, if applicable, to which the Employee is entitled pursuant to the ESA.

4.4. **Disability**. In this Agreement, "Disability" means a physical or mental incapacity of the Employee that has prevented the Employee from performing the duties customarily assigned to the Employee for 180 calendar days, whether or not consecutive, out of any 12 consecutive months and that in the opinion of the Company, acting on the basis of advice from a duly qualified medical practitioner, is likely to continue to a similar degree. If the Employee has suffered a Disability, the Company may terminate the Employee's employment by notice given to the Employee and treat this Agreement as being frustrated. If the Employee's employment terminates by reason of notice given under this Section 4.4, the Employee will not be entitled to any common law or contractual notice under this Agreement in such an event and the Employee's sole entitlements in such a case shall be limited to those minimum amounts required by the ESA, including without limitation any amounts which may be due and remaining unpaid at the time of the termination of employment as well as any entitlements to notice and severance.

4.5. **Death**. In the event of the Employee's death, the Employee's employment shall be deemed to have terminated on the date of the Employee's death and the Company shall pay the Employee's estate any amounts which may be due and remaining unpaid at the time of the termination of employment.

SECTION 5
CHANGE OF CONTROL

5.1. For the purposes of this Section 5, "Change of Control Transaction" means:

(a) the acquisition of a sufficient number of voting securities in the capital of the Company so that the acquiror, together with persons acting jointly or in concert with the acquiror, becomes entitled, directly or indirectly, to exercise more than 50% of the voting rights attaching to the outstanding voting securities in the capital of the Company (provided that, prior to the acquisition, the acquiror was not entitled to exercise more than 50% of the voting rights attaching to the outstanding voting securities in the capital of the Company);

(b) the completion of a consolidation, merger, arrangement or amalgamation of the Company with or into any other entity whereby the voting securityholders of the Company immediately prior to the consolidation, merger, arrangement or amalgamation receive less than 50% of the voting rights attaching to the outstanding voting securities of the consolidated, merged, arranged or amalgamated entity; or

(c) the completion of a sale whereby all or substantially all of the Company's undertakings and assets become the property of any other entity and the voting securityholders of the Corporation immediately prior to the sale hold less than 50% of the voting rights attaching to the outstanding voting securities of that other entity immediately following that sale.

In the event the Company terminates the Employee's employment without cause within twelve (12) months immediately following a Change of Control Transaction, the Employee shall be entitled to a lump sum payment of an amount equivalent to twelve (12) months of Employees annual salary, less applicable deductions. The Employee shall not be entitled to other payments in accordance with section 4.3(a) or (b) of this agreement.

SECTION 6
REPRESENTATIONS AND WARRANTIES

6.1. **Representations and Warranties**. The Employee represents and warrants to the Company that the execution and performance of this Agreement will not result in or constitute a default, breach, or violation, or an event that, with notice or lapse of time or both, would be a default, breach, or violation, of any understanding, agreement or commitment, written or oral, express or implied, to which the Employee is a party or by which the Employee or the Employee's property is bound. The Employee shall defend, indemnify and hold the Company harmless from any liability, expense or claim (including legal fees on a full indemnity basis, without reduction for tariff rates or similar reductions) by any person or entity in any way arising out of, relating to, or in connection with any incorrectness of breach of the representations and warranties in this Section 6.1.

SECTION 7
NON-COMPETITION, CONFIDENTIALITY AND PROPRIETARY RIGHTS

7.1. **Definitions**. For the purposes of this Section 7:

(b) "**Business**" means the business of research, development and provision of medical cannabis and related clinical and educational programs and the formulation of non-cannabis compounds using a Drug Preparation Premises.

(c) "**Customer**" means any commercial or institutional Entity who has: (i) purchased or licensed from the Company (with the Employee's knowledge) any product produced or service supplied, sold, licensed or distributed by the Company; or (ii) supplied to the Company (with the Employee's knowledge) any product to be produced, sold, licensed or distributed by the Company; provided that Customers shall only include any Entity who was a Customer during the twelve (12) months preceding the last date of the Employee's active employment.

(d) "**Entity**" means a natural person, partnership, limited partnership, limited liability partnership, company, joint stock company, trust, unincorporated association, joint venture or other entity or governmental entity, and pronouns have a similarly extended meaning.

(e) "**Prospective Customers**" means (i) any commercial or institutional Entity solicited by the Employee on behalf of the Company for any purpose relating to the Business during the last (3) months preceding the last date of the Employee's active employment.

(f) "**Restricted Period**" means the period beginning on the date that the Employee's Period of Active Employment ceases for whatever reason and continuing thereafter for (1) month for each completed year of service, with the minimum duration of such period equal to six (6) months and the maximum duration of such period not to exceed twelve (12) months;

(g) "**Territory**" means (i) Ontario and (ii) any other province in Canada or country in which the Company is engaged in the Business in which the Employee is materially involved in the Company's operations in the twelve months prior to the Employee's last date of active employment.

7.2. Non-Competition. During the Restricted Period, the Employee will not, whether individually or in partnership or jointly or in conjunction with any other person, as principal, agent, consultant, contractor, employer, employee or in any other manner, directly or indirectly, perform services for, or establish, control, own a beneficial interest in, or be otherwise commercially involved in any endeavour, activity or business in the Territory that is substantially similar to or competitive with the Business of the Company. For clarification, in no way shall this Section 7.2 limit the Employee from investing in, operating or be employed by any existing or new non- cannabis pharmacy businesses or those under Schedule B with exception to businesses licensed under or in competition with the Drug Preparation Premises that the Employee may choose to pursue.

7.3. Non-Solicitation. For the twelve-month period immediately following the Employee's last day of active employment, the Employee will not, either individually or in partnership or jointly or in conjunction with any other person, as principal, agent, consultant, contractor, employer, employee or in any other manner, directly or indirectly:

(a) canvass or solicit the business of (or procure or assist the canvassing or soliciting of the business of) any Customer for any purpose which is competitive with the Business;

(b) canvass or solicit the business of (or procure or assist the canvassing or soliciting of the business of) any Prospective Customer for any purpose which is competitive with the Business.

7.4. Non-Solicitation of Employees. For the twelve month period immediately following the Employee's Period of Active Employment, the Employee will not, either individually or in partnership or jointly or in conjunction with any other person or entity, as principal, agent, consultant, contractor, employer, employee or in any other manner, directly or indirectly, solicit, induce or entice away or in any other manner persuade or attempt to persuade any officer, employee, consultant or agent of the Company or its affiliated or related entities whom the Employee supervised or had business contact with on behalf of the Company or its affiliated or related entities during the twelve (12) month period immediately prior to the end of the Period of Active Employment to discontinue or alter any one or more of their relationships with the Company or its subsidiaries or related entities. For greater certainty, this Section 7.4 shall not prohibit general advertisements in electronic or print media through which the Employee has not intentionally targeted any officer, employee, consultant or agent of the Company or its affiliated or related entities and where the first contact with respect thereto is initiated by such officer, employee, consultant, or agent.

7.5. Confidentiality. Except in the normal and proper course of the Employee's duties hereunder, the Employee will not use for the Employee's own account or disclose to anyone else, during or after the Period of Active Employment, any confidential or proprietary information or material relating to the Company's operations or business which the Employee obtains from the Company or its officers or employees, agents, suppliers or customers or otherwise by virtue of the Employee's employment by the Company. Confidential or proprietary information or material includes, without limitation, the following types of information or material, in whatever form, both existing and contemplated, regarding the Company or any subsidiary or other affiliate of the Company: corporate information, including contractual licensing arrangements, plans, strategies, tactics, policies, resolutions, patent, trade-mark and trade name applications, and any litigation or negotiations; information concerning suppliers; marketing information, including sales, investment and product plans, customer lists, strategies, methods, customers, prospects and market research data; financial information, including cost and performance data, debt arrangements, equity structure, investors and holdings; operational and scientific information, including trade secrets; software; technical information, including technical drawings and designs; and personnel information, including personnel lists, resumes, personnel data, organizational structure and performance evaluations (the "**Confidential Information**"). Confidential Information does not include (i) information that is in the public domain, unless such information falls into the public domain through disclosure or other acts by the Employee; (ii) information that was in the Employee's lawful possession prior to the disclosure and has not been obtained by the Employee either directly or indirectly from the Company or its affiliated or related entities; or (iii) information that the Employee is required by law to disclose, provided that the Employee provides the Company with prior written notice of such disclosure.

7.6. Intellectual Property. All right, title and interest in all inventions, methodologies, concepts, documentation, specifications and any other works developed by the Employee in the scope of and during the course of the Employee's employment (the "**Works**") including all patent, copyright, trademark, trade secret and any other intellectual property and proprietary rights therein (the "**Intellectual Property Rights**") shall be the sole and exclusive property of the Company and the Employee hereby assigns and shall assign to the Company all such Intellectual Property Rights and waives all moral rights that the Employee may have in such Works for the benefit of the Company and its successors, assigns and licensees. The Employee represents and warrants that the Works will not infringe the intellectual property and proprietary rights of any third parties. The Employee shall not disclose the Works to any third parties without the prior written consent of Company.

7.7. Privacy. The Employee acknowledges and agrees that the Employee will take all necessary steps to protect and maintain the confidentiality of personal information of the employees, consultants, customers and suppliers of the Company and its affiliated and related entities obtained in the course of the Employee's employment with the Company. The Employee shall at all times comply, and shall assist the Company to comply, with all applicable privacy laws. The Employee acknowledges and agrees that the disclosure of the Employee's personal information may be required as part of the ongoing operations of the Company's business, as required by law, as part of the Company's audit process, as part of a potential business or commercial transaction or as part of the Company's management of the employment relationship, and the Employee hereby grants consent as may be required by applicable privacy laws to the use and disclosure of personal information for those purposes.

7.8. Return of Property. The Employee agrees that all property and documents (including, without limitation, software and information in machine-readable form) of any nature pertaining to activities of the Company or any affiliate or related entity of the Company, including, without limitation, Confidential Information, in the Employee's possession now or at any time during the Period of Active Employment, are and shall be the property of the Company or such subsidiary or other related entity, and that all such documents and all copies of them shall be surrendered to the Company whenever requested by the Company.

7.9. Acknowledgement. The Employee acknowledges that the Employee's services are unique and extraordinary. The Employee also acknowledges that the Employee's position will give or has given the Employee access to Confidential Information of substantial importance to the Company and its business. The Employee acknowledges that, in connection with the Employee's employment by the Company, the Employee will receive or will become eligible to receive substantial benefits and compensation. The Employee acknowledges that the Employee's continued employment by the Company and all compensation and benefits and potential compensation and benefits to the Employee from such employment will be conferred by the Company upon the Employee only because and on condition of the Employee's willingness to commit the

Employee's best efforts and loyalty to the Company, including protecting the Company's right to have its Confidential Information protected from non-disclosure by the Employee and abiding by the confidentiality, non-competition, non-solicitation and other provisions herein. The Employee understands the Employee's duties and obligations as set forth in this Section 7 and agrees that such duties and obligations would not unduly restrict or curtail the Employee's legitimate efforts to earn a livelihood following any termination of the Employee's employment with the Company. The Employee agrees that the restrictions contained in Section 7 are reasonable and valid and all defences to the strict enforcement thereof by the Company are waived by the Employee. The Employee further acknowledges that irreparable damage would result to the Company if the provisions of Section 6 are not specifically enforced and agrees that the Company shall be entitled to any appropriate legal, equitable, or other remedy, including injunctive relief, in respect of any failure or continuing failure to comply with the provisions of Section 6.

7.10. Rights and Remedies. All rights and remedies of the parties are separate and cumulative, and none of them, whether exercised or not, shall be deemed to be to the exclusion of any other rights or remedies or shall be deemed to limit or prejudice any other legal or equitable rights or remedies which either of the parties may have in relation to this Section 7.

SECTION 8
MISCELLANEOUS COVENANTS

8.1. Entire Agreement. This Agreement constitutes the entire agreement between the parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, including but not limited to any prior employment agreements between the Employee and Company.

8.2. Amendment. No amendment of this Agreement shall be effective unless made in writing and signed by the parties.

8.3. Waiver. Any purported waiver of any default, breach or non-compliance under this Agreement shall not be effective unless in writing and signed by the party to be bound by the waiver. No waiver shall be inferred from or implied by any failure to act or delay in acting by a party in respect of any default, breach or non-observance or by anything done or omitted to be done by the other party. The waiver by a party of any default, breach or non-compliance under this Agreement shall not operate as a waiver of that party's rights under this Agreement in respect of any continuing or subsequent default, breach or non-observance (whether of the same or any other nature).

8.4. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of the prohibition or unenforceability and shall be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

8.5. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable in that Province and shall be treated, in all respects, as an Ontario contract.

8.6. Successors and Assigns. This Agreement shall enure to the benefit of, and be binding on, the parties and their respective heirs, administrators, executors, successors and permitted assigns. The Company shall have the right to assign this Agreement to any successor (whether direct or indirect, by purchase, amalgamation, arrangement, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company provided only that the Company must first require the successor to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. The Employee by the Employee's signature hereto expressly consents to such assignment. The Employee shall not assign or transfer, whether absolutely, by way of security or otherwise, all or any part of the Employee's rights or obligations under this Agreement without the prior consent of the Company, which may be arbitrarily withheld.

8.7. Headings. The division of this Agreement into sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

EMPLOYEE'S ACKNOWLEDGEMENT

Acknowledgement. The Employee acknowledges that:

(a) the Employee has had sufficient time to review the Agreement thoroughly;

(b) the Employee has read and understands the terms of the Agreement and the obligations hereunder;

(c) the Employee is receiving good and valuable consideration in exchange for being bound by the terms and conditions of this Agreement;

(d) the Employee has been given an opportunity to obtain independent legal advice concerning the interpretation and effect of the Agreement; and

(e) the Employee has received a fully executed original copy of the Agreement.

[The remainder of this page is intentionally left blank, signature page to follow]

IN WITNESS WHEREOF the parties have executed this Agreement.

/s/ [*Illegible*]

Witness

/s/ *Michael Nashat*

Michael Nashat

Date: May 1, 201

TerrAscend Corp.

Per: /s/ *Jason Wild*
Name: Jason Wild
Title: Chairman

Schedule "A"
RELEASE AND INDEMNITY

IN CONSIDERATION of the terms and conditions of settlement set out in the employment agreement between Michael Nashat and TerrAscend Corp. dated May 1, 2018 (the "Agreement") and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I, Michael Nashat, on behalf of myself, my heirs, successors, administrators and assigns (collectively referred to as the "Releasor") release and forever discharge TerrAscend Corp., along with any parent, subsidiary, affiliated and associated person or entity, and together with all respective officers, directors, employees, servants and agents and their successors, administrators and assigns (collectively referred to as the "Releasee"), jointly and severally from any claim I may now have, or may hereinafter have, whether known or unknown at the time of signing this Release and Indemnity, in any way relating to my engagement, hiring, or employment by, or the cessation of my engagement or employment with, the Releasee. For purposes of clarity, this includes, but is not limited to, any claim, demand, action, cause of action, contract, covenant, whether express or implied for, or related to group insurance benefits (including disability benefits, loss of benefits, or failure to provide benefits) bonus payment(s), vacation pay, notice of termination or pay in *lieu,* severance pay, indemnity, costs, interest, and/or loss or injury of every nature and kind whatsoever and howsoever arising, whether statutory or otherwise and specifically including, but not limited to, any claim under each of the Ontario *Employment Standards Act, Human Rights Code, Labour Relations Act, Pay Equity Act* and the *Occupational Health and Safety Act,* and any successor legislation.

AND FOR THE SAID CONSIDERATION, I hereby confirm I have considered whether I may have, and confirm I do not have an existing, planned or possible claim against the Releasee pursuant to the Ontario *Human Rights Code,* and I seek no right or remedy in respect of any such claim.

AND FOR THE SAID CONSIDERATION, I further acknowledge, covenant and warrant I have not filed with any court, tribunal, commission or agency, *etc.,* including, but not limited to, the Employment Standards Branch of the Ministry of Labour, Ontario Labour Relations Board, Human Rights Tribunal of Ontario or Pay Equity Commission of Ontario, any claim, complaint or application, and if such a claim, complaint or application has been filed, this Release and Indemnity, entered into freely and without duress, constitutes a full and final bar and/or answer to such claim, complaint or application. For clarity, I agree that, as a condition of the Agreement, I will take all necessary steps to ensure the withdrawal or dismissal of such claim, complaint or application.

AND FOR THE SAID CONSIDERATION, I further acknowledge, covenant and agree that in the event I should hereafter make any claim, complaint, application or demand or take any action or proceeding against the Releasee in connection with any matter covered by this Release and Indemnity, or threaten to do so, this document may be raised as an estoppel and complete bar to any such claim, complaint, demand, action or proceeding, and I will be liable to the Releasee for its costs and expenses, including reasonable legal fees, incurred in responding thereto.

AND FOR THE SAID CONSIDERATION, I further acknowledge, covenant and agree I shall not make any claim, demand, complaint, or commence any action or proceeding in connection with any matter covered by this Release and Indemnity against any other person who might claim contribution or indemnity from the Releasee by virtue of the said claim or proceeding. I agree that if any such claim, demand, action or proceeding is made by me or on my behalf, the Releasee may raise this document as an estoppel and complete bar to any such claim, demand, complaint or proceeding, and I will be liable to the Releasee for its costs and expenses, including reasonable legal fees, incurred in responding thereto.

AND FOR THE SAID CONSIDERATION, I further acknowledge, covenant and agree to save harmless and indemnify the Releasee from and against all claim, charge, tax, penalty or demand which may be made by the Canada Revenue Agency requiring the Releasee to pay income tax, a charge, a tax, or a penalty under any law including, but not limited to, the *Income Tax Act (Canada),* in respect of amount paid to me, in excess of income tax withheld, and in respect of any claim, charge, tax or penalty and demand which may be made on behalf of or related to the Employment Insurance Commission and Canada Pension Commission or any other government agency or commission under the applicable statutes and regulations with respect to any amounts which may in the future be found to be payable by the Releasee in respect of the Releasor.

AND FOR THE SAID CONSIDERATION, I further acknowledge, covenant and agree that during my engagement or employment I acquired business, operational, financial, technical and other information, which is confidential and proprietary in nature, belonging to the Releasee, its clients or customers and employees (the "Confidential Information"). I expressly acknowledge the release of any Confidential Information would constitute a significant detriment to the Releasee and confirm I shall continue to hold all Confidential Information confidential following the cessation of my engagement or employment with the Releasee and I shall not use or disclose any Confidential Information in any manner without the express, prior, written permission of the Releasee.

I AGREE AND ACKNOWLEDGE the consideration provided by the Releasee herein is not deemed to be an admission of liability on the part of the Releasee.

I AGREE AND ACKNOWLEDGE in the event any provision of this Release and Indemnity is deemed void, invalid or unenforceable by a court of competent jurisdiction, the remaining provisions shall remain in full force and effect.

I ACKNOWLEDGE AND CONFIRM I have been afforded sufficient opportunity to obtain independent legal advice with respect to the details of the Agreement and this Release and Indemnity. I further confirm I have read this Release and Indemnity, understand it, and am executing it voluntarily and without duress having been afforded the opportunity to obtain legal advice and having either received such advice or chosen not to do so.

IN WITNESS WHEREOF, the Releasor has duly executed this Release and Indemnity this 1st day of May, 2018 in the presence of the witness whose signature is subscribed

below.

/s/ [*Illegible*]	/s/ *Michael Nashat*
Witness	**Michael Nashat**

SCHEDULE "B"

1. This Schedule constitutes part of the Agreement.

2. The Company and the Employee acknowledge the following activities, positions and direct and indirect investments, the existence of which shall not be used by the Company in any way to the detriment of the Employee, including as the basis for or to ground or comprise any part of any claim, argument, position or otherwise alleging a breach on the part of the Employee of the Agreement:

   a. The Employee's relationship, investment, ownership or role in or with 2198939 Ontario Inc.;

   b. The Employee's relationship, investment, ownership or role in or with OnPharm;

   c. The Employee's relationship, investment, ownership or role in or with Rx Infinity Inc.;

   d. The Employee's relationship, investment, ownership or role in or with approximately 30 pharmacies across the Province of Ontario;

   e. The Employee's relationship, investment, ownership or role in or with iApotheca Healthcare Inc.;

   f. The Employee's relationship, investment, ownership or role in or with any real estate property;

   g. The Employee's relationship, investment, ownership or role in or with Health Synapse Inc.;

   h. The Employee's relationship, investment, ownership or role in or with Synapsel Ltd.;

   i. The Employee's relationship, investment, ownership or role in or with RXi Health Solutions;

Exhibit 10.5

August 16, 2018

Adam Kozak

Via e-mail

Dear Adam,

It is a pleasure to confirm our conditional offer of employment with TerrAscend Corp. (the "**Company**"), as **Chief Financial Officer**, reporting to the President & CEO and Board of Directors. You will work out of the Company's Facility at 3610 Mavis Road, Mississauga, ON.

Further to the negotiation between you and the Company, this agreement (the "**Agreement**") shall set forth our mutual understanding regarding your employment with the Company pursuant to the mutual covenants and agreements contained below (the receipt and adequacy of which are acknowledged).

1. Definitions

The capitalized defined terms shall have the meanings given to them in Schedule "**A**".

2. Compensation

You will receive an annual base salary of **$190,000** (the "**Annual Salary**"), less all required deductions. In the event that your salary changes during the course of your employment, your most current salary shall be deemed to be the Annual Salary for the purpose of this Agreement. You understand and agree that the Annual Salary compensates you for all hours worked.

For business purposes and the performance of your duties, your cell number will be ported to the Company Plan. Your use of the cell phone, laptop and any other provided hardware will be subject to and in accordance with Company policies in effect from time to time.

3. Stock Options/Bonus Plan

The Company will issue you **190,000** employment stock options at the exercise price as determined by the rules and regulations of the Canadian Securities Exchange or any other exchange that the Company is listed on, in accordance with the Company's Stock Option Plan. The employment stock options shall vest annually over three years with the initial tranche to vest on the first anniversary of your employment with TerrAscend and shall expire five years from the date of issuance.

If a change of control event occurs after the first anniversary of this agreement, as change of control is defined in the Employment Stock Option Plan dated March 8, 2017, the Optionee's remaining unvested Options shall all vest immediately.

The issuance of Company stock options shall be subject to the terms and conditions of the Company Option Plan at the Company's sole discretion, as determined by the Board of Directors in accordance with the terms and conditions of these plans, as they may be amended from time to time.

4. Position and Key Responsibilities

You will assume the position of Chief Financial Officer and be responsible for the following:

- Together with the CEO, develop and recommend to the Board an annual operating plan and financial budget that supports the Corporation's long-term strategy;
- Create, coordinate, and evaluate the financial controls and supporting information systems of the Corporation;
- Together with the CEO, approve and coordinate changes and improvements to disclosure controls and procedures and internal control over financial reporting;
- Ensure that effective internal controls are in place and take steps to enhance, where necessary, the internal control systems within the Corporation;
- Keep management and the Board aware of the financial position and financial development of the Corporation;
- Develop appropriate key performance indicators to monitor and drive the financial performance of the Corporation;
- Ensure proper training of all personnel working on financial, accounting, audit or fiscal matters;
- Oversee and monitor the Corporation's financial position, banking and financing activities and capital;
- Economic forecasting and modelling;
- Ensure both a successful M&A initiative and increased shareholder value before, during and after a deal;
- Structure and monitor the respect of banking and financial covenants and hedging arrangements, as applicable;
- Lead the strategic execution of the transaction to realize improved shareholder value;
- Ensure the adequacy of the Corporation's insurance coverage;
- Oversee and monitor effective tax strategies and compliance for the Corporation;
- Oversee and monitor information technology, leaseholds and procurement;
- Review and approve, in consultation with the CEO/Board, the Corporation's annual and interim earnings releases, financial statements and management discussion and analysis;

- Certify documents as required under securities laws;
- Coordinate the annual audit (and any special or non-recurring audit) with the Corporation's external auditors;
- Coordinate the review, and liaise with the external auditors as required, of all financial information disclosed in any offering documents of the Corporation;

Initials AK

- Oversee the Corporation's processes for identifying, assessing and managing the principal risks of the Corporation's business;
- Assist the Corporation's Audit Committee in performing its duties required under the applicable securities laws;
- Attend meetings of the Board and its Committees and present the financial information necessary or relevant to the Board or such Committee for discharging its duties;
- Ensure the information communicated to the public fairly portrays the position of the Corporation;
- Represent the Corporation in a way that enhances and maintains the Corporation's reputation;
- Establish and maintain lines of communications with the investor community and partner with Director of Communications to ensure the dissemination of the Corporation's press releases, annual report, communications with analysts and the media and investor relations; and
- Perform other functions related to the office of the CFO or as may be reasonably requested by the Corporation's CEO or Board.

Your job duties and reporting may change from time to time at the discretion of the Company. You may also be asked to assist with initiatives for the Company and/or any of its related companies. You understand and agree that a change in your job duties or reporting structure does not constitute a fundamental alteration to your employment or to this Agreement.

5. Term

Your employment with the Company in this position will commence on **August 27, 2018** and will continue indefinitely until it is terminated in accordance with the terms set forth in this Agreement.

6. Background Check.

This offer of employment with the Company is conditional upon completion of a satisfactory background check, which may include (but is not limited to) a criminal record check and a reference check. By signing this agreement, you are providing the Company with your written consent to undertake this background check, and you agree to complete any additional documents required in order for the Company to undertake this background check.

Furthermore, you understand and agree that this offer of employment may be rescinded or your employment may be terminated immediately in the event that you do not complete any documents needed to conduct this background check, or where the results of this background check are not satisfactory to the Company at its sole discretion.

7. Hours of Work

The normal work week shall be forty (40) hours Monday to Friday. You will however be required to work such additional or alternative hours as may be required from time to time to fulfil the responsibilities of the position. You understand and agree that the Annual Salary compensates you for all hours worked.

Initials AK

8. Standard Operating Procedures and Policies

It is a term and condition of your employment with the Company that you agree to comply with the policies and procedures of the Company, including but not limited to those set out in Company's Standard Operating Procedures, as may be amended from time to time by the Company in its absolute discretion. Should there be any discrepancy or inconsistency between the terms of the Standard Operating Procedures and this Agreement, the terms of this Agreement shall govern.

It is a term and condition of your employment that you shall fully and faithfully serve the Company and use your best efforts to promote the interests of the Company. During the course of your employment, you agree that you will devote your full time and energy to the Company and that you will not, directly or indirectly, render services to any other employer or organization other than services with regard to charitable or community service organizations, provided such activities do not interfere with your obligations under this Agreement.

You understand and agree that the Company has the right to implement discipline short of termination, including verbal or written warning and suspensions with or without pay, as determined necessary by the Company in its sole discretion and that the implementation of such discipline does not constitute a termination of employment under this Agreement.

9. Benefits

You will be eligible to enroll in the Group Benefits' Plan from start of your tenure. Entitlement to and eligibility for benefits will be determined in accordance with the plan documents as they may be adopted or amended from time to time at the Company's sole discretion. The Company's sole obligation in respect of your benefits is the payment of premiums associated with this benefit coverage. A copy of our benefit plan booklet will be provided for your reference.

10. Reimbursement

The Company will reimburse you the cost of eligible expenses which are incurred for business purposes. The Company reserves the right to deny any expense claim for expenses not incurred for work-related purposes. Expenses must be submitted monthly, with appropriate documentation, in accordance with the Company's Expense

Reimbursement Policy. This includes reimbursement for Professional Dues up to a maximum amount to be discussed and agreed upon.

11. Vacation

You are eligible for four (4) weeks of vacation per calendar year, prorated for partial years of employment. Time off will be at a mutually convenient time for the Company and the employee and must be requested at least 2 weeks in advance of the requested days off. You will only be allowed to carry forward any unused vacation time into the next year to the extent same is permitted by the Company's policies.

Initials AK

12. Confidentiality

It is a condition of your employment that you agree to the Company's Confidentiality and Invention Agreement and the Company's Code of Conduct (the "Code"), copies of which are attached. The obligations set out in the Company's Confidentiality and Invention Agreement and the Code shall survive and remain in effect notwithstanding the termination of your employment for any reason or any finding that your employment with the Company has been terminated, unlawfully or otherwise.

13. Termination

(a) Probationary Period

The first ninety (90) calendar days of your employment shall be considered a probationary period (the "Probationary Period"), during which time your employment may be terminated by the Company for any reason whatsoever, without any notice of termination or pay in lieu thereof. If the Company terminates your employment during the Probationary Period, you shall only receive payment of any unpaid compensation up to the date of termination and payment of accrued but unpaid vacation pay, if any, earned by you prior to the date of termination.

(b) Termination for Cause

The Company has the right, at any time, to terminate your employment under this Agreement for cause, in which case you shall have no entitlement to any notice, pay in lieu thereof or severance, save and except for where required by ESA. For greater certainty "cause" may include, but is not limited to, unsatisfactory performance, material breach of duties under this Agreement, including the Standard Operating Procedures and Policies, dishonesty, insubordination and misconduct.

(c) Termination without Cause

In the absence of cause, the Company may, at its sole discretion terminate your employment, and in such event the Company's sole obligations shall be:

(i) to pay to you any compensation and accrued vacation pay, if any, that shall have been earned by you as of the date of termination but not yet paid;

(ii) to continue to make its premium contributions on your behalf so as to provide for your participation in the Company's group benefit plans in which you participated immediately prior to termination, where required to do.so under the ESA and for such minimum amount of time as required under the ESA; and

(iii) to provide you with the greater of:

(A) Five (5) months of notice, plus an additional month of notice for each completed year of service to a maximum of twelve (12) months of notice and continue to pay its premiums described in paragraph 9. The Company may in its sole discretion provide you with all or part of this notice as pay in lieu of notice (calculated based on your total compensation), provided that you shall always receive pay in lieu of notice at least equal to one week's Annual Compensation more than your minimum entitlements to severance, if any, owing under the ESA; or

(B) such minimum working notice of termination, or pay in lieu thereof, and severance pay (if applicable) to which you are entitled under the ESA.

Initials AK

The Company shall have no obligation to provide you with the pay in lieu of notice described in paragraph 13(c)(iii)(A) above until you execute and deliver to the Company a release in the form attached hereto as Schedule "**B**". Should you elect not to execute and deliver such release, you shall only be entitled to receive such minimum notice of termination or pay in lieu of notice, and severance pay, if applicable, to which you are entitled pursuant to the ESA, as amended from time to time.

You understand and agree that the termination entitlements set out in this Section shall satisfy any and all entitlements you may have under statute or common law to notice of termination of your employment, or pay in lieu thereof, and severance pay. Further, you understand and agree that this provision shall apply to you throughout your employment with the Company, regardless of its duration or any changes to your position, reporting relationship, title or compensation.

(d) Resignation

You may resign from your employment at any time and for any reason upon providing the Company with eight (8) weeks' notice in writing of your resignation. The Company may waive the requirement that you work all or part of the notice of resignation period provided by you. You acknowledge the Company will suffer damages by your failure to provide at least the notice as required herein.

(e) Change of Control

Notwithstanding anything contained in this Agreement, in lieu of and not in addition to the payments and benefits provided for in this termination section, and your employment is terminated without cause by the Company within twelve months of a Change of Control Transaction, you shall be entitled to the amounts owing under sections 13(c)(i) and 13(c)(ii) as well as a lump sum payment of an amount equivalent to eight (8) months of your Total Compensation, less applicable deductions. The company will continue to pay its premiums for the Company's Group Benefits Plan. The Company shall have no obligation to provide you with the lump sum payment described in this paragraph until you

execute and deliver to the Company a release in the form attached hereto as Schedule "**B**". Should you elect not to execute and deliver such release, you shall only be entitled to receive such minimum notice of termination or pay in lieu of notice, and severance pay, if applicable, to which you are entitled pursuant to the ESA, as amended from time to time.

Initials AK

(f) Stock Option Plans Upon Termination

Subject to the terms of the Terrascend Corp. Stock Option Plan, the following provisions shall apply to options to purchase shares of the Company granted to the employee:

1. Unvested options: options that have not vested as of the date of termination shall immediately lapse and be of no further force or effect.

2. Vested but unexercised options: options that have vested and have not been exercised as of the date of termination must be exercised the earlier of (i) the expiry date of such option or (ii) the date which is ninety (90) days from the date of termination, failing which the options shall be of no further force or effect.

For clarity, the date of termination referenced above shall be considered to be the last day of your active employment with the Company whether such day is selected by you, on agreement with you or unilaterally by the Company, and regardless of whether advance notice of termination was provided to you. Save and except where required by the Ontario *Employment Standards Act*, 2000, no period of notice that is given or ought to have been given under this agreement or applicable law in respect of such termination of employment that extends beyond the last day of active employment with the Company will be utilized in determining any entitlement to stock options provided by the Company, including the date of vesting or the date such options may be exercised.

14. Non-Competition

You shall not, during the term of this Agreement and for a six-month period following the cessation of your employment, regardless of the reason for the cessation of employment, on your own behalf or on behalf of any Entity, whether directly or indirectly, in any capacity whatsoever:

(a) carry on or be engaged in or have any financial or other interest in or be otherwise involved in any endeavour, activity or business: (i) in a capacity which relates to the Business; and (ii) which is associated with, or for the benefit of, any Competitor in the Territory; or

(b) carry on or be engaged in or have any financial or other interest in or be otherwise involved in any endeavour, activity or business which is competitive with the Business in the Territory.

You shall, however, not be in default of this provision by virtue of holding, strictly for portfolio purposes and as a passive investor, no more than one percent (1%) of the issued and outstanding shares of or any other interest in, anybody corporate which is listed on any recognized stock exchange, the business of which body corporate is in competition, in whole or in part, with the Company.

Initials AK

15. Non-Solicitation

During your employment and for a period of twelve (12) months following the cessation of your employment for any reason, you shall not, on your own behalf or on behalf of or in connection with any other Entity, without the prior written consent of the Company, directly or indirectly, in any capacity whatsoever alone through or in connection with any Entity:

(a) canvass or solicit the business of (or procure or assist the canvassing or soliciting of the business of) any Customer or Prospective Customer for any purpose which is competitive with the Business;

(b) employ, engage, offer employment or engagement to or solicit the employment or engagement of or otherwise entice away from the employment or engagement of the Company or any of its affiliates, any individual who is employed or engaged by the Company and worked directly with you (regardless of the reporting relationship}during the twelve (12) months period prior to your termination date, whether or not such individual would commit any breach of his/her contract or terms of employment or engagement by leaving the employ or the engagement of the Company; or

(c) procure or assist any Entity to employ, engage, offer employment or engagement or solicit the employment or engagement of any individual who ls employed or engaged by the Company and who worked directly with you (regardless of the reporting relationship) during the twelve (12) months period prior to your termination of employment, or otherwise entice away from the employment or engagement of the Company any such individual.

16. General

(a) This Agreement shall inure to the benefit of and shall be binding upon your heirs, executors, administrators, successors and legal representatives, and shall inure to the benefit of and be binding upon the Company and its successors and assigns. You may not assign this Agreement.

(b) A waiver by you or the Company of any breach under this Agreement shall not constitute a waiver of any further breaches of this Agreement

(c) This Agreement, together with the Company's Confidentiality and Invention Agreement and the Code constitute the entire agreement between the Company and you with respect to your employment and supersedes all prior oral or written negotiations and understandings or representations. You acknowledge that the execution of this Agreement has not been induced by, nor do you rely upon or regard as material any representations or writings not specifically included or Incorporated herein. This agreement and the TerrAscend Confidentiality and Invention Agreement referenced herein shall not be altered, modified, amended or terminated unless evidenced in writing by the Company.

Initials AK

(d) The Company and the Employee acknowledge that this Agreement is reasonable, valid and enforceable. However, if any term, covenant, condition or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, it is the parties' intent that such provision be changed in scope by the court only to the extent deemed necessary by that court to render the provision reasonable and enforceable and the remainder of the provisions of this Agreement will in no way be affected, impaired or invalidated as a result.

(e) You acknowledge that you have been given the opportunity to obtain independent legal advice with respect to the nature and consequences of entering into this Agreement. By signing and accepting this Agreement, you acknowledge that the Company has afforded you the opportunity to obtain independent legal advice in respect of this Agreement.

(f) By your signature below, you acknowledge and agree that any misrepresentation or omission by you regarding your history, skills, experiences and abilities will constitute cause for your immediate dismissal, without notice, pay in lieu of notice, or other obligation. You also represent that you are not bound by any non-competition agreement, non-solicitation agreement or any other agreement that would in any way limit or interfere with you being employed by the Company and performing all of your duties and responsibilities for it to the fullest extent.

Please carefully read and consider this document and its attachments. It is a condition of this offer that you execute and return the attached policies.

We request that you review, initial each page, sign and date below acknowledging your acceptance of the terms outlined in this letter. Retain a copy of this letter for your records and return an original copy to me no later than **August 17, 2018**.

Adam, we hope that the opportunities we provide and the values we stand for will encourage you to become an integral part of the TerrAscend team. We look forward to working with you.

Sincerely,

/s/ Michael Nashat
Michael Nashat, PharmD RPh
TerrAscend Corp
President and Chief Executive Officer
(855) TERRA-95 ext.101
Mobile: 416-903-8442
Fax: (844) 576-5223

Initials AK

ACCEPTANCE

By my signature below, I confirm that I have read, understand and agree with the foregoing terms, that I have been afforded a reasonable opportunity to consult with independent legal counsel with respect to the above terms before signing below, and that I sign this Agreement freely and voluntarily and without any pressure, duress or undue influence. I have not relied on any representations, inducements or statements, oral or written, which are not contained in this letter.

AGREED TO: /s/ Adam Kozak

DATE: August 16, 2018

Initials AK

INDEPENDENT CONTRACTOR AGREEMENT

This Independent Contractor Agreement (this "**Agreement**") is entered into by and between Lisa Swartzman (the "**Contractor**") and TerrAscend Corporation (the "**Client**") this 1st day of December 2019.

WHEREAS the Contractor is in the business of strategy and professional consulting services;

AND WHEREAS the Client desires to retain the Contractor to provide strategy, finance and other consulting services, upon the terms and conditions hereinafter set forth.

IN CONSIDERATION of the mutual covenants and agreements hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties covenant and agree with each other as follows:

ARTICLE I – SERVICES

I.1 The Contractor shall provide the services set forth in Schedule 1 (the "**Services**") to the Client.

I.2 The Client shall provide the Contractor with access to its premises and equipment to the extent necessary for the Contractor's performance of the Services. The Contractor shall comply with all applicable Client policies and procedures relating to the Client's business, including those related to occupational health and safety and to use of the Client's facilities, supplies, information technology, equipment, networks and other resources.

I.3 The Contractor shall remain in their Board of Directors role and this agreement shall remain mutually exclusive to the roles and responsibilities of the Board of Directors.

ARTICLE II – RELATIONSHIP

II.1 The Contractor is an independent contractor and not an employee or dependent contractor of Client for any purpose, whether under statute, contract, at common law or otherwise. Nothing in this Agreement shall make the relationship between Client and the Contractor one of partnership, joint venture or employment.

II.2 The Contractor agrees it is solely responsible to remit and/or deduct all statutory deductions and contributions at its own expense. The Contractor further agrees that if Client is called upon to make any such payments on the Contractor's behalf that the Contractor will indemnify and forthwith reimburse Client for such amounts and penalties, if any.

II.3 The Contractor has no authority to, and shall not, act as agent for or on behalf of Client or represent or bind it in any manner.

II.4 The Contractor will not be entitled to any of the benefits afforded to Client's employees.

ARTICLE III – FEES, EXPENSES AND STOCK OPTIONS

III.1 In consideration of the provision of the Services by the Contractor, the Client shall pay the Contractor thirty three thousand three hundred and thirty three dollars and thirty three cents ($33,333.33) per month (plus applicable taxes) for the Term of this Agreement (the "**Fees**") based on full time work, pro rata if less hours committed. The above noted fee compensates the Contractor for all hours worked.

III.2 The Contractor shall be responsible for any expenses incurred by the Contractor in connection with the performance of the Services. The Client shall reimburse the Contractor for out-of-town travel expenses incurred expressly for Client specific travel requirements. In no event shall Client reimburse the Contractor for other expenses, unless pre-approved in writing by the Client.

III.3 The Contractor shall issue an invoice to the Client at the end of each month of the Term for its Fees for Services for the previous month. The Client shall pay the Fees within 30 days after Client's receipt of the Contractor's invoice. All payments shall be in Canadian dollars and made by cheque.

III.4 The Client shall be responsible for all sales, use and excise taxes, and any other similar taxes, duties and charges of any kind imposed by any federal, provincial or municipal governmental entity on any amounts payable by Client hereunder; provided that, in no event shall Client pay or be responsible for any taxes, statutory withholdings, deductions or remittances, imposed on or with respect to the Contractor's income, revenues, gross receipts, or real or personal property.

III.5 The Contractor shall have a Harmonized Sales Tax (HST) registration number and shall be responsible for deducting and remitting HST to the appropriate regulatory authorities.

Incentive Stock Options: The Client will issue Contractor **500,000** stock options at the exercise price as determined by the rules and regulations of the Canadian Securities Exchange or any other exchange that the Client is listed on, in accordance with the Client's Stock Option Plan. The issuance of Client stock options shall be subject to the terms and conditions of the Client's Option Plan at the Client's sole discretion, as determined by the Board of Directors in accordance with the terms and conditions of these plans, as they may be amended from time to time. Notwithstanding the above and the terms and conditions of the Client's Stock Option Plan, if Client terminates this Agreement for convenience pursuant to Section 5.3 prior to March 1st, 2020, all of the Contractor's unvested stock options will immediately expire. However, if Client does not terminate this Agreement for convenience before March 1st, 2020 and notwithstanding that the Contractor may no longer be providing Services after July 1st, 2020, the 500,000 stock options issued to Contractor will vest annually over three years with the first tranche (166,666 stock options) to vest on December 1st, 2020, the second tranche (166,666 stock options) to vest on December 1st, 2021 and the third tranche (166,667 stock options) to vest on December 1st, 2022.

Should the Company experience a change of control which results in the transfer of all or substantially all of the assets or shares of the Company, the Contractor's Options shall vest immediately upon or prior to the closing of such change of control. The terms of the grant of Options shall be governed by the Terrascend Corp. Stock Option Plan as it may be amended from time to time (the "**Plan**"). A copy of the current Plan is attached hereto.

ARTICLE IV – INDEMNITY

IV.1 The Contractor shall defend, indemnify and hold harmless the Client and its officers, directors, employees, agents, successors and assigns from and against all losses, damages, liabilities, deficiencies, actions, judgments, interest, awards, penalties, fines, costs or expenses of whatever kind, unless as a result of willful misconduct or gross negligence, arising out of or resulting from:

(a) bodily injury, death of any person, or damage to real or tangible personal property, resulting from the Contractor's acts or omissions; and

(b) the Contractor's breach of any representation, warranty or obligation under this Agreement.

ARTICLE V – TERM AND TERMINATION

V.1 This Agreement shall commence on December 1st, 2019 and shall continue for a period of seven (7) months until June 30th, 2020 (the "**Termination Date**"), inclusive, unless earlier terminated in accordance with Section 5.2 below (the "**Initial Term**"). Client shall have the option to renew this Agreement for an additional period of up to twelve (12) months (the "**Renewal Term**") by providing the Contractor with thirty (30) days' prior written notice before the expiry of the Initial Term. The Initial Term and the Renewal shall collectively be referred to in this Agreement as the "**Term**".

V.2 This Agreement may be terminated without notice by either party upon the fundamental breach of the Agreement resulting from, among other things, willful misconduct or gross negligence.

V.3 Client or Contractor shall have the right to terminate this Agreement for convenience, without penalty, on thirty (30) days' prior written notice.

V.4 Upon the expiration or the termination of this Agreement for any reason, or at any other time upon the Client's written request, the Contractor shall promptly:

(a) deliver to the Client all tangible documents and materials (and any copies) containing, reflecting, incorporating or based on the Client's Confidential Information;

(b) permanently erase all of the Client's Confidential Information from the Contractor's computer systems; and

(c) certify in writing to the Client that Contract has complied with the requirements of this clause.

ARTICLE VI – CONFIDENTIAL INFORMATION

VI.1 The Contractor acknowledges that in the course of providing the Services, the Contractor may create or have access to information that is treated as confidential and proprietary by the Client, including, without limitation, information pertaining to the Deliverables, in each case whether spoken, written, printed, electronic or in any other form or medium (collectively, the "**Confidential Information**"). Confidential Information shall not include any information that either: (a) was in the public domain at the time it was communicated to the Contractor; (b) entered the public domain subsequent to the time it was communicated to the Contractor, through no fault of the Contractor; or (c) was in the Contractor's possession, free of any obligation of confidence, at the time it was communicated to the Contractor.

VI.2 The Contractor acknowledges that unauthorized disclosure or use, whether intentional or unintentional, of any of the Confidential Information would be detrimental to the Client. Accordingly, Contractor shall:

(a) treat all Confidential Information as strictly confidential and only use the Confidential Information for the purpose of the Services; and

(b) not disclose any portion of the Confidential Information to any third party.

VI.3 If the Contractor is compelled or required to disclose any Confidential Information under the terms of a valid and effective subpoena or order issued by a court of competent jurisdiction or by a governmental body, the Contractor agrees to:

(a) Immediately notify the Client of the existence, terms and circumstances surrounding such a request, so that it may seek an appropriate protective order and/or waive the Contractor's compliance with the provisions of this Agreement; and

(b) Provided disclosure of such Confidential Information is required in the opinion of the Contractor's counsel, to the extent possible, cooperate with the Client in obtaining reliable assurances that confidential treatment will be accorded to the disclosed Confidential Information.

VI.4 The Contractor agrees that monetary damages would not be a sufficient remedy for any breach of this Agreement, and the Client shall be entitled to enforce this Agreement by injunctive and other available relief, including without limitation specific performance.

ARTICLE VII – INTELLECTUAL PROPERTY MATTERS

VII.1 The Client is and shall be the sole and exclusive owner of all right, title and interest throughout the world in and to all the results and proceeds of the Services performed under this Agreement, including but not limited to the deliverables set out in Schedule 1 (collectively, the "**Deliverables**"), including all patents, copyrights, trademarks, trade secrets and other intellectual property rights (collectively, "**Intellectual Property Rights**") therein. The Contractor irrevocably assigns to the Client, all rights, title and interest throughout the world in and to the Deliverables, including all Intellectual Property Rights therein.

VII.2 The Contractor irrevocably and unconditionally waives all moral rights that the Contractor may now have or may have in the future relating to the Deliverables.

ARTICLE VIII – GENERAL

VIII.1 The Contractor shall not transfer or assign this Agreement or any right, duty, or obligation, in whole or in part, arising hereunder to another person or entity.

VIII.2 This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Each party irrevocably submits to the exclusive jurisdiction and venue of the courts located in the Province of Ontario in any legal suit, action or proceeding arising out of or based upon this Agreement or the Services provided hereunder.

VIII.3 All terms and conditions under Section 4, Section 5.3, Section 6 and Section 7 shall survive the termination of this Agreement whether the termination is initiated by the Contractor, by the Client, on a with or without cause basis, or by mutual agreement, or whether the termination is lawful or unlawful.

IN WITNESS WHEREOF, the parties have executed this Agreement.

Lisa Swartzman

By: */s/ Lisa Swartzman*
Name: Lisa Swartzman
Date: Jan. 23, 2020
GST/HST#: 81279 4683 RT0001

TerrAscend Corporation

By: */s/ Adam Kozak*
Name: Adam Kozak
Title: CFO
Date: January 27, 2020

Schedule 1

Scope

- Assist in the day to day decision making and management of the Canadian operation.
- Build financial controls around all decision making, particularly inventory purchases aligned with a go to market strategy.
- Assess and execute a “right sizing” of operation to forecasted demand.
- Assist the organization on how to structure the financial treasurer and accounting roles for all the consolidated entities and parent and help streamline current processes.

Exhibit 10.7

AMENDMENT

This Amendment (the "**Amendment**") is dated as of June 2, 2021 (the "**Effective Date**") and is between TerrAscend Corp., a corporation existing under the laws of the Province of Ontario (the "**Corporation**") and Lisa Swartzman, an individual residing in the City of Toronto of the Province of Ontario ("**Swartzman**"). The Corporation and Swartzman are each referred to herein as "**Party**" and collectively as "**Parties**".

WHEREAS the Corporation and Swartzman entered into an Independent Contractor Agreement on December 1, 2019 (the "**Contractor Agreement**") whereby the Corporation retained Swartzman to provide strategy, finance and other consulting services for a period running from December 1, 2019 to June 30, 2020 (the "**Consulting Services**"), and, as consideration for providing the Consulting Services, the Corporation agreed to grant Swartzman 500,000 options to purchase common shares of the Corporation pursuant to certain terms and conditions (the "**Options**");

AND WHEREAS the Corporation and Swartzman entered into an option agreement on May 8, 2020 (the "**Option Agreement**") which memorialized the terms and conditions regarding the grant of the aforementioned Options;

AND WHEREAS pursuant to the Option Agreement 166,667 of the Options have vested and may be exercised with no restrictions until May 8, 2025;

AND WHEREAS the Contractor Agreement expired on June 30, 2020, and Sections 4, 6 and 7 of the Contractor Agreement survived expiration of the Contractor Agreement;

AND WHEREAS Swartzman has agreed to cancel and release 250,000 of the Options provided that: (i) her remaining 250,000 Options are fully vested as of the Effective Date which she can exercise with no restrictions until May 8, 2025; and (ii) the Corporation nominates Swartzman at the annual general meeting of the shareholders on June 28, 2021 for appointment as a director for the coming year and she is elected as a director at such meeting;

AND WHEREAS the Parties have agreed to amend certain provisions of the Contractor Agreement and restate the Option Agreement in its entirety, as further set out in this Amendment; and

NOW, THEREFORE, in consideration of the premises set forth above and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Subject to satisfaction of the condition set out in Section 3 below, the Option Agreement shall be restated in its entirety with the option agreement attached hereto as Schedule "A" which will be executed by the Parties concurrently with the execution of this Amendment but will not be effective unless such condition is satisfied.

2. All issues and questions concerning the application, construction, validity, interpretation and enforcement of this Amendment shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein without giving effect to any choice or conflict of law provision or rule (whether of Ontario or any other jurisdiction).

3. This Amendment (and the restated Option Agreement) is conditional on Swartzman's reappointment to the Corporation's board of directors at the annual general meeting of shareholders on June 28, 2021. The Corporation's present intention and expectation is for Swartzman to serve on the board of directors at least until the Corporation's next annual general meeting of shareholders in 2022 absent a shareholder vote in the context of a change of control resulting in the reconstitution of the Corporation's board of directors.

4. This Amendment may be executed in any number of counterparts, each of which when executed and delivered shall constitute a duplicate original, but all the counterparts shall together constitute the one agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first above written.

TERRASCEND CORP.

By: /s/ *Ed Schutter*
Name: Ed Schutter
Title: Director

By: /s/ *Jason Marks*
Name: Jason Marks
Title: Chief Legal Officer

/s/ *Lisa Swartzman*
LISA SWARTZMAN

TERRASCEND CORP.

OPTION AGREEMENT

THIS AGREEMENT is dated as of June 2, 2021 (the "**Effective Date**") between TerrAscend Corp. (the "**Corporation**") and Lisa Swartzman (the "**Participant**").

CONTEXT:

A. The Corporation has a stock option plan with an effective date of March 8, 2017 (as it may be amended at any time in accordance with its terms, the **Plan**"). A copy of the Plan in effect on the date of this agreement has been (or is concurrently being) provided to the Participant.

B. The board of directors of the Corporation authorized the granting to the Participant of 500,000 options under the Plan.

THEREFORE, the parties agree as follows:

1. **The Plan.** The Participant agrees to be bound by the terms of the Plan (which may be amended). The terms and conditions of the Plan are deemed to be incorporated into and to form a part of this agreement. In the event of any inconsistency between the terms of the Plan and the terms of this agreement, the terms of the Plan will prevail.

2. **Grant of Option.** The Corporation confirms, and the Participant accepts, the original grant of options (the "**Options**") to purchase 250,000 common shares in the capital of the Corporation (the "**Shares**"). The Participant confirms the cancellation and release of 250,000 of the options originally issued.

3. **Exercise Price.** The exercise price under the Options will be $2.94, being the greater of the closing market prices on the date the consulting agreement (the "**Consulting Agreement**") pursuant to which the options were issued was entered into, being January 27, 2020, and the trading day prior to that day.

4. **Vesting.** The Options shall become fully vested and exercisable as of the Effective Date.

5. **Exercise of Vested Option.** The Options may be exercised, in whole or in part, at any time up to and including 5:00 p.m. (Toronto time) on May 8, 2025. To exercise the Options, in whole or in part, all conditions for exercise under the Plan must have been met, and the Participant must either: (a) cashless exercise the Options through the Corporation's equity plan administrator; or (b) deliver to the Corporation a written notice of exercise, substantially in the form of Schedule "A" to this agreement, accompanied by payment in full of the exercise price of the Shares to be purchased, and payment of the exercise price must be made by cash, bank draft or certified cheque.

6. **Effect of Termination.** The expiry of the Options will be accelerated if the Participant ceases to be an Eligible Person (as defined in the Plan), as set out in further detail in section 4.10 of the Plan.

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7. **Withholding Taxes.** The Corporation may take reasonable steps for the withholding of any taxes or other source deductions that it is required to remit in connection with the Options or any issuance of Shares upon the exercise of the Options, as described in more detail in the Plan.

8. **Transferability.** The Participant will not, directly or indirectly, transfer or assign the Options, except as expressly permitted in the Plan.

9. **Rights of Participant.** The Participant will not have any rights as a shareholder of the Corporation with respect to any of the Shares issuable on exercise of the Options until the Participant has exercised the Options in accordance with the terms of the Plan and has been issued the Shares. Nothing in the Plan or this agreement will confer on the Participant any right to continue in the employment or service of the Corporation or any Subsidiary (as defined in the Plan) or affect in any way the right of the Corporation or any Subsidiary to terminate the Participant's employment or service at any time.

10. **Independent Legal Advice.** The Participant acknowledges that it has had the opportunity to receive independent legal advice from its own counsel with respect to the terms of this agreement, and understands the risks associated with acquiring Shares pursuant to the Plan.

11. **Enurement.** This agreement enures to the benefit of and is binding upon the parties and their respective heirs, successors, assigns and representatives.

12. **Governing Law.** This agreement is governed by, and is to be construed and interpreted in accordance with, the laws of the Province of Ontario and the laws of Canada applicable in that Province.

13. **Time of Essence.** Time is of the essence in all respects of this agreement.

14. **Counterparts.** This agreement may be executed and delivered by the parties in one or more counterparts, each of which will be an original, and those counterparts will together constitute one and the same instrument.

15. **Electronic Signatures.** Delivery of this agreement by facsimile, e-mail or other functionally equivalent electronic means of transmission constitutes valid and effective delivery.

TERRASCEND CORP.

By: */s/ Ed Schutter*
Name: Ed Schutter
Title: Director

By: */s/ Jason Marks*
Name: Jason Marks
Title: Chief Legal Officer

/s/ Lisa Swartzman
LISA SWARTZMAN

SCHEDULE "A" TO OPTION AGREEMENT

TERRASCEND CORP.
STOCK OPTION PLAN
NOTICE OF EXERCISE

TO: **TERRASCEND CORP.** (the "**Corporation**")

DATE: _____

RE: **Stock Option Plan** (the **"Plan"**)

I refer to the option (the "**Option**") granted to me under the Plan and evidenced by an option agreement dated _____, 20__, under which I was granted, subject to the terms of that option agreement, an option to subscribe for common shares in the capital of the Corporation (the "**Shares**").

I subscribe for _____ Shares under the Option at $_____ per Share, payment for whichin the aggregate amount of $_____ accompanies this subscription.

Will you please cause those Shares to be registered as follows:

_____

_____

_____

_____

(Insert full name and address of purchaser including postal code.)

and forward the relevant certificate to the registered holder at the address shown above.

Signed,

_____

(Signature)

_____

(Name)

_____

Exhibit 10.8

CONSULTING AGREEMENT

This Consulting Agreement ("Agreement"), made as of this 9th day of January, 2020 ("Effective Date"), by and between **JA Connect LLC**, a New York limited liability company with an address at 121 Greene Street, Floor 3, New York, New York, 10012 ("Consultant"), and **TerrAscend USA Inc.**, a US-based corporation with an office at 489 Fifth Avenue, 29th Floor, New York, NY 10017, and its affiliates, subsidiaries, successors and assigns (hereinafter, collectively, "Client"). Consultant and Client are each referred to as a "Party" and collectively, the "Parties."

1. Services.

1.1 The Client hereby engages Consultant, and Consultant hereby accepts such engagement, as an independent Consultant to provide certain services to the Client on the terms and conditions set forth in this Agreement.

1.2 The Client agrees to retain Consultant to perform the services described in Exhibit A hereto (the "Services") and Consultant agrees to furnish the Services to the Client on the terms and subject to the conditions set forth in this Agreement.

1.3 The Client shall not control the manner or means by which Consultant performs the Services, including but not limited to, the time and place Consultant performs the Services.

1.4 Subject to Section 3.3, Consultant shall furnish, at Consultant's own expense, the equipment, supplies and other materials used to perform the Services. The Client shall provide Consultant with access to its premises and equipment to the extent that Consultant deems reasonably necessary for Consultant's performance of the Services.

2. Term. The term of this Agreement shall commence on the Effective Date and shall continue "at-will" until the Services are complete, unless earlier terminated in accordance with Article 10 (the "Term"). Any extension of the Term will be subject to mutual written agreement between the Parties.

3. Retainer. Fees and Expenses.

3.1 As full compensation for the Services and the rights granted to the Client in this Agreement, the Client shall pay Consultant the compensation described in Exhibit B.

3.2 The Client shall reimburse Consultant for all documented and reasonable out-of-pocket expenses incurred by Consultant in connection with the Services within thirty (30) days after submission thereof, including, among other things, $7,500 in legal expenses associated with this Agreement, travel, research, publications, and data/software ("Expenses").

4. Relationship of the Parties.

4.1 Consultant is an independent Consultant of the Client, and this Agreement shall not be construed to create any association, partnership, joint venture, employee or agency relationship between Consultant and the Client for any purpose. Neither Party shall have the authority (nor shall either Party shall hold itself out as having authority) to bind the other Party, and neither Party shall make any agreements or representations on the other Party's behalf without the other Party's prior written consent. *The Client will not be responsible for withholding or paying any income, payroll, Social Security, or other federal, state, or local taxes, making any insurance contributions, including for unemployment or disability, or obtaining worker's compensation insurance on Consultant's behalf that may be made available to the Client's employees, because Consultant is not the Client's employee*. Consultant shall be responsible for all such taxes and/or contributions, including penalties and interest. The Client shall file with the IRS at the end of each calendar year, Form IRS 1099- MISC, in connection with any Fees paid to Consultant hereunder.

5. Confidentiality.

5.1 Each Party ("Receiving Party") acknowledges that it will have access to information that is treated as confidential and proprietary by the other Party ("Disclosing Party"), including, without limitation, trade secrets, technology, and information pertaining to business operations and strategies, customers, pricing, marketing, finances, sourcing, personnel or operations, in each case whether spoken, printed, electronic or in any other form or medium (collectively, the "Confidential Information"). The Parties each agree to treat all Confidential Information as strictly confidential, not to disclose Confidential Information or permit it to be disclosed, in whole or part, to any third Party without the prior written consent of the other Party in each instance, and not to use any Confidential Information for any purpose except as required in the performance of its obligations under this Agreement. The Receiving Party shall notify the Disclosing Party immediately in the event the Receiving Party becomes aware of any loss or disclosure of any Confidential Information. The Parties acknowledge that the disclosure of Confidential Information may predate the Effective Date of this Agreement and that such information shall be governed by the terms of this Agreement.

5.2 Confidential Information shall not include information that, the Receiving Party demonstrates, by a preponderance of the evidence: (a) is or becomes generally available to the public other than through the Receiving Party's breach of this Agreement; (b) is communicated to the Receiving Party by a third Party that had no confidentiality obligations with respect to such information; or (c) is required to be disclosed by law, including without limitation, pursuant to the terms of a court order; provided that the Receiving Party has given the Disclosing Party prior notice of such disclosure and an opportunity to contest such disclosure.

5.3 Should the Receiving Party be served with legal process ("Process") which might otherwise call for the Receiving Party to disclose Confidential Information, the Receiving Party shall promptly advise the Disclosing Party of the same, provide a copy of the Process, and consult with the Disclosing Party regarding what of the Disclosing Party Confidential Information the Receiving Party is believed to have which may be responsive to the Process, so that the Disclosing Party can evaluate its rights, and if necessary, file the appropriate motions to quash and/or for a protective order. The Receiving Party will not, under any circumstances, oppose such motions.

6. Intellectual Property. The Parties agree that all materials, deliverables, and information prepared and delivered by the Consultant in the course of providing the Services (the "Work Product") are proprietary and the sole and exclusive intellectual property owned by the Consultant. To the extent that the Client acquires any right, title, or interest in or to any Work Product related to the Services, the Client hereby assigns and transfers to the Consultant, without further consideration, all right, title, and interest on a worldwide basis in and to such Work Product. Absent Consultant's prior written consent, no claim shall be made by the Client that the work done was "made for hire" or that Consultant was "hired to invent." Notwithstanding the foregoing, the Client shall have the right to use without further fees such Work Product, and the Consultant hereby grants to the Client an irrevocable, world-wide, non-exclusive and royalty-free license in and to its Work Product that Consultant deems necessary to utilize the Services. Except as

otherwise set forth herein, the Client is granted no right or license to use the Work Product except to the extent needed to operate or maintain the Work Product under this Agreement. The Client shall cooperate with and assist the Consultant, without additional compensation, by making necessary assignments and licenses and executing such documents and taking such actions, and making its employees and using commercially reasonable efforts to make independent Consultants available to execute documents and provide information to the Consultant or to the Consultant's authorized attorneys, agents, or representatives, as necessary.

7. Representations and Warranties.

7.1 Consultant represents and warrants to the Client that:

(a) It has the right to enter into this Agreement, to grant the rights granted herein and to perform fully all of its obligations in this Agreement;

(b) entry into this Agreement and performance of the Services do not and will not conflict with or result in any breach or default under any other agreement to which Consultant is subject;

(c) Consultant shall perform the Services in compliance with all applicable federal, state and local laws and regulations ("Laws"); and

(d) the execution of this Agreement by its representative whose signature is set forth at the end hereof has been duly authorized by all necessary corporate action.

7.2 The Client hereby represents and warrants to Consultant that:

(a) the information supplied to Consultant in connection with the Services shall:

(i) be true, complete, and correct as of the date of such dissemination; (ii) shall not omit a material fact necessary to make any of such information misleading; and (iii) shall be supplied to Consultant promptly after Consultant's request therefor, the timing of which shall be "of the essence;"

(b) entry into this Agreement does not and will not conflict with or result in any breach or default under any other agreement to which Client is subject;

(c) to the best of its knowledge, Client's use of intellectual property does not, and will not, infringe upon the rights of any third party;

(d) it has the full right, power and authority to enter into this Agreement and to perform its obligations hereunder;

(e) Client shall operate its business in compliance with all applicable Laws;

(f) the execution of this Agreement by its representative whose signature is set forth at the end hereof has been duly authorized by all necessary corporate action.

8. Indemnification. Client hereby agrees to indemnify, hold harmless and defend Consultant and any member, director, officer, employee, shareholder, consultant or agent thereof (the "Indemnified Parties" and each of the foregoing being hereinafter referred to individually as an "Indemnified Party") from and against any and all claims, liabilities, losses, expenses, fines, penalties, taxes or damages (or any and all actions or proceedings in respect thereof) (collectively "Liabilities") in any way related to, connected with or arising out of this Agreement, or the general relationship contemplated herein between Client and the Indemnified Parties (the "Indemnification"). Client further agrees that the Indemnified Parties shall receive the benefit of the additional indemnification protections, if any, received by the partners or employees of Client, however this benefit shall not in any way limit the indemnification protections set forth in this paragraph 8 or elsewhere in Agreement, provided, however, that Client will not be responsible for any Liabilities pursuant to this paragraph that are finally judicially determined by a court of final jurisdiction to have resulted solely from such Indemnified Party's willful gross neglect wherein, for the purposes of determining willful gross neglect, no act shall be considered "willful" unless it is done in absolute bad faith and without any reasonable belief that it was in the best interest of Client. Without limiting the generality of the foregoing, Indemnification shall include any criminal action or proceeding involving the Client that Consultant had no reasonable cause to believe its conduct was unlawful, it being understood and agreed that the Client's business may be in violation of Unites States state and federal law governing Cannabis, and that such conduct is hereby deemed a covered loss.

9. Insurance. During the Term, the Client shall maintain in force adequate workers' compensation, commercial general liability, errors and omissions, and other forms of insurance, with policy limits sufficient to protect and indemnify Consultant and its affiliates, and each of their officers, directors, agents, employees, subsidiaries, partners, members and controlling persons, from any losses resulting from the acts, conduct, or omissions by the Client, its agents or employees. Consultant shall be listed as additional insured under such policy, where applicable. The Client shall forward to Consultant, a certificate of insurance verifying such insurance upon Consultant's written request, which certificate will indicate that such insurance policies may not be canceled before the expiration of a 30-day notification period and that Consultant will be immediately notified in writing of any such notice of termination.

10. Termination.

10.1 This Agreement may be terminated as follows:

(a) Consultant may terminate this Agreement immediately and without notice in the event that:

(i) The Client commences any case, proceeding, or other action: (A) under any existing or future law relating to bankruptcy, insolvency, reorganization, or other relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it as bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition, or other relief with respect to it or its debts; or (B) seeking appointment of a receiver, trustee, custodian, conservator, or other similar official for it or for all or any substantial part of its assets; or the Client makes a general assignment for the benefit of its creditors;

(ii) There is commenced against the Client any case, proceeding, or other action of a nature referred to in Section 10(a)(i) above which (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed, undischarged, or unbonded for a period of sixty (60) days;

(iii) There is commenced against the Client any case, proceeding, or other action seeking issuance of a warrant of attachment, execution, or similar process against all or any substantial part of its assets which results in the entity of an order for any such relief which has not been vacated, discharged, or stayed or bonded pending appeal within sixty (60) days from the entry thereof;

(iv) The Client is generally not, or shall be unable to, or admits in writing its inability to, pay its debts as they become due; and/or

(v) The Client takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in Section 10.1(a) above.

(b) Either Party may terminate this Agreement for any reason upon the giving of ninety (90) days prior written notice.

10.2 Upon expiration or termination of this Agreement for any reason, each Party shall promptly, as applicable:

(a) deliver to the other Party, all tangible documents and materials (and any copies) containing, reflecting, incorporating or based on Confidential Information;

(b) permanently erase all of the Confidential Information from each Party's respective computer systems; and

(c) certify in writing to the other Party that such Party has complied with the requirements of this Section.

10.3 The terms and conditions of Sections 10.2, this Section 10.3, and Articles 4-9 and Articles 11 and 13-21, shall survive the expiration or termination of this Agreement, together with any other provision that reasonably ought to so-survive.

11. Other Business Activities. During the Term of this Agreement, Consultant will not engage in any work, paid or unpaid, that creates an actual conflict of interest with Client. Notwithstanding the generality of the foregoing, nothing shall in any way preclude Consultant or its members or affiliates from: (i) engaging in any business activities or performing services for its or their own account or for the account of others in connection with a license, permit, or other approval for retail and delivery of cannabis products in any "Northeast market;" (ii) engaging in any activity outside of the cannabis industry; and/or (iii) making passive investments in the cannabis industry in entities other than Client and its affiliates.

12. Services Not Performed By Consultant. Although Consultant may comment upon Client's legal documents (or lack thereof), financial statements or other documentation in the course of performing the Services, Client acknowledges that Consultant is not an attorney, nor is Consultant providing accounting or auditing services or opining on representations made in financial statements. Client further acknowledges that Client should consult with its own legal, tax, and/or financial advisors regarding any matters requiring legal, tax, and/or financial advice, respectively. Consultant welcomes the opportunity to coordinate with Client's legal or auditing service providers as requested by Client. Consultant also is not registered with the Securities and Exchange Commission as a "broker-dealer" under the Exchange Act, nor is Consultant an "investment advisor" under the Investment Advisors Act of 1940 or in any other capacity. Consultant is also not registered with any state securities commission as a "broker-dealer," "investment advisor," or in any other capacity. The Services provided herein are for informational purposes only, and Consultant's mention of any particular security, portfolio of securities, transaction, or investment strategy shall not constitute a representation that such is suitable for any specific purpose. Client understands that Consultant will not advise Client with respect to the nature, potential, value, or suitability of any particular security, portfolio of securities, transaction, or investment strategy, or other related matter. To the extent that any of the information provided by Consultant may be deemed to be investment advice, such information is impersonal and not tailored to the specific needs of Client. Client acknowledges that it is, and agrees to be, responsible for its own business decisions. Consultant will not accept any finder's fees related to any financings involving investors.

13. Limitation on Liability. To the fullest extent permitted by law, notwithstanding any other provision of this Agreement, in no event shall Consultant be liable to Client for Client's lost profits, or special incidental, punitive, or consequential damages (even if Consultant has been advised of the possibility of such damages). Furthermore, in no event shall Consultant's liability to Client under any circumstances exceed the amount of cash compensation actually received by Consultant from Client under this Agreement. Further, Consultant shall not be liable for delays or performance failures due to circumstances beyond Consultant's control.

14. Assignment. Neither Party shall assign any rights, or delegate or subcontract any obligations, under this Agreement without the other Party's prior written consent. Any assignment in violation of the foregoing shall be deemed null and void. Subject to the limits on assignment stated above, this Agreement will inure to the benefit of, be binding upon, and be enforceable against, each of the Parties hereto and their respective successors and assigns. This Agreement shall also be enforceable against Client's "Affiliates," defined for purposes of this Agreement as any individual or entity that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with the Client.

15. Publicity. All news releases, publicity, promotions, marketing, advertising, or fundraising by the Client through any media which refers to or mentions Consultant and/or the name, image, identity, biographical information, and/or likeness of any member of Consultant shall be subject to the prior written approval of Consultant.

16. Choice of Law; Venue; Dispute Resolution; Arbitration.

16.1 This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York, without giving effect to any choice or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of Laws of any jurisdiction other than those of the State of New York. Each Party irrevocably submits to the exclusive jurisdiction and venue of the state courts located in the City, County, and State of New York in any legal suit, action or proceeding arising out of or based upon this Agreement or the Services provided hereunder.

16.2 The Parties shall attempt in good faith to resolve any dispute arising out of or relating to this Agreement promptly by negotiation between executives who have authority to settle the controversy.

(a) Any Party may give the other Party written notice of any dispute not resolved in the normal course of business. Within fifteen (15) days after delivery of the notice, the receiving party shall submit to the other a written response. The notice and response shall include with reasonable particularity: (a) a statement of each Party's position and a summary of arguments supporting that position; and (b) the name and title of the executive who will represent that party and any other person who will accompany the executive. Within thirty (30) days after delivery of the notice, the executives of both parties shall meet at a mutually acceptable time and place.

(b) Unless otherwise agreed in writing by the negotiating parties, the above-described negotiation shall end at the close of business of the first meeting of executives described above ("First Meeting"). Such closure shall not preclude continuing or later negotiations, if desired.

(c) All offers, promises, conduct, and statements, whether oral or written, made in the course of the negotiation by any of the parties, their agents, employees, experts, and attorneys, are confidential, privileged, and inadmissible for any purpose, including impeachment, in arbitration or other proceeding involving the parties, provided that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non- discoverable as a result of its use in the negotiation.

(d) At no time prior to the First Meeting shall either side initiate an arbitration or litigation related to this Agreement, except to pursue a provisional remedy that is authorized by law or by JAMS Rules or by agreement of the Parties. However, this limitation is inapplicable to a Party if the other Party refuses to comply with the requirements of Paragraphs 17.2(a)-(c) above.

(e) All applicable statutes of limitation and defenses based upon the passage of time shall be tolled while the procedures specified in Section 17.2 above are pending and for fifteen (15) calendar days thereafter. The Parties will take such action (if any) required to effectuate such tolling.

16.3 If the matter is not resolved by negotiation pursuant to Section 17.2 above, then the matter will proceed to arbitration as set forth below.

16.4 Any dispute, claim, or controversy arising out of or relating to this Agreement, or the breach, termination, enforcement, interpretation, or validity thereof, including the determination of the scope or applicability of this agreement to arbitrate, shall be determined by confidential, binding arbitration in the State and County of New York, before one arbitrator. The arbitration shall be administered by JAMS pursuant to its Comprehensive Arbitration Rules. Judgment on the Award may be entered in any court having jurisdiction. This clause shall not preclude the parties from seeking provisional remedies in aid of arbitration from a court of appropriate jurisdiction.

16.5 Due to the unique nature of Client's business, any and all references in this Agreement to "Laws," "applicable laws" and/or "governing body" and/or "governmental agency" shall specifically and intentionally exclude any federal law, rule or regulation of any federal governmental agency or body that identifies or classifies the growing, production, manufacture, sale and/or possession of Cannabis as a crime or otherwise prohibits the growing, production, manufacture, sale and/or possession of Cannabis, including, but not limited to, the Federal Controlled Substances Act (CSA). Neither Party shall interpose a defense of illegality pursuant to the CSA as a defense to enforcement of this Agreement.

17. Trading in TerrAscend Stock. The Client has specific rules with respect to trading in Client shares. Contractor/Employee agrees to only purchase or sell Client stock in compliance with such policies and procedures, which include black-out periods. If there is any discrepancy between the brief outline of the plan provided herein and the Insider Trading Policy, the Policy document will prevail. The Client will provide a copy of its Insider Trading Policy on trading in TerrAscend stock upon your acceptance of this agreement.

18. Waiver of Jury Trial. Each party irrevocably and unconditionally waives any right it may have to a trial by jury in respect of any legal action arising out of or relating to this Agreement or the transactions contemplated hereby. Each party to this Agreement certifies and acknowledges that (a) no representative of any other party has represented, expressly or otherwise, that such other party would not seek to enforce the foregoing waiver in the event of a legal action; (b) such party has considered the implications of this waiver; (c) such party makes this waiver voluntarily; and (d) such party has been induced to enter into this Agreement by, among other things, the mutual waivers and certifications in this Section 18.

19. Attorneys' Fees. If any suit or action is instituted to interpret and/or enforce this terms of this Agreement, to rescind this Agreement, or otherwise with respect to the subject matter of this Agreement, the party prevailing on an issue (as determined by the court or arbitrator, as applicable) shall be entitled to recover, with respect to such issue, reasonable attorneys' fees and costs, including, without limitation, costs associated with any experts and/or investigations that may be incurred in the preparation, prosecution, and/or defense of such suit or action, and if any appeal is taken from such decision, reasonable attorneys' fees as determined on appeal.

20. Force Majeure. Neither Party shall be responsible for failure to perform under this Agreement, when and to the extent such failure is caused by or results from acts beyond the Parties' reasonable control, including but not limited to, fires, civil disobedience, riots, embargoes, explosions, rebellions, strikes or work stoppages (except those involving the employees or agents of the party seeking the protection of this clause), acts of God or acts of any governmental authority or any other similar occurrence (each a "Force Majeure Event"). In the event of a Force Majeure Event, the Party adversely affected shall give prompt notice of such event to the other Party, and use commercially reasonable efforts to end the failure to perform and minimize the effects of such Force Majeure Event.

21. Non-Solicitation Covenant. Consultant agrees that during his employment with the Client, and for a period of six (6) months following termination of Consultant's employment with the Client (i) by Consultant for any reason whatsoever, or (ii) by Client with Cause (defined below), Consultant will not, directly or indirectly through another person or entity:

(a) Employ, assist in employing, recruit, hire, or engage in business with (other than on behalf of the Client), any employee, consultant, independent contractor, member, officer or agent of the Employer;

(b) Solicit, induce or attempt to induce, encourage or attempt to encourage any employee, consultant, independent contractor, member, officer or agent of the Client to terminate or diminish said relationship with the Client; and

(c) Solicit, induce or attempt to induce, or encourage any third party, including any customer, client, investor, supplier or vendor the Client, to terminate or diminish its business relationship with the Client.

Notwithstanding the above, Consultant can employ, recruit, hire, engage, or work with any consultants or independent contractors provided it does not diminish their relationship with the Company.

22. Miscellaneous.

22.1 Notice. All notices, requests, consents, claims, demands, waivers and other communications hereunder (each, a "Notice") shall be in writing and addressed to the Parties at the addresses set forth on the first page of this Agreement (or to such other address that may be designated by the receiving Party from time to time in accordance with this section). All Notices shall be delivered by personal delivery, nationally recognized overnight courier (with all fees pre-paid), facsimile, or e-mail of a PDF document (with confirmation of transmission), or certified or registered mail (in each case, return receipt requested, postage prepaid). Except as otherwise provided in this Agreement, a Notice is effective only if (a) the receiving Party has received the Notice and (b) the Party giving the Notice has complied with the requirements of this Section. If Notice is to Consultant, a copy of such Notice shall be provided via email to Consultant's attorneys (which such copy shall not satisfy the Notice requirement): Lauren Rudick, Esq. Hiller, PC, lrudick@hillerpc.com.

22.2 Entire Agreement. This Agreement, together with any other documents incorporated herein by reference and related exhibits and schedules, constitutes the sole and entire agreement of the Parties with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, with respect to such subject matter.

22.3 No Modifications; Waiver. This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each Party hereto, and any of the terms thereof may be waived, only by a written document signed by each Party to this Agreement or, in the case of waiver, by the Party or Parties waiving compliance. The failure of a Party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver or deprive or limit that Party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

22.4 Severability. If any term or provision of this Agreement is declared invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Such declaration shall not, in and of itself, affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision. Upon such declaration, this Agreement shall be reformed, and the term deemed invalid, illegal and/or unenforceable shall be replaced by a provision that most closely, to the extent possible, reflects the letter and spirit of the invalid, illegal and/or enforceable provision.

22.5 Construction. The parties to this Agreement have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement will be construed as if drafted jointly by the parties, and no presumption or burden of proof will arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

22.6 Headings. Headings are used in this Agreement for reference only and shall not be considered when interpreting this Agreement.

22.7 Counterparts. This Agreement may be executed in multiple counterparts and by facsimile signature, each of which shall be deemed an original and all of which together shall constitute one instrument.

ACCEPTED AND AGREED:

TERRASCEND USA INC.

By: */s/ Brian Feldman*
Name: Brian Feldman
Title: President
Date: January 9, 2020

JA CONNECT LLC

By: */s/ Jason Ackerman*
Name: Jason Ackerman
Title: Principal
Date: January 9,2020

EXHIBIT A
SCOPE OF WORK

Consultant shall designate, and Client shall accept, Jason Ackerman, to perform the Services described below, for 3.75 days/week (on average) during the Term:

- Perform an overall business assessment;
- Drive an aligned strategy between Client and any US-based affiliates;
- Build a consolidated financial view to help run Client's business;
- Develop continuous operating rhythms of Client's business; and
- Provide continuous guidance to Client's leadership team on operations, finance and strategy.

It is expressly understood that Consultant will be providing the Services solely in the United States. Notwithstanding anything herein to the contrary, including Section 4.1 of this Agreement, Client hereby agrees to indemnify, hold harmless or otherwise reimburse Consultant for any required withholding tax or other Canadian tax related liability, claim, expense or other cost that may be incurred by Consultant as a result of any work that may be performed by Consultant in Canada on Client's behalf or on behalf of any Canadian-based affiliate of Client.

EXHIBIT B
COMPENSATION

In consideration for performance of the Services, Client shall pay Consultant:

1. A monthly fee of $40,000 in advance (the "Monthly Fee"). Each Monthly Fee shall be due on the first of each month, and the first month shall be pro-rated accordingly to include the time between the execution of this Agreement and such date. Payments of the Monthly Fee received more than thirty (30) days after the due date are subject to a one and a half (1.5%) percent per month, non-compounded late fee. The Client acknowledges that Consultant may immediately suspend its performance of the Services in the event that the Client fails to comply with the funding requirements under this Agreement.

2. 3,000,000 options (the "Options") in TerrAscend Corp, a Canadian entity, in accordance with the TerrAscend Corp.'s Stock Option Plan (the "Option Plan"). Notwithstanding anything to the contrary contained in the Option Plan, including, without limitation, the 90-day limitation set forth in Section 4.10.1.2.1, assuming Consultant has been in the role through January 8, 2021, the Options will expire after 10 years from the Effective Date of this Agreement (unless such sooner date is otherwise agreed to by Consultant in writing).

    a. Except as otherwise provided herein, the Options will vest in equal increments on the 12-month, 24-month and 36-month anniversary date from November 1, 2019, provided that Consultant is providing the Services to the Client on each of the corresponding dates.

    b. In the event of a Change of Control of TerrAscend Corp. (as defined in the Option Plan) that does not include Jason Wild or an affiliate thereof, 100% of the Options will accelerate and vest immediately.

    c. Notwithstanding anything to the contrary above, in the case of a termination of Consultant by the Client in the absence of Cause (defined below), or Consultant's resignation for any reason from all activities relating to the Client or its affiliates, Consultant's remaining unvested Options will immediately vest on a pro-rata basis based upon the number of months worked compared to the 36-month total vesting period under the Options PROVIDED THAT unless Consultant is terminated with Cause, if such termination or resignation occurs after May 1, 2020, an additional number of Options shall vest such that a minimum of 50 percent of the Options vest. Notwithstanding the foregoing, as long as Consultant or an affiliate thereof serves in a consulting capacity for Client or a U.S. based affiliate of Client, the Options shall continue to vest under Section 2 above. "Cause" shall mean: (i) conviction of, or entrance into an admission, plea bargain, plea of no contest, or plea of nolo contendre to, a felony of any kind, or a charge by a law enforcement officer for, conviction of, or entrance into an admission, plea bargain, plea of no contest, or plea of nolo contendre to a misdemeanor involving fraud, dishonesty or an act of moral turpitude, (provided that such conviction of, or entrance into an admission, plea bargain, plea of no contest, or plea of nolo contendre to, a felony of any kind, or a misdemeanor threatens the integrity of any cannabis license held by Client); (ii) the willful commitment of any act of dishonesty in connection with Consultant's appointment herein, or other willful gross misconduct involving Client, (iii) willful failure or refusal to materially comply (to the best of Consultant's ability) with any of the Client's written policies and procedures, including the Client's Standard Operating Procedures and Policies, provided that to the extent such refusal or failure is susceptible to cure, it is not fully, completely, and permanently cured to the best of Consultant's ability within thirty (30) business days after Consultant's receipt of written notice from Client. For purposes of this definition, no action or inaction will be considered "willful" unless done or omitted to be done without good faith or without Consultant's reasonable belief that the action or omission was in the best interests of the Client, as determined by the arbitrator.

December 3. 2020

Greg Rochlin
Via Email

Dear Greg.

TerrAscend Corp. is pleased to extend your offer as Chief Executive Officer of Terrascend East Coast Region reporting to Jason Ackerman. Executive Chairman and CEO of TerrAscend Corp. This position is a full-time, exempt-level position which commenced on or about November 2019 at one of TerrAscend's east coast locations and shall be in effect at least until January 1, 2024 (3 additional years).

Your responsibilities and duties are to be continued in the same manner as they have been performed at Ilera. You arc expected to have additional responsibilities throughout TerraAscend's US operations to lead all business activities that are located in US, east of the Mississippi River (the "East Coast Operations"), or other added or reduced responsibilities mutually agreed by you and Jason Ackerman:

Base Compensation

Your base compensation will be $20,833.33 per semi-monthly pay period ($500,000 if annualized). Your position is classified[1] as exempt under the federal and state wage and hour laws, meaning that you will not be eligible for overtime pay in connection with your employment. You will be paid in accordance with the Company's standard payroll schedule and practices, including compliance with mandatory and authorized withholding and deductions. Future salary progression, if any, is discretionary.

Bonus Compensation

It is our understanding that llera Pennsylvania business currently has a bonus program for the CEO for 2019 and 2020 which shall remain in place through the term of this agreement and be funded by llera. Such bonus plan available to you is equal to 2% of llera Pennsylvania EBITDA for each calendar year with such bonus having an EBITDA Cap of S100 million (maximum of a $2 million bonus) and amounts earned of EBITDA between $75m to $100m shall be payable as company RSU's at the end of the annual audit cycle, and amounts up to $75 million is payable in cash quarterly. For clarification, only EBITDA for Pennsylvania shall be included in the bonus calculation. In order to receive a bonus payment (or any portion thereof), you must be a current employee of the Company In good standing through the later of 12/15 of such calendar year or the relevant calendar period for the bonus calculation. Such bonus will be paid quarterly 30 days after the quarter end and closing of the book and 60 days after the year end to allow for final annual dosing. Once the cap on cash is hit, remainder will be issued in RSU's at the end of the annual cycle.

Stock Option Plan Participation

As additional compensation and subject to the approval of the Board. You have been granted an additional 1,500,000 stock options, in accordance with the TerrAscend Stock Option Plan.

The exercise price per share will be equal to the fair market value of the option on the date that it is granted. Stock options will vest in equal increments on Dec 31st 2021, Dec 31st 2022 and Dec 31st 2023, provided that you are employed by the Company.

Trading in TerrAscend Stock. TerrAscend has specific rules with respect to trading in TerrAscend shares. Employee agrees to only purchase or sell TerrAscend stock in compliance with such policies and procedures, which include black-out periods as set forth in the Company's Insider Trading Policy

If there is any discrepancy between the brief outline of the plan provided herein and the TerrAscend Stock Option Plan document, the Plan document will prevail, except to the extent related to the required relationship with the Company for vesting.

Benefits

The Company is proud to offer a competitive group benefits package. You and your eligible dependents may participate in all employee benefits generally available to other employees, subject to the terms and availability of such benefits. Should you accept this offer of employment, detailed information about these benefits and benefits enrollment instructions will be provided to you.

You will begin accruing Paid Time Off ("PTO") hours immediately upon employment. Paid Time Off accrues incrementally on a semi-monthly basis, up to a maximum accrual level of 4 weeks. Such time IS not inclusive of the following paid holidays: New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day PTO eligibility, accrual and usage is subject to the Company's Paid Time Oft Policy PTO may be used for any purpose and will carry over up to a cap of 1.5x your annual allotment. Accrued but unused PTO will be paid upon termination in accordance with applicable law

You will also be eligible for reimbursement of reasonable business and travel expenses, included but not limited to: standard business development activities; cell phone usage; laptop/notebook equipment; approved conferences/seminars; and approved professional development activities. These benefits are subject to TerrAscend's normal business expense accounting policies and procedures. For purposes of clarification of this section, you will be entitled to reimbursement for up to $1,000 per week of extraordinary travel expenses.

At-Will Employment

Employment with the Company is considered "at will." This means that both the employee and the Company have a voluntary employment relationship. You may choose to terminate the at-will employment relationship at any time upon two weeks' advance notice, and the Company may do so immediately, for any reason, with or without Cause.

Termination by the Company for Cause: The Company Has the right, at any time, to terminate your employment under this Agreement for cause in which case you shall have no entitlement to any notice or pay in lieu thereof including severance. For purposes of this Agreement, "Cause" shall mean: (i) A charge by a law enforcement officer for, conviction of. or entrance into an admission, plea bargain, plea of no contest, or plea of *nolo contendre* to, a felony of any kind, or a charge by a law enforcement officer for, conviction of, or entrance into an admission, plea bar gain, plea of no contest, or plea of *nolo contendre* to a misdemeanor involving fraud, dishonesty or an act of moral turpitude, notwithstanding the prior statement this would not apply to any a charge by a law enforcement officer, conviction of, or entrance into an admission, plea bargain, plea of no contest, or ple3 of *nolo contendre* to, a felony of any kind, or a misdemeanor involving trade in cannabis; (ii) the willful commitment of any act of dishonesty in

connection with your employment with the Company, or other gross misconduct, or gross incompetence or gross neglect of duty; (iii) material breach of this Agreement as determined by a court of competent Jurisdiction; (iv) willful failure or refusal to materially comply (to the best of your ability) with any of the Company's written policies and procedures, Including the Company's Standard Operating Procedures and Policies, or any specific lawful direction of the Company provided that to the extent such refusal or failure is susceptible to cure, it is not fully, completely, and permanently cured to the best of your ability within thirty (30) business days after notice by Company to you; or (v) the commitment of any act which in the reasonable opinion of the Board of Directors is materially detrimental to the business or reputation of the Company or otherwise materially prejudices the interests of the Company For purposes of this definition, no action or inaction will be considered "willful" unless done or omitted to be done without good faith or without your reasonable belief that the action or omission was in the best interests of the Company.

Severance

For the purpose of this Agreement, the term "Good Reason" means the occurrence of any of the following events without your consent: (i) a significant reduction of your compensation; or (ii) a material diminution of your authority, duties, or responsibilities.

In the absence of Cause, the Company may at its sole discretion terminate your employment, or you may resign for Good Reason, and in such event the Company's obligations shall, upon your signing of s release for a termination without Cause, be:

(i) to provide you with monthly severance payment over the following six (6) months of Annual Salary. All payments are subject to applicable payroll taxes and deductions (the **"Severance Payment").**

(ii) In addition to the Severance Payment, your remaining unvested Options will immediately vest on a pro-rata basis based upon the number of months worked since the grant compared to the 36-month total vesting period under the Options, subject to the terms of the TerrAscend Corp SOP.

(iii) The Company will reimburse you for payments made to continue your health Insurance under COBRA for the same number of months as determines your Severance Payment in (ii) above (so will be six months after the first full year of service).

In the event you are terminated by the Company for Cause, or you resign your employment without a Good Reason, you will be paid your base compensation through your date of termination, plus any accrued but unused PTO in accordance with applicable law. Aside from such payments, you will not be entitled to receive any other payments or benefits from the Company unless required by law and all rights you may have under TerrAscend's Stock Option Plan, (except with regards to already vested options), Equity Incentive Plan or similar plans shall terminate in accordance with their respective terms.

No one at the Company is authorized to verbally alter the employment-at-will status of any individual. You also agree that the terms of this offer letter supersede any prior discussions or documents relating to your potential employment at the Company.

Other Important Information

This offer of employment is contingent upon your execution and submission of the both a Noncompetition and Non-Solicitation Agreement as well as a Non-Disclosure Inventions and Assignment Agreement, which have already been executed.

This Agreement, for all purposes, shall be construed in accordance with the laws of New York without regard to conflicts of law principles.

In order for this offer of employment to remain valid, please do the following within three (3) business days of the date of this letter:

- ☐ Read and sign this offer letter where indicated below.
- ☐ Read and sign the documents attached.
- ☐ Scan and email the completed, signed documents to me at: jhalligan@terrascend.com

Within three (3) business days of your employment date, please be prepared to present acceptable documentation of your authorization to work in the United States, if you have questions about this requirement, which applies to U.S. citizens and non-U.S. citizens alike, you may contact the undersigned.

We look forward to you joining the team at TerrAscend and we wish you much success in your new position.

Sincerely,

TerrAscend USA Inc., its CEO

Jason Ackerman
Chief Executive Officer

Candidate Acceptance:

By my signature below. I hereby accept the offer of employment with WDB Management PA LLC as outlined in this letter. I acknowledge and understand that employment with the company is at will, and that nothing contained in this letter or in any of the attachments constitutes an employment contract or a guarantee of employment for any definite period of time.

/s/ Greg Rochlin	12/14/2020
Signature	Date signed

Greg Rochlin
Printed Name

Attachments:
(1.) Anti-Harrassment Policy

/s/ Jason Ackerman

CFO

Jason Ackerman

12/4/2012

2020 /s/ GJR

Exhibit 10.10

April 22, 2020

Keith Stauffer

Via e-mail

Dear Keith,

It is a pleasure to confirm our offer to employ you in the joint role of Chief Financial Officer of TerrAscend USA, Inc. (the **"Company")** and Chief Financial Officer of TerrAscend Corp., the Canadian parent of the Company **("TerrAscend").** In these roles, you will be expected to report to the CEO of TerrAscend. This agreement (the **"Agreement")** shall set forth our mutual understanding regarding your employment pursuant to the mutual covenants and agreements contained below (the receipt and adequacy of which are acknowledged).

1. Definitions

The capitalized defined terms shall have the meanings given to them in Schedule "A".

2. Transfer, Location, and Travel

Your principal place of employment is to be within the New York area of the United States in your capacity with the Company. You will primarily work from a temporary office in the New York area provided by the Company (until a permanent office is established), unless required to travel to other locations for business purposes. You may also from time to time work from your home office.

As your role with the Company will also include your position as the CFO of TerrAscend, you will be required to periodically travel to TerrAscend facility in Ontario and to other locations as required. In further recognition of your role with TerrAscend, it is a condition of this offer and of your continued employment by the Company that you be permitted to lawfully work in Canada and that you maintain your status to work in Canada throughout your employment. The Company will assist you in applying for necessary immigration permits and will cover the costs associated therewith. In the event that permits are not obtained, through no fault of your own, the terms of this agreement do not change.

3. Compensation and Tax Equalization

Inasmuch as your principal place of employment will be the United States, your total compensation will be paid exclusively by the Company. You will receive an annual salary of USD $400,000 (the "Annual Salary"), less all withholdings and deductions in the US and in Canada, as required. In the event that your salary increases during the course of your employment, your most current salary shall be deemed to be the Annual Salary for the purpose of this Agreement. You understand and agree that the Annual Salary compensates you for all hours worked. Additionally, for business purposes and the performance of your duties, the Company will provide you with a laptop. Your use of the laptop will be subject to and in accordance with Company policies in effect from time to time. You will also be reimbursed for your cell phone use.

It is the Company's policy to protect executives on international secondment from loss on personal income taxes from Company-related earnings because of the secondment. The combined US and Canadian tax liability of an executive can vary depending on factors such as level of income derived from each country of secondment, amount of secondment allowances and the interplay of US and Canadian tax laws. To neutralize the income tax impact, the Company intends to "tax equalize" your Company-related income.

- In general, the Company will be responsible for paying your actual US and Canadian taxes, while you will be responsible for paying a "hypothetical tax." "Hypothetical tax" represents the income tax you would have paid on Company-related income had you not received secondment-related payments or special tax considerations as a result of the secondment.

- Income subject to hypothetical tax includes income you would have received had you not gone on secondment, such as your base pay and annual bonus. Income not subject to hypothetical tax includes secondment-related allowances. US and Canadian taxes on amounts not subject to hypothetical tax will be paid by the Company. Hypothetical tax is not remitted to the government.

- The Company shall, or shall retain an international accounting firm to, carry out the tax equalization policy. The Company or its designated tax firm will calculate your hypothetical tax and the amount calculated will be deducted from your pay. When your tax return is finalized, the Company or tax firm will calculate a final hypothetical tax, called a tax equalization. If the equalization shows that excess hypothetical tax was withheld from your salary, then the Company will refund the excess amount to you. Conversely, you must repay the Company any funds owed to the Company for any shortfall in your hypothetical tax withholding. In the case that there is a dispute over such equalization, your qualified tax professional shall have the right to appeal such amount to the Company.

- The Company will pay or reimburse actual income tax costs associated with the secondment. Since the Company pays/reimburses you for actual income taxes, refunds or foreign tax credits received by you will be taken into consideration on the annual tax equalization reconciliation and you may be required to refund all or a portion of taxes paid by the Company.

Tax equalization of Company-related income means that regardless of where you are seconded and regardless of the amount of tax actually owed, you will pay a hypothetical tax which will be equivalent to the US tax you would have paid had you remained in the US.

4. Annual Bonus Plan

In connection with the services you are to render exclusively on behalf of the Company within the US, you will have an annual bonus opportunity of 50% of annual salary, based on performance review with the CEO. Such amount is payable at the Company's option either in cash or RSU's that will vest immediately upon award. Bonus for the first year will be prorated for the first calendar year of time worked. The review and accrual periods are the calendar year and the payment period is in February. You must be an employee in good standing of the Company at the payment period to be eligible to receive the bonus payment.

5. Annual LTI/RSU plan

In connection with the services you are to render exclusively on behalf of the Company within the US, you will participate in the company's Long Term Incentive plan (for purposes of clarification, this is being set up during this calendar year). This program will provide an annual bonus opportunity of 100% of annual salary in annual LTI grants that will vest equally over the three years post issuance and will be based on performance review with the CEO. LTI Bonus for the first year will be prorated for the year of time worked. The grant date for LTI annual will generally be in February. If this new plan is not established by any of the vesting dates the default will be cash payments at the originally planned vesting dates. For example, if the first vesting date arrives with no RSU plan set up then cash payment of 1/3 of 100% of annual salary will be made at the first vesting anniversary date and annually thereafter until such time that the RSU plan is established. In the event of a change in control of TerrAscend Corp. (as defined in the Option Plan) that does not include Jason Wild or an affiliate thereof, 100% of the RSUs will accelerate and vest immediately. In this circumstance, if the RSU plan is not yet established, a cash payment will be made equivalent to accelerated vesting of 100% of the RSUs.

6. Stock Options

In connection with the services you are to render exclusively on behalf of the Company within the US, the Company will also cause TerrAscend to issue to you a total of 1,000,000 employment stock options of TerrAscend (the "Options") in accordance with TerrAscend's Stock Option Plan (the "Option Plan"). Your Options will be granted at your commencement of employment date referenced in this agreement, and the grant will be at the exercise price as determined by the rules and regulations of the applicable securities stock exchange after the date hereof It is understood that 300,000 of the options will be replaced with RSUs, subject to applicable securities laws, once the RSU program is put into place. The vesting schedule of the newly granted RSUs will be equivalent to the original vesting dates of the originally granted options. If the RSU program is not in place by the vesting dates a cash payment will be made on each vesting date equivalent to the value of what was anticipated to be the RSUs.

(a) the Options will vest in equal increments on the 12-month, 24-month and 36-month anniversary date from start date of employment provided that Employee remains an employed by the Company on each of the corresponding dates.

(b) In the event of a Change of Control of TerrAscend Corp. (as defined in the Option Plan) that does not include Jason Wild or an affiliate thereof, 100% of the Options will accelerate and vest immediately. This provision supersedes all of the other provisions related to Change of Control stipulated in the Option Plan.

7. Position and Key Responsibilities

Upon the execution of this Agreement, you will assume the position of CFO of TerrAscend USA and CFO of TerrAscend. Your responsibilities as CFO include but are not limited to:

CFO of TerrAscend Corp.

· Ensure the Company produces high quality audited financial statements under IFRS on a timely basis

· Work with the audit committee to advise and execute policy and procedures for financial controls and risk management

· Provide monthly financial statements timely and accurately with all subsidiaries and consolidated for the parent company

· Establish strong accounting and control systems throughout the organization to support the business and its growth

· Manage the Investor Relationship function and work with the CEO on building analyst and investor relationships

· Manage the Information Technology function for the business

CFO of TerrAscend USA

· Providing strategic financial leadership by working with the CEO and other management to establish long-term goals, financial strategies, plans and budgets.

· Plan, develop, organize, implement, direct and evaluate the organization's fiscal function and performance.

· Manage Budgeting and Cash Forecasting to ensure the company has continuous line of site to its financial position aligned with the entire senior leaders of the company

· Provide leadership in evaluating and executing M&A transactions

· Responsible, along with the CEO, in raising debt and equity financings to ensure the company can execute its plan

Perform other functions related to the CFO role or as may be reasonably requested by the Board. Your job duties and reporting may change from time to time at the discretion of the Company and/or TerrAscend. You may also be asked to assist with corporate initiatives on behalf of either company.

8. Term

Your employment under this Agreement will commence on April 27, 2020 and will continue indefinitely until it is terminated in accordance with the terms set forth in this Agreement.

9. Hours of Work

The normal work week shall be forty (40) hours Monday to Friday. You will however be required to work such additional or alternative hours as may be required from time to time to fulfill the responsibilities of the position. You understand and agree that you are classified as an exempt employee and the Annual Salary compensates you for all hours worked.

10. Standard Operating Procedures and Policies

It is a term and condition of your employment with the Company that you agree to comply with the policies and procedures of the Company and TerrAscend Corp, including but not limited to those set out in TerrAscend's Standard Operating Procedures, as may be amended from time to time by the Company or TerrAscend Corp. in its absolute discretion.

It is a term and condition of your employment that you shall fully and faithfully serve the Company and TerrAscend and use your reasonable efforts to promote the interests of the Company and TerrAscend (including their related companies).

You understand and agree that, upon your breach of this Agreement or responsibilities thereunder, the Company and/or TerrAscend has the right to implement discipline short of termination, including verbal or written warning and suspensions with or without pay, as determined necessary by the Company and/or TerrAscend in their sole discretion and that the implementation of such discipline does not constitute a termination of employment under this Agreement.

11. Benefits

The Company offer health insurance coverage for you under the applicable plan of the Company.

12. Reimbursement

The Company will reimburse you the cost of eligible travel and other expenses which are incurred for business purposes, including reasonable travel expenses from your home to areas you are required to travel to for the purpose of carrying out your responsibilities. The Company reserves the right to deny any expense claim for expenses not incurred for work-related purposes. Expenses must be submitted monthly, with appropriate documentation, in accordance with the Company's Expense Reimbursement Policy.

13. Paid Time Off ("PTO")

You are eligible for four (4) weeks of paid time off per calendar year, prorated for partial years of employment. Time off for vacation purposes will be at a mutually convenient time for the Company and the employee and must be requested at least 2 weeks in advance of the requested days off. You will only be allowed to carry forward any unused vacation time into the next year to the extent same is permitted by the Company's policies.

14. Confidentiality and Ownership of Inventions

It is a condition of your employment that you agree to the Non-Competition, Non-Solicitation, and Confidentiality Agreement and the accompanying Code of Conduct (the "Code"), copies of which shall be provided to you. The obligations set out in the Non-Competition, Non-Solicitation, and Confidentiality and the Code shall survive and remain in effect notwithstanding the termination of your employment for any reason or any finding that your employment with the Company and/or TerrAscend has been terminated, unlawfully or otherwise.

15. Termination

(a) Death

In the event of your death during the term of your employment with the Company, this Agreement shall automatically terminate, and the Company shall have no further obligations hereunder except to pay your estate all earned compensation (including all benefits and reimbursements accrued and due) as of the date of your death. Additionally, your Options shall be treated under the same terms as set forth in section 15(d)(iv) below as if you were terminated without Cause.

(b) Disability

In the event of your "permanent disability" (as hereinafter defined) during the term of your employment with the Company, the Company shall have the right, upon written notice to you, to terminate your employment hereunder, effective upon the giving of such notice (or such later date as shall be specified in such notice). In the event of such termination, the Company shall have no further obligations hereunder except to pay you all earned compensation (including all benefits and reimbursements accrued and due) as of the date of your termination. Notwithstanding the foregoing, to the extent applicable, upon the Company's termination of this Agreement for permanent disability, your right to participate in any applicable benefit plans and programs of the Company in which you had been previously participating, or to receive similar coverage, if any, shall be determined under such plans and programs (at the Company's expense). For purposes of this Agreement, the term "permanent disability" shall have the meaning set forth in the Company's applicable disability insurance policy, or, if no such definition is available, any physical or mental disability or incapacity that renders you incapable of performing the services required in accordance with your obligations hereunder for (A) a period of four (4) consecutive months or (B) shorter periods aggregating five (5) months during any one (1) year period during the term of this Agreement. The terms of the Company's disability plan shall control your benefits under this section 15(b). Additionally, your Options shall be treated under the same terms as set forth in section 15~~14~~(d)(iv) below as if you were terminated without Cause.

(c) Termination by the Company for Cause

The Company has the right, at any time, to terminate your employment under this Agreement for Cause with written notice, effective upon the giving of such notice, in which case you shall have no entitlement to any notice, pay in lieu thereof or severance, save and except for where required by any applicable employment standards legislation. "Cause" shall mean: (i) conviction of, or entrance into an admission, plea bargain, plea of no contest, or plea of nolo contendre to, a felony of any kind, or a charge by a law enforcement officer for, conviction of, or entrance into an admission, plea bargain, plea of no contest, or plea of nolo contendre to a misdemeanor involving fraud, dishonesty or an act of moral turpitude, (provided that such conviction of, or entrance into an admission, plea bargain, plea of no contest, or plea of nolo contendre to, a felony of any kind, or a misdemeanor threatens the integrity of any cannabis license held by TerrAscend); (ii) the willful commitment of any act of dishonesty in connection with Employee's appointment herein, or other willful gross misconduct involving TerrAscend, (iii) willful failure or refusal to materially comply (to the best of Employee's ability) with any of the TerrAscend's written policies and procedures, including the TerrAscend's Standard Operating Procedures and Policies, provided that, to the extent such refusal or failure is susceptible to cure, it is not fully, completely, and permanently cured to the best of Employee's ability within thirty (30) business days after Employee's receipt of written notice from Company, or (iv) or (v) the commitment of any act which in the reasonable opinion of the Board of Directors is materially detrimental to the business or reputation of the Company or otherwise materially prejudices the interests of the Company. For purposes of this definition, no action or inaction will be considered "willful" unless done or omitted to be done without good faith or without Employee's reasonable belief that the action or omission was in the best interests of TerrAscend, as determined by the arbitrator

(d) Termination by the Company without Cause

In the absence of Cause, the Company may, at its sole discretion terminate your employment, and in such event the Company's sole obligations shall be:

(i) to pay to you any compensation and accrued PTO and unreimbursed expenses, if any, that shall have been earned by you as of the date of termination but not yet paid.

(ii) to provide you with a severance payment in the amount of 6 (six) months of Annual-Salary, subject to applicable payroll timing and taxes and deductions, if the termination without cause occurs after October 27, 2020 (unless such termination without Cause is related to circumstantial issues, such as but not limited to a closing of an office, a consolidation, or other non-performance related issue in which case the amount shall be 9 (nine) months-(the "Severance Payment"). If the termination without Cause occurs prior to October 27, 2020, the Severance Payment shall be 3 (three) months.

(iii) To ensure medical insurance coverage will be extended for the time of the severance period.

(iv) to ensure your remaining unvested Options will immediately vest on a pro-rata basis based upon the number of months worked compared to the 36-month total vesting period under the Options, subject to the terms of the Option Pan.

The Company shall have no obligation to provide you with Severance until you execute and deliver to the Company a general release agreement in a form similar to Schedule "B" attached hereto, which shall be modified to be enforceable in the legal jurisdiction governing your employment. Should you elect not to execute and deliver such release, you shall only be entitled to receive to the accrued wages to which you are entitled pursuant to any applicable employment law. Payment set forth in this paragraph 15(d) shall constitute your sole payment from, and remedy against, the Company, its members, officers, directors, shareholders, executives and agents.

Further, you understand and agree that this provision shall apply to you throughout your employment with the Company, regardless of its duration or any changes to your position, reporting relationship, title, duties or compensation.

(e) Termination by You Without Good Reason

You may resign from your employment at any time and without Good Reason (as defined below) upon providing the Company with eight (8) weeks' notice in writing of your resignation, during which time the Company shall provide you with the equivalent of your then Annual Salary and benefits and unreimbursed expenses through and until your termination date, subject to applicable tax withholding and payable in accordance with the Company's usual payroll practices. The Company may waive the requirement that you work all or part of the notice of resignation period provided by you. You acknowledge the Company will suffer damages by your failure to provide at least the notice as required herein.

(f) Termination by You for Good Reason

You may terminate your employment for "Good Reason" following the occurrence of any of the following without your written consent: (i) any failure to pay, or material reduction in, Annual Salary and bonus compensation, if any, in accordance with the terms hereof that is not also app;;cable to similarly situated employees; (ii)) if the Company (or any successor entity) intentionally and materially reduces or diminishes your working responsibilities, duties, or position in the Company to such an extent that a reasonable person would not consider such duties commensurate with your role as CFO of the Company; (iii) a requirement by the Company that your primary work location be moved to a place that is more than twenty five miles further from your home residence -from its location as of the date of this Agreement; or (iii) requiring you to report to someone other than CEO; provided, however, that you shall provide written notice of any such "Good Reason" not later than thirty (30) days after your discovery thereof to avail yourself of this right and the Company shall have the opportunity to cure same within thirty (30) days after receipt of such written notice. If the Company does not cure within such time, then you shall, upon written notice to the Company, be entitled to terminate your employment for Good Reason, provided you do so within forty five (45) days of giving written notice of such Good Reason grounds not so cured. In the event that you terminate your employment for Good Reason, you shall be entitled to the payments under the same terms as set forth in section 15(d)(i-iii) as if you were terminated without Cause.

16. General

(a) This Agreement shall inure to the benefit of and shall be binding upon your heirs, executors, administrators, successors and legal representatives, and shall inure to the benefit of and be binding upon the Company, TerrAscend and their successors and assigns. You may not assign this Agreement.

(b) A waiver by you or the Company and/or TerrAscend of any breach under this Agreement shall not constitute a waiver of any further breaches of this Agreement

(c) This Agreement, together with the attached Non-Competition, Non-Solicitation, and Confidentiality Agreement and the Code constitute the entire agreement between the Company and TerrAscend and you with respect to your employment and supersedes all prior oral or written negotiations and understandings or representations. You acknowledge that the execution of this Agreement has not been induced by, nor do you rely upon or regard as material, any representations or writings not specifically included or incorporated herein. This agreement and the attached Non-Competition, Non- Solicitation, and Confidentiality Agreement referenced herein shall not be altered, modified, amended or terminated unless evidenced in writing by the Company.

(d) The Company, TerrAscend and the Employee acknowledge that this Agreement is reasonable, valid and enforceable. However, if any term, covenant, condition or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, it is the parties' intent that such provision be changed in scope by the court only to the extent deemed necessary by that court to render the provision reasonable and enforceable and the remainder of the provisions of this Agreement will in no way be affected, impaired or invalidated as a result.

(e) This Agreement shall be governed by and interpreted in accordance with the laws of the State of Delaware, without regard to its conflict of law provisions. The parties expressly agree to the exclusive jurisdiction of the state and federal courts and tribunals, as applicable, in the State of Delaware in respect of this Agreement (including but not

(f) limited to issues relating to its interpretation, application, enforcement or termination), the relationship between the parties or the cessation thereof.

(g) You acknowledge that you have been given the opportunity to obtain independent legal advice with respect to the nature and consequences of entering into this Agreement. By signing and accepting this Agreement, you acknowledge that the Company and TerrAscend have afforded you the opportunity to obtain independent legal advice in respect of this Agreement.

(h) By your signature below, you acknowledge and agree that any material misrepresentation or omission by you regarding your history, skills, experiences and abilities will constitute cause for your immediate dismissal, without notice, pay in lieu of notice, or other Severance Payment obligation.

(i) Sections 14, 15, 16, and 17 of this Agreement shall survive termination of your employment by the Company and/or TerrAscend.

17. Indemnification and D&O

TerrAscend shall procure and maintain a Directors and Officers insurance policy during the term of your employment pursuant to which TerrAscend and the Company agree to defend and indemnify you pursuant to TerrAscend's indemnification policy. The Company will provide for your criminal defense in the event of any criminal proceedings related to cannabis. This will remain in effect for up to 3 years after your termination of employment, in the event that should occur.

18. Representations, Warranties and Covenants

(a) Restrictions. You represent and warrant to the Company and TerrAscend that:

(i) There are no restrictions, agreements or understandings whatsoever to which you are a party that would: prevent or make unlawful your execution of this Agreement or your employment hereunder be inconsistent or in conflict with this Agreement or employment hereunder; or prevent, limit or impair in any way the performance by you of your obligations hereunder; and

(ii) You have disclosed to the Company and TerrAscend all restraints, confidentiality commitments or other employment restrictions that you have with any other employer, person or entity. A copy of each such restraint, commitment or other restriction, if applicable, is attached hereto.

(b) Obligations to Former Employers. You covenant that in connection with your provision of services to the Company, you will not breach any obligation (legal, statutory, contractual or otherwise) to any former employer or other person, including, but not limited to, obligations relating to confidentiality and proprietary rights.

(c) The Company represents and warrants that as of the date hereof, it has provided you with all requested information in an accurate manner and has no undisclosed knowledge of circumstances or past events that may materially negatively impact the Company.

Please carefully read and consider this document and its attachments. It is a condition of this offer that you execute and return the attached policies.

We request that you review, initial each page, sign and date below acknowledging your acceptance of the terms outlined in this letter. Retain a copy of this letter for your records and return an original copy to me no later than April 24, 2020

Keith, we hope that the opportunities we provide and the values we stand for will encourage you to become an integral part of the TerrAscend team. We look forward to working with you.

Sincerely,

TERRASCEND USA, INC.

By: /s/ Brian Feldman
TerrAscend USA, Inc.

ACCEPTANCE

By my signature below, I confirm that I have read, understand and agree with the foregoing terms, that I have been afforded a reasonable opportunity to consult with independent legal counsel with respect to the above terms before signing below, and that I sign this Agreement freely and voluntarily and without any pressure, duress or undue influence. I have not relied on any representations, inducements or statements, oral or written, which are not contained in this letter.

AGREED TO: /s/ Keith Stauffer

DATE: 4/22/20

SCHEDULE B

FORM OF
CONFIDENTIAL SEPARATION AND RELEASE AGREEMENT

This Confidential Separation and Release Agreement (this "Agreement") shall serve as a fully binding separation agreement between _____ ("Employee") and _____ (the "Company" and collectively the "Parties"). Employee's employment with the Company is terminated effective _____ (the "Separation Date"). Following the Effective Date of this Agreement, and in consideration of the Employee's execution, non-revocation, and assent to all terms and provisions of this Agreement, the Company will pay to Employee the severance benefits outlined below.

Severance Payment. Employee acknowledges and agrees that Employee will not be entitled to any compensation or benefits from the Company, except as expressly provided for in this Agreement, and Employee specifically waives and foregoes all rights to any compensation or benefits of any kind that are not expressly provided to Employee in this Agreement In exchange for Employee executing and not revoking the general release set forth in this Agreement and other valuable consideration given and received by the Parties, the Parties agree as follows:

In consideration of the promises set forth herein, without any other obligation to do so, provided that Employee does not exercise his right to revoke this Agreement as set forth below, the Company will pay Employee severance in the amount of _____ Dollars ($_____), less applicable payroll deductions ("Severance Payment"). The Company will pay the Severance Payment on the first regular payday occurring at least eight (8) days after this Agreement is fully executed.

Employee acknowledges and agrees that the Severance Payment referenced above constitute adequate consideration to support the releases set forth in this Agreement and fully compensate Employee for the claims Employee is releasing. For purposes of this Paragraph, "Consideration" means the payments and benefits set forth in this Section 0, which are enhanced payments and benefits to which Employee is not already or otherwise entitled to receive.

Release of Claims.

In exchange for the Severance Payment and other consideration set forth herein, the sufficiency of which is hereby acknowledged, Employee (on behalf of Employee, Employee's executors, heirs, administrators, assigns and anyone else claiming by, through or under Employee) irrevocably and unconditionally, fully and forever releases and discharges the Employer, and its predecessors, successors and related and affiliated entities, including parents (including holding companies) and subsidiaries, and each of their respective directors, officers, "Releasees"), for, from, and with respect to, any and all rights, remedies, demands, actions, causes of action, suits, covenants, contracts, wages, bonuses, damages, and any and all claims, debts, liabilities, liens, and expenses (including attorneys' fees and costs) whatsoever of any name or nature both in law and in equity that Employee now has, ever had, or may in the future have against the Releasees (severally and collectively, "Claims") related to anything occurring prior to Employee's execution of this Agreement, for or by reason of any matter, cause or thing whatsoever (as allowed by law). Without limiting the generality of the foregoing, this waiver and release of claims includes any and all Claims in tort or contract, whether by statute or common law, and any Claims relating to or arising out of salary, wages, bonuses, stock options, equity compensation, stock ownership and commissions, the breach of an oral or written contract, breach of fiduciary duty, rights to indemnification and contribution, unjust enrichment, promissory estoppel, misrepresentation, defamation, and interference with prospective economic advantage, interference with contract, wrongful termination, intentional and negligent infliction of emotional distress, negligence, breach of the covenant of good faith and fair dealing, and Claims arising out of, based on, or connected with Employee's employment with or termination from the Employer, including any Claims for unlawful employment discrimination of any kind, whether based on age, race, sex, disability or otherwise, including claims arising under or based on Title VII of the Civil Rights Act of 1964, as amended; or any other relevant antidiscrimination laws or state statutes or municipal ordinances related to discrimination; the Age Discrimination in Employment Act ("ADEA"), as amended; the Older Workers Benefit Protection Act ("OWBPA"); the Civil Rights Act of 1991, as amended; the Family and Medical Leave Act; the Americans with Disabilities Act; the Fair Labor Standards Act; the Employee Retirement Income Security Act; the Equal Pay Act of 1963; the Delaware Labor Code, and any other local, state or federal equal employment opportunity or anti-discrimination law, statute, policy, order, ordinance or regulation affecting or relating to Claims that Employee ever had, now has, or claims to have against the Releasees (collectively, the "Released Claim(s)").

Except as set forth below, Employee agrees not to prosecute, maintain or institute any action at law, suit or proceeding of any kind or nature whatsoever against Company for any reason related in any way to any Released Claim. Employee further agrees that Employee will not raise any claim against Company by way of defense, counterclaim or cross-claim or in any other manner, on any alleged claim, demand, liability or cause of action released herein. At the time of Employee's execution of this Agreement, Employee represents that there are no claims, complaints or charges pending against Company in which Employee is a party or complainant. Further, Employee acknowledges and agrees there are no non-asserted workers' compensation claims through the date of Employee's execution of this Agreement. Employee agrees not to assert any Released Claim in a class or collective action and further agrees not to become, and promises not to consent to become, a member (including a representative class plaintiff) of any class in a case brought in court or in arbitration in which claims are asserted against any of the Released Parties that are related in any way to Employee's employment with or termination from Company and/or that involve events which have occurred as of the Effective Date of this Release. If Employee, without Employee's prior knowledge and consent, is made a member of a class in any proceeding, whether in court or in arbitration, Employee will opt out of the class at the first opportunity afforded to him/her after learning of Employee's inclusion.

Employee understands that nothing in this Agreement is intended to interfere with or deter Employee's right to challenge the waiver of an ADEA claim or state law age discrimination claim or the filing of an ADEA charge or ADEA complaint or state law age discrimination complaint or charge with the EEOC or any state discrimination agency or commission or to participate in any investigation or proceeding conducted by those agencies. Further, Employee understands that nothing in this Agreement would require Employee to tender back the money received under this Agreement if Employee seeks to challenge the validity of the ADEA or state law age discrimination waiver, nor does the Employee agree to ratify any ADEA or state law age discrimination waiver that fails to comply with the Older Workers' Benefit Protection Act by retaining the money received under the Agreement. Further, nothing in this Agreement is intended to require the payment of damages, attorneys' fees or costs to the Company should Employee challenge the waiver of an ADEA or state law age discrimination claim or file an ADEA or state law age discrimination suit except as authorized by federal or state law.

This release specifically excludes (i) any claim which cannot be released by private agreement, such as workers' compensation claims, claims after the Effective Date of this Agreement (as defined below); (ii) the right to file administrative charges with certain government agencies; and (iii) any and all rights to vested benefits. In particular, nothing in this Agreement shall be construed to prohibit Employee from filing a charge with, making a complaint to, or participating in any investigation or proceeding conducted by the Equal Employment Opportunity Commission, National Labor Relations Board, or a comparable state or local agency, or to the Securities Exchange Commission or Internal Revenue Service. Employee agrees to waive the right to receive future monetary recovery directly from Employer, including Employer payments that result from any complaints or charges that Employee files with any governmental agency or that are filed on Employee's behalf.

Important Notice to Employee Concerning Release of Claims under the Age Discrimination in Employment Act. Employee hereby acknowledges that Employee knowingly and voluntarily enters into this Agreement, which is made in accordance with the Older Workers' Benefit Protection Act (" OWBPA"), and is made with the purpose of waiving and releasing any age discrimination claims Employee may have under the Age Discrimination in Employment Act of 1967 ("ADEA"). Employee further acknowledges and agrees that:

this Agreement is written in a manner in which Employee fully understands;

Employee specifically waives any rights or claims arising under the ADEA and OWBPA;

this Agreement does not waive rights or claims under the ADEA and OWBPA that may arise after the date this Agreement is executed;

the rights and claims waived in this Agreement are in exchange for consideration over and above anything to which Employee is already entitled;

Employee has been advised in writing to consult with an attorney prior to executing this Agreement, and has, in fact, had an opportunity to do so;

Employee has been given a period of up to at least 21 days, if desired, within which to consider this agreement;

Employee has a period of 7 days within which Employee can revoke this agreement, and the agreement shall not be effective until the seven-day revocation period has been exhausted. Thus, the Effective Date of this Agreement is the eighth day after this Agreement has been executed, providing it was not revoked ("Effective Date"). Notice of revocation must be delivered in writing and received by the Company at the address of the Company set forth on the signature page hereto, by the end of the 7-day revocation period; and

Any changes made to this Agreement, whether material or immaterial, will not restart the running of this 21-day period.

Confidentiality.

In addition, Employee agrees to keep the terms, conditions and circumstances of Employee's separation from the Company confidential and to not aid or render assistance in any form to any person or entity pursuing, or that may in the future pursue, any claim against the Company or its officers, directors, shareholders, employees or affiliates of any nature unless required to do so by law.

Employee acknowledges and agrees that Employee will keep the terms, amount, and facts of, and any discussions leading up to, this Agreement STRICTLY AND COMPLETELY CONFIDENTIAL, and that Employee will not communicate or otherwise disclose to any employee of the Company (past, present, or future), or to any member of the general public, the terms, amounts, copies, or fact of this Agreement, except as may be required by law or compulsory process; provided, however, that Employee may make such disclosures to Employee's spouse, tax/financial advisors or legal counsel as long as they agree to keep the information confidential. If asked about any of such matters, Employee's response shall be that Employee may not discuss any of such matters.

Employee's Return of Company Property and Transition Obligations. Employee agrees to execute any paperwork necessary and otherwise cooperate in full with the Company's efforts to transfer to the Company all data, phone, internet or website access, and fax lines and/or numbers currently maintained by Employee for the purpose of conducting business on behalf of the Company. Any and all transfer fees incurred will be the responsibility of the Company. Upon such transfer, the Company shall be the sole authorized user of all such data, phone, and fax lines and/or numbers. Employee further agrees to immediately return to Company employee identification badge, keys, and all Company-owned equipment, data, lists, forms, and documents (paper and electronic) and will not maintain copies of the same in any form, whether tangible or intangible, hard copy or electronic.

Miscellaneous.

Governing Law and Venue. The validity, interpretation, construction and performance of this Agreement, and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the state of Delaware, without giving effect to principles of conflicts of law. For purposes of litigating any dispute that may arise directly or indirectly from this Agreement, the parties hereby submit and consent to the exclusive jurisdiction of the state of Delaware and agree that any such litigation shall be conducted only in the courts of Delaware.

Entire Agreement. This Agreement sets forth the entire agreement and understanding of the parties relating to the subject matter herein and supersedes all prior or contemporaneous discussions, understandings and agreements, whether oral or written, between them relating to the subject matter hereof, except for the NON-COMPETITION, NON-SOLICITATION, and CONFIDENTIALITY AGREEMENT and the surviving sections of the _____ DATE Employment Agreement that you signed upon hire.

Amendments and Waivers. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, shall be effective unless in writing signed by the parties to this Agreement. No delay or failure to require performance of any provision of this Agreement shall constitute a waiver of that provision as to that or any other instance.

Successors and Assigns.

Company's Successors. This Agreement shall be binding upon any successor (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets. For all purposes under this Agreement, the term "**Company**" shall include any successor to the Company's business or assets that becomes bound by this Agreement.

Your Successors. This Agreement and all of your rights hereunder shall inure to the benefit of, and be enforceable by, your personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

Notices. Any notice, demand or request required or permitted to be given under this Agreement shall be in writing and shall be deemed sufficient when delivered personally or by overnight courier or sent by email, or 48 hours after being deposited in the U.S. mail as certified or registered mail with postage prepaid, addressed to the party to be notified at such party's address as set forth on the signature page, as subsequently modified by written notice, or if no address is specified on the signature page, at the most recent address set forth in the Company's books and records.

Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, (ii) the balance of the Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of the Agreement shall be enforceable in accordance with its terms.

Construction. This Agreement is the result of negotiations between and has been reviewed by each of the parties hereto and their respective counsel, if any; accordingly, this Agreement shall be deemed to be the product of all of the parties hereto, and no ambiguity shall be construed in favor of or against any one of the parties hereto.

Counterparts. This Agreement may be executed in any number of counterparts, either manually or electronically, each of which when so executed and delivered shall be deemed an original, and all of which together shall constitute one and the same agreement.

Electronic Delivery. The Company may, in its sole discretion, decide to electronically sign and deliver any documents related to this Agreement or any notices required by applicable law or the Company's Certificate of Incorporation of Incorporation or Bylaws by email or any other electronic means. The undersigned hereby consents to receive such documents and notices by such electronic delivery and agrees to participate through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

The Parties agree that the offer or execution of this Agreement is not an admission of liability of any nature by the Company or Employee and that it cannot be used in any proceeding other than one to enforce its terms.

PLEASE READ CAREFULLY. THIS AGREEMENT INCLUDES THE RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS AND MUST BE RETURNED BY DATE TO BE VALID.

AGREED:

THE COMPANY:

By:

ADDRESS:

_____

_____

EMAIL: _____

EMPLOYEE:

(SIGNATURE)

ADDRESS:

_____

_____

EMAIL: _____

Exhibit 10.11

May 1, 2020

Jason Ackerman

Via e-mail

Dear Jason,

It is a pleasure to confirm our offer to employ you in the joint role of Chief Executive Officer of TerrAscend USA, Inc. (the "**Company**") and Chief Executive Officer of TerrAscend Corp., the Canadian parent of the Company ("**TerrAscend**"). In these roles, you will be expected to report to the Board of Directors of TerrAscend. This agreement (the "**Agreement**") shall set forth our mutual understanding regarding your employment pursuant to the mutual covenants and agreements contained below (the receipt and adequacy of which are acknowledged).

1. Definitions

The capitalized defined terms shall have the meanings given to them in Schedule "A".

2. Transfer, Location, and Travel

Your principal place of employment is to be within the New York area of the United States in your capacity with the Company. You will continue to reside in New York, USA and will primarily work from a temporary office in the New York area provided by the Company, unless required to travel to other locations for business purposes. You may also from time to time work from your home office in New York.

As your role with the Company will also include your position as the CEO of TerrAscend, you will be required to periodically travel to TerrAscend facility in Ontario and to other locations as required. In further recognition of your role with TerrAscend, it is a condition of this offer and of your continued employment by the Company that you be permitted to lawfully work in Canada and that you maintain your status to work in Canada throughout your employment. The Company will assist you in applying for necessary immigration permits and will cover any and all fees and costs associated therewith, including, without limitation, attorneys' fees.

In the event that you agree to a relocation, which such relocation shall not be a condition of your employment, the Company shall pay, or reimburse Employee for, all relocated expenses incurred by Employee relating to such relocation.

3. Compensation and Tax Equalization

Inasmuch as your principal place of employment will be the United States, your total compensation will be paid exclusively by the Company. You will receive an annual base salary of USD $500,000 (the "**Annual Salary**"), less all withholdings and deductions in the US and in Canada, as required. In the event that your salary changes during the course of your employment, your most current salary shall be deemed to be the Annual Salary for the purpose of this Agreement. You understand and agree that the Annual Salary compensates you for all hours worked. Additionally, for business purposes and the performance of your duties, the Company will provide a laptop. Your use of the laptop and any other provided hardware will be subject to and in accordance with Company policies in effect from time to time.

It is the Company's policy to protect executives on international secondment from loss on personal income taxes from Company-related earnings because of the secondment. The combined US and Canadian tax liability of an executive can vary depending on factors such as level of income derived from each country of secondment, amount of secondment allowances and the interplay of US and Canadian tax laws. To neutralize the income tax impact, the Company intends to "tax equalize" your Company-related income.

- In general, the Company will be responsible for paying your actual US and Canadian taxes, while you will be responsible for paying a "hypothetical tax." "Hypothetical tax" represents the income tax you would have paid on Company-related income had you not received secondment-related payments or special tax considerations as a result of the secondment.

- Income subject to hypothetical tax includes income you would have received had you not gone on secondment, such as your base pay and annual bonus. Income not subject to hypothetical tax includes secondment-related allowances. US and Canadian taxes on amounts not subject to hypothetical tax will be paid by the Company. Hypothetical tax is not remitted to the government.

- The Company shall, or shall retain an international accounting firm to, carry out the tax equalization policy. The Company or its designated tax firm will calculate your hypothetical tax and the amount calculated will be deducted from your pay. When your tax return is finalized, the Company or tax firm will calculate a final hypothetical tax, called a tax equalization. If the equalization shows that excess hypothetical tax was withheld from your salary, then the Company will refund the excess amount to you. Conversely, you must repay the Company any funds owed to the Company for any shortfall in your hypothetical tax withholding. In the case that there is a dispute over such equalization, your qualified tax professional shall have the right to appeal such amount to the Company.

- The Company will pay or reimburse actual income tax costs associated with the secondment. Since the Company pays/reimburses you for actual income taxes, refunds or foreign tax credits received by you will be taken into consideration on the annual tax equalization reconciliation and you may be required to refund all or a portion of taxes paid by the Company.

Tax equalization of Company-related income means that regardless of where you are seconded and regardless of the amount of tax actually owed, you will pay a hypothetical tax which will be equivalent to the US tax you would have paid had you remained in the US.

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4. Stock Options/Bonus Plan

1. In connection with the services you are to render exclusively on behalf of the Company within the US, the Company will also cause TerrAscend to issue to you a total of 5,800,000 employment stock options of TerrAscend (the "**Options**") in accordance with TerrAscend's Stock Option Plan (the "**Option Plan**"). Notwithstanding anything to the contrary contained in the Option Plan, including, without limitation, the 90-day limitation set forth in Section 4.10.1.2.1, assuming Employee has been in the CEO role through January 9, 2021 and consistent with applicable securities laws, the Options will expire on January 9, 2030 (unless such sooner date is otherwise agreed to by Employee in writing). 3,000,000 of the Options will have a strike price of CN$2.42 (the "**Initial Options**"), and (b) 2,800,000 of the Options will have a strike price of CN$2.96 of (the "**Second Options**").

   a. Except as otherwise provided herein, the Options will vest in equal increments on the 12-month, 24-month and 36-month anniversary date from November 1, 2019, provided that Employee is serving as the CEO of the Company or on the Board on each of the corresponding dates.

   b. In the event of a Change of Control of TerrAscend Corp. (as defined in the Option Plan) that does not include Jason Wild or an affiliate thereof, 100% of the Options will accelerate and vest immediately.

   c. Notwithstanding anything to the contrary above, in the case of a termination of Employee by the Company in the absence of Cause (defined below), or Employee's resignation for any reason from all activities relating to the Company or its affiliates, Employee's remaining unvested Options will immediately vest on a pro-rata basis based upon the number of months worked compared to the 36-month total vesting period under the Options PROVIDED THAT a minimum of 1,500,000 of the Initial Options shall vest. Notwithstanding the foregoing, as long as Employee serves on the Board of TerrAscend, the Options shall continue to vest under Section 2 above, even if Employee is not also serving as CEO of the Company and/or TerrAscend. "Cause" shall mean: (i) conviction of, or entrance into an admission, plea bargain, plea of no contest, or plea of nolo contendre to, a felony of any kind, or a charge by a law enforcement officer for, conviction of, or entrance into an admission, plea bargain, plea of no contest, or plea of nolo contendre to a misdemeanor involving fraud, dishonesty or an act of moral turpitude, (provided that such conviction of, or entrance into an admission, plea bargain, plea of no contest, or plea of nolo contendre to, a felony of any kind, or a misdemeanor threatens the integrity of any cannabis license held by TerrAscend); (ii) the willful commitment of any act of dishonesty in connection with Employee's appointment herein, or other willful gross misconduct involving TerrAscend, (iii) willful failure or refusal to materially comply (to the best of Employee's ability) with any of the TerrAscend's written policies and procedures, including the TerrAscend's Standard Operating Procedures and Policies, provided that, to the extent such refusal or failure is susceptible to cure, it is not fully, completely, and permanently cured to the best of Employee's ability within thirty (30) business days after Employee's receipt of written notice from Company. For purposes of this definition, no action or inaction will be considered "willful" unless done or omitted to be done without good faith or without Employee's reasonable belief that the action or omission was in the best interests of TerrAscend, as determined by the arbitrator.

   d. The Company acknowledges that it is the intent of the parties that, once TerrAscend has a formal Restricted Stock Unit Plan in place, up to 25% of the Options shall (subject to applicable securities laws and the agreement of TerrAscend's Compensation Committee) be replaced with Restricted Stock Units ("**RSUs**"). The vesting schedule of the newly granted RSUs will be equivalent to the original vesting dates of the originally granted Options.

You will also be entitled to participate in an executive bonus plan currently anticipated to be established by the Company by the second quarter of 2020. Your entitlement to payment of any bonus ("**Bonus**") shall be subject to the terms and conditions of any Company bonus plan established at the Company's sole discretion, as determined by the Board of Directors in accordance with the terms and conditions of such plan, as may be amended from time to time. The Board of Directors has determined your Bonus for 2020 shall be RSUs for annual value of $600,000 vesting immediately upon issuance. In addition, the Board of Directors has determined that you shall be entitled to an annual Bonus for each calendar year during the Term, which shall be equal to or greater than the 2020 Bonus, and paid at the same time of year. Bonuses may be paid to Employee in cash, RSUs, or a combination thereof, consistent with the manner and timing by which similarly situated employees are paid their respective Bonuses.

5. Position and Key Responsibilities

Upon the execution of this Agreement, you will assume the position of CEO of TerrAscend USA and CEO of TerrAscend. Your responsibilities as CEO include but are not limited to:

CEO of TerrAscend Corp

- Work to ensure that all divisions of TerrAscend Corp are aligned in the long-term goals, strategies, plans and policies.
- Drive the company to achieve and surpass sales, profitability, cash flow and business goals and objectives.
- Work with executive leadership, responsible for the measurement and effectiveness of all processes internal and external. Provide timely, accurate and complete reports on the operating condition of the company.

- Spearhead the development, communication and implementation of effective growth strategies and processes.
- Collaborate with the management team to develop and implement plans for the operational infrastructure of systems, processes, and personnel designed to accommodate the rapid growth objectives of our organization.
- Motivate and lead a high-performance management team; attract, recruit and retain required members of the executive team not currently in place; provide mentoring and opportunities for management development.

CEO of TerrAscend USA

- Providing strategic leadership by working with the Board and other management to establish long-term goals, strategies, plans and policies.
- Plan, develop, organize, implement, direct and evaluate the organization's fiscal function and performance.
- Lead, guide, direct the organization and evaluate the work of other executive leaders.
- With the participation of the executive team, meet and plan regularly with senior company leadership to ensure timely execution of the companies' strategies.

· Perform other functions related to the CEO role or as may be reasonably requested by the Board.

Your job duties and reporting may change from time to time at the discretion of the Company and/or TerrAscend. You may also be asked to assist with corporate initiatives on behalf of either company. You understand and agree that a change in your job duties or reporting structure does not constitute a fundamental alteration to your employment or to this Agreement, except if such change constitutes "Good Reason," as defined herein.

6. Term

Your employment under this Agreement will commence on May 1, 2020 or such later date as agreed between you and the Company and will continue indefinitely until it is terminated in accordance with the terms set forth in this Agreement.

7. Hours of Work

The normal work week shall be forty (40) hours Monday to Friday. You will however be required to work such additional or alternative hours as may be reasonably required from time to time to fulfil the responsibilities of the position. You understand and agree that you are classified as an exempt employee and the Annual Salary compensates you for all hours worked.

8. Standard Operating Procedures and Policies

It is a term and condition of your employment with the Company that you agree to comply with the policies and procedures of the Company and TerrAscend Corp, including but not limited to those set out in TerrAscend's Standard Operating Procedures, as may be amended from time to time by the Company or TerrAscend Corp. in its absolute discretion.

It is a term and condition of your employment that you shall fully and faithfully serve the Company and TerrAscend and use your reasonable best efforts to promote the interests of the Company and TerrAscend (including their related companies).

You understand and agree that, upon your breach of this Agreement or responsibilities hereunder, the Company and/or TerrAscend has the right to implement discipline short of termination, including verbal or written warning and suspensions with or without pay, as determined necessary by the Company and/or TerrAscend in their sole discretion and that the implementation of such discipline does not constitute a termination of employment under this Agreement.

9. Benefits

The Company will reimburse you for health insurance premiums that you pay to secure coverage for you and your immediate family under the applicable plan of the Company

10. Reimbursement

The Company will reimburse you the cost of eligible travel and other expenses which are incurred for business purposes, including reasonable travel expenses from your home to areas you are required to travel to for the purpose of carrying out your responsibilities. The Company reserves the right to deny any expense claim for expenses not incurred for work-related purposes. Expenses must be submitted monthly, with appropriate documentation, in accordance with the Company's Expense Reimbursement Policy.

11. Paid Time Off ("PTO")

You are eligible for five (5) weeks of paid time off per calendar year, prorated for partial years of employment. Time off for vacation purposes will be at a mutually convenient time for the Company and the employee and must be requested at least 2 weeks in advance of the requested days off. You will only be allowed to carry forward any unused vacation time into the next year to the extent same is permitted by the Company's policies.

12. Confidentiality and Ownership of Inventions

It is a condition of your employment that you agree to the Non-Competition, Non-Solicitation, and Confidentiality Agreement and the accompanying Code of Conduct (the "**Code**"), copies of which shall be provided to you (collectively, "**Restrictive Covenant Agreement**"). The obligations set out in the Restrictive Covenant Agreement shall survive and remain in effect notwithstanding the termination of your employment for any reason, unless such termination by the Company and/or TerrAscend is unlawful or in breach of this Agreement, in which case only the Confidentiality provisions of such Agreement shall survive.

13. Termination

(a) Death

In the event of your death during the term of your employment with the Company, this Agreement shall automatically terminate, and the Company shall have no further obligations hereunder except to pay your estate all earned compensation (including all benefits and reimbursements accrued and due) as of the date of your death. Additionally, your Options and Bonus shall be treated under the same terms as set forth in section 14(d)(ii) and 14(d)(iv) below as if you were terminated without Cause.

(b) Disability

In the event of your "permanent disability" (as hereinafter defined) during the term of your employment with the Company, the Company shall have the right, upon written notice to you, to terminate your employment hereunder, effective upon the giving of such notice (or such later date as shall be specified in such notice). In the event of such termination, the Company shall have no further obligations hereunder except to pay you all earned compensation (including all benefits and reimbursements accrued and due) as of the date of your termination. Notwithstanding the foregoing, to the extent applicable, upon the Company's termination of this Agreement for permanent disability, your right to participate in any applicable benefit plans and programs of the Company in which you had been previously participating, or to receive similar coverage, if any, shall be determined under such plans and programs (at the Company's expense). For purposes of this Agreement, the term "permanent disability" shall have the meaning set forth in the Company's applicable disability insurance policy, or, if no such definition is available, any physical or mental disability or incapacity that renders you incapable of performing the services required in accordance with your obligations hereunder for (A) a period of four (4) consecutive months or (B) shorter periods aggregating five (5)

months during any one (1) year period during the term of this Agreement. The terms of the Company's disability plan shall control your benefits under this section 14 (b). Additionally, your Options and Bonus shall be treated under the same terms as set forth in section 14(d)(ii) and 14(d)(iv) below as if you were terminated without Cause.

(c) Termination by the Company for Cause

The Company has the right, at any time, to terminate your employment under this Agreement for Cause with written notice, effective upon the giving of such notice, in which case you shall have no entitlement to any notice, pay in lieu thereof or severance, save and except for where required by any applicable employment standards legislation.

(d) Termination by the Company without Cause

In the absence of Cause, the Company may, at its sole discretion terminate your employment, and in such event the Company's sole obligations shall be:

(i) to pay to you any compensation and accrued PTO and unreimbursed expenses, if any, that shall have been earned by you or accrued as of the date of termination but not yet paid.

(ii) To provide you with a pro rated Bonus, calculated as the Bonus that would have been paid during the year of termination multiplied by a fraction, the numerator of which shall be the number of days you worked in the applicable calendar year and the denominator of which shall be equal to the total number of days in that year.

(iii) to provide you with a severance payment in the amount of six (6) months of Annual Salary, subject to applicable payroll timing and taxes and deductions, if the termination without cause occurs prior to November 1, 2020, and nine (9) months of Annual Salary, subject to applicable payroll timing, taxes and deductions, if the termination without cause occurs after such date (the "**Severance Payment**"). The Severance Payment shall be payable over time in accordance with the Company's standard payroll practices.

(iv) In addition to the Severance Payment, your remaining unvested Options will immediately vest on a pro-rata basis based upon the number of months worked compared to the 36-month total vesting period under the Options, subject to the terms of the TerrAscend Corp SOP.

The Company shall have no obligation to provide you with the Severance Payment until you execute and deliver to the Company a mutual release agreement in a form similar to Schedule "B" attached hereto, which shall be modified to be enforceable in the legal jurisdiction governing your employment and to memorialize the intent of the Parties upon separation ("**Severance Agreement**"). Should you elect not to execute and deliver the Severance Agreement, you shall only be entitled to receive to the accrued wages to which you are entitled pursuant to any applicable employment law. Unless otherwise agreed, the various payments set forth in this paragraph 14 (d) shall constitute your sole payment from, and remedy against, the Company, its members, officers, directors, shareholders, executives and agents, except with respect to your entitlement to indemnification and/or any remedies that may be available to you at law or in equity in the event that the Company breaches the Severance Agreement.

Further, you understand and agree that this provision shall apply to you throughout your employment with the Company, regardless of its duration or any changes to your position, reporting relationship, title, duties or compensation.

(e) Termination by You Without Good Reason

You may resign from your employment at any time and without Good Reason (as defined below) upon providing the Company with eight (8) weeks' notice in writing of your resignation, during which time the Company shall provide you with the equivalent of your then Annual Salary and benefits and unreimbursed expenses through and until your termination date, subject to applicable tax withholding and payable in accordance with the Company's usual payroll practices. The Company may waive the requirement that you work all or part of the notice of resignation period provided by you. You acknowledge the Company will suffer damages by your failure to provide at least the notice as required herein.

(f) Termination by You for Good Reason

You may terminate your employment for "Good Reason" following the occurrence of any of the following without your written consent: (i) any failure to pay, or material reduction in, Annual Salary and Bonus in accordance with the terms hereof; (ii) if the Company (or any successor entity) intentionally and materially reduces or diminishes your working responsibilities, duties, or position in the Company to such an extent that a reasonable person would not consider such duties commensurate with your role as CEO of the Company; (iii) a requirement by the Company that your primary work location be moved to a place that is more than a one (1) hour commute from your home as of the date of this Agreement; (iii) requiring you to report to someone other than the Board of Directors or a failure by TerrAscend to maintain your position on the Board and/or use its reasonable best efforts to ensure your reelection; or (iv) a material breach by the Company of any other obligations under this Agreement; provided, however, that you shall provide written notice of any such "Good Reason" not later than thirty (30) days after your actual discovery thereof to avail yourself of this right and the Company shall have the opportunity to cure same within thirty (30) days after receipt of such written notice. If the Company does not cure within such time, then you shall, upon written notice to the Company, be entitled to terminate your employment for Good Reason, provided you do so within fifteen (15) days of giving written notice of such Good Reason grounds not so cured. In the event that you terminate your employment for Good Reason, you shall be entitled to the payments and other compensation under the same terms as set forth in section 14(d)(i)-(iv) as if you were terminated without Cause.

14. General

(a) This Agreement shall inure to the benefit of and shall be binding upon your heirs, executors, administrators, successors and legal representatives, and shall inure to the benefit of and be binding upon the Company, TerrAscend and their successors and assigns. You may not assign this Agreement.

(b) A waiver by you or the Company and/or TerrAscend of any breach under this Agreement shall not constitute a waiver of any further breaches of this Agreement

(c) This Agreement, together with the attached Restrictive Covenant Agreement constitute the entire agreement between the Company and TerrAscend and you with respect to your employment and supersedes all prior oral or written negotiations and understandings or representations. You acknowledge that the execution of this Agreement has not been induced by, nor do you rely upon or regard as material, any representations or writings not specifically included or incorporated herein. This agreement and the attached Restrictive Covenant Agreement referenced herein shall not be altered, modified, amended or terminated unless evidenced in writing by the Company.

(d) The Company, TerrAscend and the Employee acknowledge that this Agreement is reasonable, valid and enforceable. However, if any term, covenant, condition or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, it is the parties' intent that such provision be changed in scope by the court only to the extent deemed necessary by that court to render the provision reasonable and enforceable and the remainder of the provisions of this Agreement will in no way be affected, impaired or invalidated as a result.

(e) The Company shall pay for the Executive's reasonable legal fees incurred in negotiating and drafting this Agreement.

(f) This Agreement shall be governed by and interpreted in accordance with the laws of the State of Delaware, without regard to its conflict of law provisions. The parties expressly agree to the exclusive jurisdiction of the state courts and tribunals, as applicable, in the State of Delaware in respect of this Agreement (including but not limited to issues relating to its interpretation, application, enforcement or termination), the relationship between the parties or the cessation thereof.

(g) You acknowledge that you have been given the opportunity to obtain independent legal advice with respect to the nature and consequences of entering into this Agreement. By signing and accepting this Agreement, you acknowledge that the Company and TerrAscend have afforded you the opportunity to obtain independent legal advice in respect of this Agreement.

(h) By your signature below, you acknowledge and agree that any misrepresentation or omission by you regarding your history, skills, experiences and abilities will constitute cause for your immediate dismissal, without notice, pay in lieu of notice, or other Severance Payment obligation.

(i) **Specific Exclusion of Federal Law**. Due to the unique nature of the Company's business and the legal status of cannabis and cannabis-related products and services, any and all references herein to compliance with, or the application of the "law" or "laws," or regulatory authority exercised, or enforcement, by a "governmental agency," or like terms shall specifically and intentionally exclude any federal law, rule or regulation of any federal governmental agency or body that identifies or classifies the growing, production, manufacture, sale and/or possession of cannabis as a crime or otherwise prohibits the growing, production, manufacture, sale and/or possession of cannabis, including, but not limited to, the Federal Controlled Substances Act. Neither party shall interpose a defense of illegality under the Federal Controlled Substances Act to the enforcement of this Agreement.

(j) Sections 12, 13, 14, 15, 16, and 17 of this Agreement shall survive termination of your employment by the Company and/or TerrAscend, together with any other provision that logically ought to so-survive.

15. Indemnification and D&O

TerrAscend shall procure and maintain a Directors and Officers insurance policy during the term of your employment pursuant to which TerrAscend and the Company agree to defend and indemnify you pursuant to TerrAscend's indemnification policy.

16. Conflicts; Integration

Should there be any discrepancy or inconsistency between the terms of any other Agreement, whether referred to herein or not, and this Agreement, the terms of this Agreement shall govern.

17. Publicity

Employee hereby consents to any and all uses and displays, by the Company and its agents, representatives and licensees, of the Employees name, pre-approved voice recordings and quotations, pre-approved likeness, pre-approved image, and pre-approved biographical information in, on or in connection with any pictures, photographs, audio and video recordings, digital images, websites, television programs and advertising, other advertising and publicity, sales and marketing brochures, books, magazines, other publications, CDs, DVDs, tapes, and all other printed and electronic forms and media throughout the world, at any time during the Term, for all legitimate commercial and business purposes of the Company without further consent from or royalty, payment, or other compensation.

18. Representations, Warranties and Covenants

a. Restrictions. You represent and warrant to the Company and TerrAscend that:

(i) There are no restrictions, agreements or understandings whatsoever to which you are a party that would: prevent or make unlawful your execution of this Agreement or your employment hereunder be inconsistent or in conflict with this Agreement or employment hereunder; or prevent, limit or impair in any way the performance by you of your obligations hereunder; and

(ii) You have disclosed to the Company and TerrAscend all restraints, confidentiality commitments or other employment restrictions that you have with any other employer, person or entity. A copy of each such restraint, commitment or other restriction, if applicable, is attached hereto.

b. Obligations to Former Employers. You covenant that in connection with your provision of services to the Company, you will not breach any obligation (legal, statutory, contractual or otherwise) to any former employer or other person, including, but not limited to, obligations relating to confidentiality and proprietary rights.

c. The Company represents and warrants that as of the date hereof, it has provided you with all requested information in an accurate manner and has no undisclosed knowledge of circumstances or past events that may materially negatively impact the Company, the value of the Options, and/or the Company's ability to fulfill its obligations hereunder, including, without limitation, that the Company is, and will remain in compliance with all applicable laws and regulations.

Please carefully read and consider this document and its attachments. It is a condition of this offer that you execute and return the attached policies.

We request that you review, initial each page, sign and date below acknowledging your acceptance of the terms outlined in this letter. Retain a copy of this letter for your records and return an original copy to me no later than May 4, 2020.

Jason, we hope that the opportunities we provide and the values we stand for will encourage you to become an integral part of the TerrAscend team. We look forward to working with you.

Sincerely,

TERRASCEND USA, INC.

By: /s/ Brian Feldman
TerrAscend USA, Inc.

ACCEPTANCE

By my signature below, I confirm that I have read, understand and agree with the foregoing terms, that I have been afforded a reasonable opportunity to consult with independent legal counsel with respect to the above terms before signing below, and that I sign this Agreement freely and voluntarily and without any pressure, duress or undue influence. I have not relied on any representations, inducements or statements, oral or written, which are not contained in this letter.

AGREED TO: /s/ Jason Ackerman

DATE: 05/01/2020

SCHEDULE B

FORM OF
MUTUAL CONFIDENTIAL SEPARATION AND RELEASE AGREEMENT

This Mutual Confidential Separation and Release Agreement (this "**Agreement**") shall serve as a fully binding separation agreement between _____ ("**Employee**") and _____ (the "**Company**" and collectively the "**Parties**"). Employee's employment with the Company is terminated effective _____ (the "**Separation Date**"). Following the Effective Date of this Agreement, and in consideration of the Employee's execution, non-revocation, and assent to all terms and provisions of this Agreement, the Company will pay to Employee the severance benefits outlined below.

Severance Payment. Employee acknowledges and agrees that Employee will not be entitled to any compensation or benefits from the Company, except as expressly provided for in this Agreement, and Employee specifically waives and foregoes all rights to any compensation or benefits of any kind that are not expressly provided to Employee in this Agreement In exchange for Employee executing and not revoking the general release set forth in this Agreement and other valuable consideration given and received by the Parties, the Parties agree as follows:

In consideration of the promises set forth herein, without any other obligation to do so, provided that Employee does not exercise his right to revoke this Agreement as set forth below, the Company will pay Employee severance in the amount of _____ Dollars ($_____), less applicable payroll deductions ("**Severance Payment**"). The Company will pay the Severance Payment on the first regular payday occurring at least eight (8) days after this Agreement is fully executed.

Employee acknowledges and agrees that the Severance Payment referenced above constitute adequate consideration to support the releases set forth in this Agreement and fully compensate Employee for the claims Employee is releasing. For purposes of this Paragraph, "**Consideration**" means the payments and benefits set forth in this Section 0, which are enhanced payments and benefits to which Employee is not already or otherwise entitled to receive.

Employee Release of Claims.

In exchange for the Severance Payment and other consideration set forth herein, the sufficiency of which is hereby acknowledged, Employee (on behalf of Employee, Employee's executors, heirs, administrators, assigns and anyone else claiming by, through or under Employee) irrevocably and unconditionally, fully and forever releases and discharges the Employer, and its predecessors, successors and related and affiliated entities, including parents (including holding companies) and subsidiaries, and each of their respective directors, officers, shareholders, employees, attorneys, insurers, agents and representatives (collectively, the "**Employer Releasees**"), for, from, and with respect to, any and all rights, remedies, demands, actions, causes of action, suits, covenants, contracts, wages, bonuses, damages, and any and all claims, debts, liabilities, liens, and expenses (including reasonable attorneys' fees and costs) whatsoever of any name or nature both in law and in equity that Employee now has, ever had, or may in the future have against the Employer Releasees (severally and collectively, "**Employee Claims**") related to anything occurring prior to Employee's execution of this Agreement, for or by reason of any matter, cause or thing whatsoever (as allowed by law), with the exception of Employee Claims arising out of or attributable to: (i) events, acts, or omissions taking place after the Parties' execution of the Agreement; and/or (ii) breach by Employer of any terms and conditions of the Agreement. Without limiting the generality of the foregoing, this waiver and release of claims includes any and all Employee Claims in tort or contract, whether by statute or common law, and any Employee Claims relating to or arising out of salary, wages, bonuses, stock options, equity compensation, stock ownership and commissions, the breach of an oral or written contract, breach of fiduciary duty, rights to indemnification and contribution, unjust enrichment, promissory estoppel, misrepresentation, defamation, and interference with prospective economic advantage, interference with contract, wrongful termination, intentional and negligent infliction of emotional distress, negligence, breach of the covenant of good faith and fair dealing, and Employee Claims arising out of, based on, or connected with Employee's employment with or termination from the Employer, including any Employee Claims for unlawful employment discrimination of any kind, whether based on age, race, sex, disability or otherwise, including claims arising under or based on Title VII of the Civil Rights Act of 1964, as amended; or any other relevant antidiscrimination laws or state statutes or municipal ordinances related to discrimination; the Age Discrimination in Employment Act ("**ADEA**"), as amended; the Older Workers Benefit Protection Act ("**OWBPA**"); the Civil Rights Act of 1991, as amended; the Family and Medical Leave Act; the Americans with Disabilities Act; the Fair Labor Standards Act; the Employee Retirement Income Security Act; the Equal Pay Act of 1963; the Delaware Labor Code, and any other local, state or federal equal employment opportunity or antidiscrimination law, statute, policy, order, ordinance or regulation affecting or relating to Employee Claims that Employee ever had, now has, or claims to have against the Employee Releasees (collectively, the "**Employee Released Claim(s)**").

Except as set forth below, Employee agrees not to prosecute, maintain or institute any action at law, suit or proceeding of any kind or nature whatsoever

against Company for any reason related in any way to any Employee Released Claim. Employee further agrees that Employee will not raise any claim against Company by way of defense, counterclaim or cross-claim or in any other manner, on any alleged claim, demand, liability or cause of action released herein. At the time of Employee's execution of this Agreement, Employee represents that there are no claims, complaints or charges pending against Company in which Employee is a party or complainant. Further, Employee acknowledges and agrees there are no non-asserted workers' compensation claims through the date of Employee's execution of this Agreement. Employee agrees not to assert any Employee Released Claim in a class or collective action and further agrees not to become, and promises not to consent to become, a member (including a representative class plaintiff) of any class in a case brought in court or in arbitration in which claims are asserted against any of the Employer Releasees that are related in any way to Employee's employment with or termination from Company and/or that involve events which have occurred on or prior to the Effective Date of this Release. If Employee, without Employee's prior knowledge and consent, is made a member of a class in any proceeding, whether in court or in arbitration, Employee will opt out of the class at the first opportunity afforded to him/her after learning of Employee's inclusion.

Employee understands that nothing in this Agreement is intended to interfere with or deter Employee's right to challenge the waiver of an ADEA claim or state law age discrimination claim or the filing of an ADEA charge or ADEA complaint or state law age discrimination complaint or charge with the EEOC or any state discrimination agency or commission or to participate in any investigation or proceeding conducted by those agencies. Further, Employee understands that nothing in this Agreement would require Employee to tender back the money received under this Agreement if Employee seeks to challenge the validity of the ADEA or state law age discrimination waiver, nor does the Employee agree to ratify any ADEA or state law age discrimination waiver that fails to comply with the Older Workers' Benefit Protection Act by retaining the money received under the Agreement. Further, nothing in this Agreement is intended to require the payment of damages, attorneys' fees or costs to the Company should Employee challenge the waiver of an ADEA or state law age discrimination claim or file an ADEA or state law age discrimination suit except as authorized by federal or state law.

This release specifically excludes (i) any claim which cannot be released by private agreement, such as workers' compensation claims, claims after the Effective Date of this Agreement (as defined below); (ii) the right to file administrative charges with certain government agencies; and (iii) any and all rights to vested benefits. In particular, nothing in this Agreement shall be construed to prohibit Employee from filing a charge with, making a complaint to, or participating in any investigation or proceeding conducted by the Equal Employment Opportunity Commission, National Labor Relations Board, or a comparable state or local agency, or to the Securities Exchange Commission or Internal Revenue Service. Employee agrees to waive the right to receive future monetary recovery directly from Employer, including Employer payments that result from any complaints or charges that Employee files with any governmental agency or that are filed on Employee's behalf.

Important Notice to Employee Concerning Release of Claims under the Age Discrimination in Employment Act. Employee hereby acknowledges that Employee knowingly and voluntarily enters into this Agreement, which is made in accordance with the Older Workers' Benefit Protection Act (" **OWBPA**"), and is made with the purpose of waiving and releasing any age discrimination claims Employee may have under the Age Discrimination in Employment Act of 1967 ("**ADEA**"). Employee further acknowledges and agrees that:

this Agreement is written in a manner in which Employee fully understands;

Employee specifically waives any rights or claims arising under the ADEA and OWBPA;

this Agreement does not waive rights or claims under the ADEA and OWBPA that may arise after the date this Agreement is executed;

the rights and claims waived in this Agreement are in exchange for consideration over and above anything to which Employee is already entitled;

Employee has been advised in writing to consult with an attorney prior to executing this Agreement, and has, in fact, had an opportunity to do so;

Employee has been given a period of up to at least 21 days, if desired, within which to consider this agreement;

Employee has a period of 7 days within which Employee can revoke this agreement, and the agreement shall not be effective until the seven-day revocation period has been exhausted. Thus, the Effective Date of this Agreement is the eighth day after this Agreement has been executed, providing it was not revoked ("**Effective Date**"). Notice of revocation must be delivered in writing and received by the Company at the address of the Company set forth on the signature page hereto, by the end of the 7-day revocation period; and

Any changes made to this Agreement, whether material or immaterial, will not restart the running of this 21-day period.

Employer Release of Claims. In exchange for the Employee's release of Claims against the Employer Releasees, Employer and its predecessors, successors, and related and affiliated entities, including parents (including holding companies) and subsidiaries, and each of their respective directors, officers, shareholder, employees, attorneys, insurers, agents and representatives (collectively, the Employee Releasees) irrevocably and unconditionally, fully and forever releases and discharges the Employee, Employee's executors, heirs, administrators, assigns and anyone else claiming by, through or under Employee, for, from, and with respect to, any and all rights, remedies, demands, actions, causes of action, suits, covenants, contracts, wages, bonuses, damages, and any and all claims, debts, liabilities, liens, and expenses (including reasonable attorneys' fees and costs) whatsoever of any name or nature both in law and in equity that Employer now has, ever had, or may in the future have against the Employee Releasees (severally and collectively, "**Employer Claims**") related to anything occurring prior to Employee's execution of this Agreement, for or by reason of any matter, cause or thing whatsoever (as allowed by law), with the exception of Employer Claims arising out of or attributable to: (i) events, acts, or omissions taking place after the Parties' execution of the Agreement; and/or (ii) breach by Employer of any terms and conditions of the Agreement (collectively, "**Employer Released Claims**").

Except as set forth herein, Employer agrees not to prosecute, maintain or institute any action at law, suit or proceeding of any kind or nature whatsoever against Employee for any reason related in any way to any Employer Released Claim. Employer further agrees that Employer will not raise any claim against Employee by way of defense, counterclaim or cross-claim or in any other manner, on any alleged claim, demand, liability or cause of action released herein. At the time of Employer's execution of this Agreement, Employer represents that there are no claims, complaints or charges pending against Employee in which Employer is a party or complainant.

Mutual Acknowledgement. Each Party represents that it has not engaged in, nor is it aware of, any unlawful or other misconduct which could give rise to a claim that is released by this Agreement.

Confidentiality.

In addition, each Party agrees to keep the terms, conditions and circumstances of Employee's separation from the Company confidential and to not aid or render assistance in any form to any person or entity pursuing, or that may in the future pursue, any claim against the Company or its officers, directors, shareholders, employees or affiliates of any nature unless required to do so by law.

Each Party acknowledges and agrees to keep the terms, amount, and facts of, and any discussions leading up to, this Agreement STRICTLY AND COMPLETELY CONFIDENTIAL, and that neither Party will communicate or otherwise disclose to any other person, the terms, amounts, copies, or fact of this Agreement, except as may be required by law or compulsory process; provided, however, that Employee may make such disclosures to Employee's spouse, tax/financial advisors or legal counsel as long as they agree to keep the information confidential. If asked about any of such matters, Employee's response shall be that Employee may not discuss any of such matters.

Employee's Return of Company Property and Transition Obligations. Employee agrees to execute any paperwork necessary and otherwise cooperate in full with the Company's efforts to transfer to the Company all data, phone, internet or website access, and fax lines and/or numbers currently maintained by Employee for the purpose of conducting business on behalf of the Company. Any and all transfer fees incurred will be the responsibility of the Company. Upon such transfer, the Company shall be the sole authorized user of all such data, phone, and fax lines and/or numbers. Employee further agrees to immediately return to Company employee identification badge, keys, and all Company-owned equipment, data, lists, forms, and documents (paper and electronic) and will not maintain copies of the same in any form, whether tangible or intangible, hard copy or electronic.

Miscellaneous.

Governing Law and Venue. The validity, interpretation, construction and performance of this Agreement, and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the state of Delaware, without giving effect to principles of conflicts of law. For purposes of litigating any dispute that may arise directly or indirectly from this Agreement, the parties hereby submit and consent to the exclusive jurisdiction of the state of Delaware and agree that any such litigation shall be conducted only in the state courts of Delaware. Neither Party shall remove, or seek to remove, any such litigation to federal court, even if there may be grounds to do so (e.g., diversity jurisdiction or otherwise).

Entire Agreement. This Agreement sets forth the entire agreement and understanding of the parties relating to the subject matter herein and supersedes all prior or contemporaneous discussions, understandings and agreements, whether oral or written, between them relating to the subject matter hereof, except for the Confidentiality and Invention and the surviving sections of the _____ DATE Employment Agreement (per section 20 (h) of that Agreement) that you signed upon hire.

Amendments and Waivers. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, shall be effective unless in writing signed by the parties to this Agreement. No delay or failure to require performance of any provision of this Agreement shall constitute a waiver of that provision as to that or any other instance.

Successors and Assigns.

Company's Successors. This Agreement shall be binding upon any successor (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets. For all purposes under this Agreement, the term "**Company**" shall include any successor to the Company's business or assets that becomes bound by this Agreement.

Your Successors. This Agreement and all of your rights hereunder shall inure to the benefit of, and be enforceable by, your personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

Notices. Any notice, demand or request required or permitted to be given under this Agreement shall be in writing and shall be deemed sufficient when delivered personally or by overnight courier or sent by email, or 48 hours after being deposited in the U.S. mail as certified or registered mail with postage prepaid, addressed to the party to be notified at such party's address as set forth on the signature page, as subsequently modified by written notice, or if no address is specified on the signature page, at the most recent address set forth in the Company's books and records.

Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, (ii) the balance of the Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of the Agreement shall be enforceable in accordance with its terms.

Construction. This Agreement is the result of negotiations between and has been reviewed by each of the parties hereto and their respective counsel, if any; accordingly, this Agreement shall be deemed to be the product of all of the parties hereto, and no ambiguity shall be construed in favor of or against any one of the parties hereto.

Counterparts. This Agreement may be executed in any number of counterparts, either manually or electronically, each of which when so executed and delivered shall be deemed an original, and all of which together shall constitute one and the same agreement.

Electronic Delivery. The Company may, in its sole discretion, decide to electronically sign and deliver any documents related to this Agreement or any notices required by applicable law or the Company's Certificate of Incorporation of Incorporation or Bylaws by email or any other electronic means. The undersigned hereby consents to receive such documents and notices by such electronic delivery and agrees to participate through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

The Parties agree that the offer or execution of this Agreement is not an admission of liability of any nature by the Company or Employee and that it cannot be used in any proceeding other than one to enforce its terms.

PLEASE READ CAREFULLY. THIS AGREEMENT INCLUDES THE RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS AND MUST BE RETURNED BY DATE TO BE VALID.

AGREED:

THE COMPANY:

By:

ADDRESS:

_____

_____

EMAIL: _____

EMPLOYEE:

(SIGNATURE)

ADDRESS:

_____

_____

EMAIL: _____

TERRASCEND

WITHOUT PREJUDICE

March 6, 2020

BY EMAIL

Michael Nashat

Dear Michael:

This is further to my letter to you dated January 21, 2020 confirming your employment with TerrAscend Corp. (the "**Company**") ceased effective January 23, 2020 (the "**Termination Date**"). The January 21, 2020 letter confirmed that, notwithstanding such termination of employment, you will continue to serve as a Director on the Company's Board.

The purpose of this letter is to set out the final settlement terms with respect to the termination of your employment.

Subject to you executing this letter and the attached Release and Indemnity, the Company will:

(a) provide you with six (6) months of salary continuance based on your base salary, less deductions required by law;

(b) continue to make its premium contributions on your behalf so as to provide for your participation in the Company' s group benefit plans for the amount of time that you are receiving salary continuance as stated above in paragraph (a); and

(c) pay to you any wages and accrued vacation pay, if any, as of the Termination Date (collectively, the "**Offer**").

This Offer is inclusive of your entitlements under Ontario's *Employment Standards Act, 2000* and your contractual entitlements set out in your employment agreement dated as of May 1, 2018 (the "**Employment Agreement**").

Please note that pursuant to the terms of the Company's Employee Stock Option Plan, as a Director of the Company you will remain a Reporting Insider and your stock options shall continue to be governed as per the Company' s Employee Stock Option Plan and Insider Trading Policy, as amended from time to time.

On the Termination Date, you are required to return any Company property in your possession, including but not limited to any software, passcards, keys and electronic devices. Under no condition are you to reproduce and/or retain a copy of any Company property, unless you are doing so in your capacity as a Director of the Company.

We also take the opportunity to remind you of your ongoing confidentiality, non-competition and non-solicitation obligations set out in the Employment Agreement. These obligations continue notwithstanding the termination of your employment.

Additionally, you agree: (i) not to sell any of your shares until June 30, 2020 (the "First Period"); and (ii) not to sell more than 10% in any calendar month of the Monthly Trading Volume (as defined below) for the following 12 months (the "Second Period"). "Monthly Trading Volume" means, for any given calendar month, the average monthly trading volume of the previous twelve months. You also agree to reasonably cooperate with the Company and their attorneys or other legal representatives in connection with any claim, charge, litigation , arbitration, or other judicial or administrative proceeding that is now pending or may hereinafter be brought by or against the Company, including appearing at depositions, hearings, trials, and other proceedings without the necessity of a subpoena or other legal process, in order to state truthfully your knowledge of the matters at issue. The Company shall reimburse your reasonable expenses in connection with your cooperation in any such matter. You will be permitted to do a cashless exercise of your 350,000 stock options in the Company beginning on the first business day following the current blackout period provided that a trading window exists and there is not another applicable blackout period in effect. You will be responsible for all required remittance and tax payments to the Canada Revenue Agency that are related to the exercise of the stock options.

If you have any questions regarding the above or any matter, please speak to me.

Yours truly,

/s/ Jason Ackerman

Jason Ackerman
Executive Chairman

I acknowledge receipt of a copy of this letter and accept the terms as outlined above.

Date:

/s/ Michael Nashat
Michael Nashat

TERRASCEND

RELEASE AND INDEMNITY

IN CONSIDERATION of the terms and conditions of settlement set out in the letter from Jason Ackerman to Michael Nashat dated March 6, 2020 (the "Settlement")and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I, Michal Nashat, on behalf of myself, my heirs, successors, administrators and assigns (collectively referred to as the "**Releasor**") release and forever discharge TerrAscend Corporation, along with any parent, subsidiary, affiliated and associated person or entity,

and together with all respective officers, directors, employees, servants and agents and their successors , administrators and assigns (collectively referred to as the "**Releasee**"), jointly and severally from any claim I may now have, or may hereinafter have, whether known or unknown at the time of signing this Release and Indemnity , in any way relating to my engagement, hiring, or employment by, or the cessation of my engagement or employment with, the Releasee. For purposes of clarity , this includes , but is not limited to, any claim, demand , action , cause of action, contract, covenant, whether express or implied for, or related to group insurance benefits (including disability bene fits, loss of benefits, or failure to provide benefits) bonus payment(s), vacation pay, notice of termination or pay in lieu, severance pay, indemnity , costs, interest , and/or loss or injury of every nature and kind whatsoever and howsoever arising, whether statutory or otherwise and specifically including, but not limited to, any claim under each of the Ontario *Employment Standards Act, Human Rights Code, Labour Relations Act, Pay Equity Act and the Occupational Health and Safety Act*, and any successor legislation.

AND FOR THE SAID CONSIDERATION, I hereby confirm I have considered whether I may have, and confirm I do not have an existing, planned or possible claim against the Releasee pursuant to the Ontario *Human Rights Code*, and I seek no right or remedy in respect of any such claim.

AND FOR THE SAID CONSIDERATION, I further acknowledge, covenant and warrant I have not filed with any court, tribunal, commission or agency, *etc.*, including, but not limited to, the Employment Standards Branch of the Ministry of Labour, Ontario Labour Relations Board, Human Rights Tribunal of Ontario or Pay Equity Commission of Ontario, any claim, complaint or application, and if such a claim, complaint or application has been filed, this Release and Indemnity , entered into freely and without duress, constitutes a full and final bar and/or answer to such claim, complaint or application. For clarity, I agree that, as a condition of the Settlement, I will take all necessary steps to ensure the withdrawal or dismissal of such claim, complaint or application.

AND FOR THE SAID CONSIDERATION, I further acknowledge, covenant and agree that in the event I should hereafter make any claim, complaint, application or demand or take any action or proceeding against the Releasee in connection with any matter covered by this Release and Indemnity , or threaten to do so, this document may be raised as an estoppel and complete bar to any such claim, complaint, demand , action or proceeding, and I will be liable to the Releasee for its costs and expenses, including reasonable legal fees, incurred in responding thereto.

AND FOR THE SAID CONSIDERATION, I further acknowledge, covenant and agree I shall not make any claim, demand, complaint, or commence any action or proceeding in connection with any matter covered by this Release and Indemnity against any other person who might claim contribution or indemnity from the Releasee by virtue of the said claim or proceeding. I agree that if any such claim, demand, action or proceeding is made by me or on my behalf, the Releasee may raise this document as an estoppel and complete bar to any such claim, demand, complaint or proceeding, and I will be liable to the Releasee for its costs and expenses, including reasonable legal fees, incurred in responding thereto.

AND FOR THE SAID CONSIDERATION, I further acknowledge, covenant and agree to save harmless and indemnify the Releasee from and against all claim, charge, tax, penalty or demand which may be made by the Canada Revenue Agency requiring the Releasee to pay income tax, a charge, a tax, or a penalty under any law including , but not limited to, the Income Tax Act (Canada), in respect of amount paid to me, in excess of income tax withheld, and in respect of any claim, charge, tax or penalty and demand which may be made on behalf of or related to the Employment Insurance Commission and Canada Pension Commission or any other government agency or commission under the applicable statutes and regulations with respect to any amounts which may in the future be found to be payable by the Releasee in respect of the Releasor.

AND FOR THE SAID CONSIDERATION, I further acknowledge, covenant and agree that during my engagement or employment I acquired business, operational, financial, technical and other information, which is confidential and proprietary in nature, belonging to the Releasee, its clients or customers and employees (the "Confidential Information"). I expressly acknowledge the release of any Confidential Information would constitute a significant detriment to the Releasee, and confirm I shall continue to hold all Confidential Information confidential following the cessation of my engagement or employment with the Releasee and I shall not use or disclose any Confidential Information in any manner without the express, prior, written permission of the Releasee.

AND FOR THE SAID CONSIDERATION, I further acknowledge, covenant and agree that I will at all times refrain from making any disparaging, critical or other negative comments, written or oral (including through social media communications), true or not, respecting the Releasee, its operations or business, or its current or former employees, officers or directors.

I AGREE AND ACKNOWLEDGE the consideration provided by the Releasee herein is not deemed to be an admission of liability on the part of the Releasee.

I AGREE AND ACKNOWLEDGE in the event any provision of this Release and Indemnity is deemed void, invalid or unenforceable by a court of competent jurisdiction, the remaining provisions shall remain in full force and effect.

I ACKNOWLEDGE AND CONFIRM I have been afforded sufficient opportunity to obtain independent legal advice with respect to the details of the Settlement and this Release and Indemnity. I further confirm I have read this Release and Indemnity, understand it, and am executing it voluntarily and without duress having been afforded the opportunity to obtain legal advice and having either received such advice or chosen not to do so.

IN WITNESS WHEREOF, the Releasor has duly executed this Release and Indemnity this _____ day of _____ 2020, in the presence of the witness whose signature is subscribed below.

Witness	**Michael Nashat**

Exhibit 10.13

SEPARATION AGREEMENT AND GENERAL RELEASE

This Separation Agreement and Release ("**Agreement**") is entered into between Greg Rochlin ("**Employee**") and TerrAscend Corp., its affiliated companies (collectively, "**Company**"). The Company and Employee are referred to each in this Agreement as a Party and collectively referred to in this Agreement as the "**Parties**" This Agreement shall become effective on the eighth day after Employee signs and delivers to the Company without revoking this Agreement ("**Effective Date**").

WHEREAS, Employee's last day of employment with the Company is July 9.2021;

WHEREAS, the Parties want to resolve cooperatively Employee's separation of employment with the Company and Employee's Options;

WHEREAS, pursuant to a Letter Agreement dated December 3, 2020, Employee was required to execute and be bound by a Non-Competition, Non-Solicitation and Confidentiality Agreement ("**Restrictive Covenant Agreement**") as a condition of employment;

WHEREAS, Employee is subject to continuing obligations, including specifically all confidentiality, assignment of inventions, cooperation, non-competition and non-solicitation provisions (except for any waivers provided herein);

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein, and intending to be legally bound hereby, the Company and Employee hereby agree as follows:

1. **Accrued Payments And Benefits; Existing Obligations**. Regardless of whether Employee signs this Agreement:

(a) Employee's last day of employment with the Company will be July 9, 2021 (the "**Separation Date**").

(b) The Company will pay Employee's current base salary through his Separation Date in accordance with the Company's regular payroll practices. Employee will receive his final paycheck reflecting all earned and unpaid wages on or before the Company's next regular pay day following Employee's separation date.

(c) Employee shall be paid out all accrued and unused PTO, if any, that shall have been earned us of the Separation Date on the next regularly scheduled payroll date after the Separation Date. It is acknowledged and agreed that Employee has 80 hours of accrued and unused PTO.

(d) The Company will continue Employee's medical, and dental insurance, at active employee rates through July 31, 2021, in accordance with the Benefits Plan Documents. Additionally, to the extent you satisfy the requirements to be an Assistance Eligible Individual under the American Rescue Plan Act of 2021, the Company will subsidize the full cost of your Consolidated Omnibus Budget and Reconciliation Act ("COBRA") premium payments for continued group health coverage under the Company health plan (at the coverage levels in effect immediately prior to your Termination Date) from the first day of the month following the Termination Date until September 30, 2021, provided that you timely elect such coverage, remain eligible for such coverage, and otherwise continue to satisfy the requirements as an Assistance Eligible Individual. Beginning October 1, 2021, the Company will reimburse Employee for the full cost of Employees COBRA benefits for two additional months, including specifically November and December 2021. Beginning January 1, 2022, Employee will be responsible for the full cost of COBRA benefits, unless otherwise provided by law unless otherwise provided by law.

(e) Employee is subject to continuing obligations pursuant to the Restrictive Covenant Agreement in connection with his Employment Agreement. However, as it relates to Non-Competition, such restrictions shall be waived by the Company us of January 1, 2022.

(f) Employee's eligibility to participate in all other Company-sponsored group benefits, including group life, disability, and accidental death and dismemberment coverage, ended on the Separation Date.

(g) Your eligibility to participate in all the Company sponsored 401 k plans will end on your Separation Date.

(h) Employee shall execute the letter attached hereto as **Exhibit A** effectuating his resignation from (i) all Company boards, including but not limited to any Company related entities, and (ii) all officer, director, or manager positions that he holds with subsidiaries of the Company, including specifically, TerrAscend USA, Inc on his Separation Date.

2. **Payments and Benefits**. In consideration for signing this Agreement and complying with its terms, the Company agrees to provide the following payments and benefits to Employee ("**Payments and Benefits**"):

(a) Severance. The Company shall pay to Employee a severance payment in the gross amount of $250,000, representing six months of Employee's last annual salary, less applicable deductions and withholdings in accordance with Company's regular payroll, which shall be paid in a lump sum payment within 14 days of the Effective Date of the Agreement ("**Severance Payment**").

(b) Bonus. Employee will be paid his bonus for Q2 2021, consistent with the Employment Agreement when said bonus has been calculated. Employee shall not be entitled to any further amounts for 2021 bonus as he will no longer be employed during the relevant calculation period.

(c) Options. In connection with his employment, Employee was granted the option to purchase shares of TerrAscend Corporation ("TerrAscend") stock (CSE; TER) (OTCQX; TRSSF) ("**Options**") pursuant to the terms set out in the TerrAscend Stock Option Plan (the "**Plan**"). The Options are governed by the Plan, and thus the Parties mutually understand that Employee's rights thereunder may not be amended pursuant to this Agreement, and or without express permission of the appropriate corporate governing body (or bodies). Notwithstanding, the Company shall recommend the following with respect to unvested Options ("Accelerated Unvested Options"):

- that Employee shall be entitled to 111,111 Options at an exercise price of CN$3.40, that these stock options will be deemed to have vested on his Separation Date, and he shall be permitted to exercise such options up to and including November 27, 2024.
- that Employee shall be entitled to 291,667 Options at an exercise price of CN$5.02, that these stock options will be deemed to have vested on his Separation Date, and he shall be permitted to exercise such options up to and including January 1, 2026.

(d) Vested Options. All previously vested Options shall remain vested and nothing in this Agreement shall be interpreted in a manner to impact Options that arc vested and are rightfully held by Employee.

3. **Acknowledgments**. Employee agrees and represents that the following are true and correct;

(a) Employee's last day of employment with the Company is July 9, 2021 ("**Separation Date**"), and the Company has no future obligation to re-employ Employee.

(b) Employee has received all amounts/monies due from the Company through the Separation Date including but not limited to the following: (i) all wages or other compensation and benefits earned, (ii) payment for all accrued but unused paid vacation time, (iii) reimbursement for all reasonable and necessary business expenses. Employee is not entitled to any monies, compensation or benefits from the Company, unless expressly set forth in this Agreement. Any monies, compensation or benefits provided for under this Agreement shall become due only if the Effective Date occurs and Employee complies with all of the promises and conditions contained herein.

(c) Employee understands and agrees that if the Company decides that Employee has breached any of the promises or covenants in this Agreement, or Employee's duty of loyalty to the Company, Employee will not be eligible to receive the Payments and Benefits in Section 2, and if already paid, Employee agrees to repay the Company for any Payments and Benefits received by Employee pursuant to this Agreement, less Five Hundred Dollars ($500).

4. **Restrictive Covenant Agreement**. The Parties agree that as of the Effective Date, the Restrictive Covenant Agreement will be modified as follows: Employee cannot compete with the Company up to and including December 31, 2021 in New Jersey, Pennsylvania, California, Georgia and Maryland, and Employee cannot solicit any Company employees, regardless of the state where the employee is located, up to and including December 31, 2021. For the sake of clarity, the Parties agree that beginning January 1, 2022, Employee may both compete against the Company and solicit employees from the Company. Notwithstanding that the restrictions on competition and solicitation will expire on December 31, 2021, Employee continues to be bound by all confidentiality obligations, including specifically, that Employee shall return to Company all Confidential Information and Trade Secrets in Employee's possession regardless of the form in which any such materials are kept, and Employee shall not disclose, divulge, report, download, transmit, store, transfer or use, for any purposes whatsoever, any such Confidential Information and Trade Secrets.

5. **Employee Protections**. Nothing in this Agreement prevents or otherwise limits Employee's ability to communicate directly with and provide information, including documents not otherwise protected from disclosure by any applicable law or privilege, to the Securities and Exchange Commission or any other federal, state, provincial, or local governmental agency or commission ("**Government Agency**") regarding possible legal violations, without disclosure to the Company. The Company may not retaliate against Employee for any of these activities.

6. **General Waiver & Release by Employee**. Except as specifically identified herein, Employee, on behalf of himself, and Employee's heirs, executors, administrators, agents, and/or assigns, does hereby knowingly and voluntarily **RELEASE AND FOREVER DISCHARGE** the Company and all of its parents and their respective subsidiaries, affiliates, divisions, insurers, predecessors, and successor corporations and business entities, past, present and future, and its and their agents, directors, officers, employees, attorneys, shareholders, insurers and reinsurers, representatives and employee benefit plans (and the trustees, administrators, fiduciaries, agents, insurers, and reinsurers of such plans) past, present, and future, both individually and in their business capacities, and their heirs, executors, administrators, predecessors, successors, and assigns (collectively, the "**COMPANY RELEASEES**"), of and from any and all legally waivable claims, causes of actions, suits, lawsuits, debts, and demands whatsoever in law or in equity, known or unknown, vested or contingent, suspected or unsuspected, which Employee ever had, now has or which Employee's heirs, executors, administrators, or assigns hereafter may have arising out of or relating to (a) facts, events, occurrences, or omissions up to and including the date this Agreement is signed by Employee, as a result of Employee's employment by the Company or any of the other Company Releasees, or (b) the termination of Employee's employment with the Company or any of the other Company Releasees.

(a) **Included Claims**. The claims being waived and released include, without limitation

i. any and all claims of violation of any United States or non-U.S. federal, state, provincial, and local law arising from or relating to Employee's recruitment, hire, employment, and termination of employment with the Company or any of the other Company Releasees;

ii. any and all claims of wrongful discharge, unjust dismissal, constructive discharge, emotional distress, defamation, libel, slander, misrepresentation, fraud, detrimental reliance, breach of contractual obligations, promissory estoppel, negligence, assault and battery, attorneys' fees, and violation of public policy;

iii. to the fullest extent permitted by law, any and all claims to disputed wages, compensation, and benefits, including any claims for violation of applicable federal, state, provincial or local statutes, laws, or regulations relating to wages and hours of work;

iv. any and all claims for violation of any federal, state, provincial, or local statute or regulation relating to termination of employment, unlawful discrimination, harassment, or retaliation under applicable federal, state, provincial, and local constitutions, statutes, laws, and regulations (which includes, but is not limited to, Title VII of the Civil Rights Act of 1964, 42 U.S.C. 1981 through 1988, the Employee Retirement Income Security Act ("ERISA"), the family and Medical Leave Act of 1993, the Americans with Disabilities Act, the Rehabilitation Act, the Equal Pay Act, the National Labor Relations Act, and the Worker Adjustment and Retraining Notification Act);

v. any and all claims for violation of the Pennsylvania Human Relations Act, Pennsylvania Whistleblower Law, the Pennsylvania Minimum Wage Act, the Pennsylvania Wage Payment and Collection Law, all as amended, and all other state and local laws that may be legally waived;

vi. any and all claims for monetary damages and any other form of personal relief; and

vii. any other claims waivable under federal, state, provincial, or local statute, law, rule, or regulation, or under common law.

(b) **No Claims Filed**. Employee warrants and represents that Employee has neither filed nor caused to be filed any charges, claims, complaints, or actions against the Company or any of the other Company Releasees before any federal, state, provincial, or local administrative agency, board, court or other forum.

(c) **Unknown Claims**. In waiving and releasing any and all claims against the Company Releasees, *whether or not now known* to Employee, Employee understands that this means that if Employee later discovers facts different from or in addition to those facts currently known by Employee, or believed by Employee to be true, the waivers and releases of this Agreement will remain effective in all respects -- despite such different or additional facts and Employee's later discovery of such

facts, even if Employee would not have agreed to this Agreement if Employee had prior knowledge of such facts.

(d) **Exceptions**. Nothing in this Agreement is intended to waive claims that cannot be waived by agreement as a matter of law. The claims that are not being waived and released by Employee under this Section 6 include any claims for the following:

i. unemployment, workers compensation, state disability, and/or paid family leave insurance benefits pursuant to the terms of applicable state law;

ii. continuation of existing participation in Company-sponsored group health benefit plans, at Employee's full expense, under the United States federal law known as "COBRA" and/or under any applicable state counterpart law if Employee properly and timely elects such continuation benefits and satisfies all requirements under COBRA;

iii. any benefit entitlements that are vested as of the Separation Date pursuant to the terms of a Company-sponsored benefit plan, policy, or other arrangement, whether or not governed by the United States federal law known as "ERISA";

iv. violation of any United States or non-U.S. federal, state, provincial, or local statutory and/or public policy right or entitlement that, by applicable law, is not waivable;

v. any wrongful act or omission occurring after the date Employee signs this Agreement; and

vi. breach of this Agreement.

(e) **Excluded Claims**. Notwithstanding the foregoing, nothing in this Agreement prevents or is intended to prevent Employee from Filing a charge with, reporting possible violations of law to, testifying, assisting or participating in any investigation, hearing or whistleblower proceeding conducted by, the U.S. Equal Employment Opportunity Commission, the Pennsylvania Human Relations Commission, or other similar federal, state, or local administrative agencies, or any similar federal, state, provincial or local Governmental Agency (e.g., NLRB, SEC, etc.), nor does anything in this Agreement preclude, prohibit, or otherwise limit, in any way Employee's rights and abilities to contact, communicate with, report matters to, or otherwise participate in any whistleblower program administered by any such agencies. However, to the maximum extent permitted under law, this Agreement fully and finally resolves all monetary matters between Employee and the Company, and by signing this Agreement. Employee is waiving any right to monetary damages, attorneys' fees and/or costs related to or arising from any such charge, complaint or lawsuit filed by Employee or on Employee's behalf, individually or collectively.

7. **Defend Trade Secrets Act**. Pursuant to Section 7 of the Defend Trade Secrets Act of 2016 (which added 18 U.S.C. § 1833(b)), Employee acknowledges that Employee shall not have criminal or civil liability under any federal, state, provincial or local trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a federal, state, provincial, or local government official, either directly or indirectly, or to an attorney and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition and without limiting the preceding sentence, if Employee files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Employee may disclose the trade secret to Employee's attorney and may use the trade secret information in the court proceeding, if Employee (X) files any document containing the trade secret under seal and (Y) does not disclose the trade secret, except pursuant to court order. Nothing in this Agreement is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by such Section.

8. **Confidentiality**. In addition, each Party agrees to keep the terms, conditions and circumstances of Employee's separation from the Company confidential and to not aid or render assistance in any form to any person or entity pursuing, or that may in the future pursue, any claim against the other Party or its officers, directors, shareholders, employees, affiliates, heirs, executors, administrators, agents, and/or assigns (as applicable) of any nature unless required to do so by law. Unless otherwise required by law or court order, if asked about the nature of Employee's separation from employment with the Company, the Parties shall limit their respective responses to stating that Employee "is no longer with the Company" or words to similar effect.

9. **No Admission**. Nothing about the fact or content of this Agreement shall considered to be or treated by Employee or the Company as an admission of any wrongdoing, liability, or violation of law by Employee or by any Releasee.

10. **Consideration Period; Effective Date**. Employee has twenty-one (21) days following receipt of this Agreement to consider whether Employee wishes to sign this Agreement. Once Employee signs and delivers this Agreement to the Company Employee will have a period of seven (7) calendar days to revoke it by delivering written notice of revocation to the Company by hand delivery or by facsimile or email transmission to the address stated in Section 12, below. To be effective, any such revocation must be received by the Company no later than 5 P.M. on the seventh calendar day following the day Employee signs and delivers this Agreement to the Company. **If Employee does not sign and deliver this Agreement within the twenty-one (21) day period following the Separation Date or if the Employee revokes his signed Agreement within the seven (7) day revocation period described above, this Agreement shall expire and Employee shall not be entitled to any of the payments described in Section 2.**

11. **Non-Disparagement or Harm**

(a) Employee hereby agrees and promises that Employee will not make, publish, or cause to be made or published, whether orally, or in written or electronic form, any false or disparaging statements or comments, which in any way relate to, refer to, or otherwise concern the Company or any of its officers, directors, executives, employees, affiliates, agents, and representatives. Provided that nothing in this Agreement shall preclude Employee from communicating or testifying truthfully (i) to the extent required or protected by law, (ii) to any Governmental Agency, (iii) in response to a subpoena to testify issued by a court of competent jurisdiction, or (iv) in any action to challenge or enforce the terms of this Agreement.

(b) The Company shall us its best efforts to cause its officers, directors, senior executives, and representatives of the foregoing not to make, publish, or cause to be made or published, whether orally, or in written or electronic form, any false or disparaging statements or comments, which in any way relate to, refer to, or otherwise concern the Employee. Provided that nothing in this Agreement shall preclude such Company officers, directors, senior executives, and representatives thereof from communicating or testifying truthfully: (i) to the extent required or protected by law, (ii) to any Governmental Agency, (iii) in response to a subpoena to testify issued by a court of competent jurisdiction, or (iv) in any action to challenge or enforce the terms of this Agreement. The Company will not ratify or condone any disparagement of Employee by any of its officers, directors, executives, management employees, affiliates, agents, representatives. The Company will direct the following individuals not to disparage Employee, whether orally, or in written or electronic form: Members of the Board of Directors as of the date of the execution of this Agreement, officers of TerrAscend Corporation and officers of affiliates, at the time of the execution of this /Agreement.

12. **Consultation with Counsel; Reasonable Opportunity to Consider this Agreement; Knowing and Voluntary Acceptance of this Agreement**. Whether Employee elects to consult with an attorney is his choice, but, in either case, Employee acknowledges that he has been given reasonable opportunity to do so. Employee also acknowledges that (a) the Company is hereby advising Employee in this writing to consult with an attorney prior to signing this Agreement; (b) Employee has carefully read and fully understands all provisions of this Agreement; (c) Employee is entering into this Agreement, including the releases set forth herein, knowingly, freely, and voluntarily in exchange for good and valuable consideration to which Employee would not be entitled in the absence of signing this Agreement; (d) Employee understands that the release contained in Section 6 does not apply to rights and claims that may arise after Employee signs this Agreement; and (c) Employee has read this Agreement in its entirety and understands all of its terms.

13. **Contra Proferentem**. As Employee has had the opportunity to review this Agreement and have reviewed by counsel of their choosing this Agreement, this Agreement shall be construed as the product of mutual drafting and negotiation by the Parties. Employee acknowledges that Employee has had an opportunity to retain an attorney to review this Agreement. Accordingly, it is specifically agreed that neither the rule of contra proferentem (construction against the drafter), nor any other statute, case law, or rule of interpretation or construction that would or might cause any provision to be construed against a purported drafter, shall apply against any Party.

14. **Delivery to the Company**. Employee should return this Agreement, signed by Employee via email, with the original sent via regular mail to:

Joanna Halligan
Vice President, Human Resources
PO BOX 43125
Mississauga ON
jhalligan@terrascend.com
With a copy via email to jmarks@terrascend.com.

15. **Judicial Interpretation/Modification; Severability**. Except for Section 6, in the event that any one or more provisions (or portion thereof) of this Agreement is held to be invalid, unlawful, or unenforceable for any reason, the invalid, unlawful, or unenforceable provision (or portion thereof) shall be construed or modified so as to provide Releasees with the maximum protection that is valid, lawful, and enforceable, consistent with the intent of the Company and Employee in entering into this Agreement. If such provision (or portion thereof) cannot be construed or modified so as to be valid, lawful, and enforceable, that provision (or portion thereof) shall be construed as narrowly as possible and shall be severed from the remainder of this Agreement (or provision), and the remainder shall remain in effect and be construed as broadly as possible, as if such invalid, unlawful, or unenforceable provision (or portion thereof) had never been contained in this Agreement. In the event that Section 6 of this Agreement shall be held to be void, voidable, unlawful, or, for any reason, unenforceable, the Agreement shall be voidable at the sole discretion of the Company.

16. **Governing Law and Venue; Confidential Arbitration**. This Agreement shall in all respects be interpreted, enforced, and governed under the laws of the Commonwealth of Pennsylvania, exclusive of any choice of law rules. Any dispute, claim or controversy arising out of or relating to this Agreement or the breach, termination, enforcement, interpretation or validity thereof, including the determination of the scope or applicability of this agreement to arbitrate, shall be determined by arbitration in the Commonwealth of Pennsylvania, county of Philadelphia before a single arbitrator. The arbitration shall be administered by JAMS pursuant to its Comprehensive Arbitration Rules and Procedures. Judgment on an award may be entered in any court having jurisdiction. Each Party shall pay its own costs of arbitration. This clause shall not preclude the Parties from seeking provisional remedies in aid of arbitration from a court of appropriate jurisdiction, including specifically any breach of the Restrictive Covenant Agreement by Employee. The Parties shall maintain the confidential nature of the arbitration proceeding and any award, including the hearing, except as may be necessary to prepare for or conduct the arbitration hearing on the merits, or except as may be necessary in connection with a court application for a preliminary remedy, enforcement of an award or a judicial challenge thereto, or unless otherwise required by law or judicial decision. Any action or proceeding by the Parties to enforce this Agreement shall be brought in any state or federal court located in the Commonwealth of Pennsylvania, county of Philadelphia. The Parties hereby irrevocably submit to the exclusive jurisdiction of these courts and waive the defense of inconvenient forum to the maintenance of any action or proceeding in such venue.

17. **Changes to Agreement**. No changes to this Agreement can be effective by another written agreement signed by Employee and by the Company's Chief Executive Officer.

18. **Cooperation and Transition**. The Parties agree that certain matters in which Employee has been involved during Employee's employment with Company may necessitate Employee's cooperation for transition purposes now and as matters arise in the future. Employee agrees to assist with any transition, in particular he will make himself available as necessary through the month of July 2021. Moreover, to the extent reasonably requested by the Company, Employee shall cooperate with the Company in connection with internal investigations, third party investigations, investigations by governmental agencies, claims made by third parties, litigation, arbitration, meditation and all other matters related to the Company, in which Employee has personal knowledge; provided that, Company shall make reasonable efforts to minimize disruption of Employee's personal and professional activities. Company shall reimburse Employee for reasonable expenses incurred in connection with such cooperation (e.g., airfare, lodging, rental car, mileage, meals, etc.)

19. **Complete Agreement**. Except for the agreements and benefit plans noted above (including specifically the Restrictive Covenant Agreement), as of the Effective Date, this Agreement cancels, supersedes, and replaces any and all prior agreements (written, oral, or implied-in-fact or in-law) between Employee and the Company regarding all of the subjects covered by this Agreement. This Agreement is the full, complete, and exclusive agreement between Employee and the Company regarding all of the subjects covered by this Agreement, and neither Employee nor the Company is relying on any representation or promise that is not expressly stated in this Agreement.

20. **Successors and Assigns**.

(a) **Company's Successors**. This Agreement shall be binding upon any successor (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets, for all purposes under this Agreement, the term "Company" shall include any successor to the Company's business or assets that becomes bound by this Agreement.

(b) **Employee's Successors**. This Agreement and all of Employee's rights hereunder shall inure to the benefit of, and be enforceable by, Employee's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

21. **Application of Section 409A of the Code**. This Agreement is intended to comply with the requirements of section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), or an exception, and payments may only be made under this Agreement upon and event and in a manner permitted by section 409A of the Code, to the extent applicable. Payments and Benefits under this Agreement are intended to be exempt from section 409A of the Code under the separation pay exception, to the maximum extent applicable. Any payments that qualify for the short term deferral or other exception under section 409A of the Code shall be paid under the applicable exception. To the extent required to comply with section 409A of the Code, payments under this Agreement will be postponed for a period six-months following the date of Employee's separation from service. All payments to be made upon a termination of employment under this Agreement shall, to the extent required by section 409A of the Code, only be made upon a "separation from service" under section 409A of the Code, each payment made under the Agreement shall be treated as a separate payment, and if a payment is not made by the designated payment date under the Agreement, to the extent permitted by section 409A, the payment shall be made by December 31 of the calendar year in which the designated date occurs. To the extent that any provision of the Agreement would cause a conflict with the requirements of section 409A of the Code, or would cause the administration of the Agreement to fail to satisfy the requirements of section 409A of the Code, such provision shall be deemed null and void to the extent permitted by applicable law. To the extent prohibited by section 409A, Employee shall not, directly or indirectly, designate the calendar year of payment.

All reimbursements provided under this Agreement shall be made or provided in accordance with the requirements of section 409A of the Code, including, where applicable, the requirement that (a) any reimbursement shall be for expenses incurred during Employee's lifetime (or during a shorter period of time specified in this Agreement), (b) the amount of expenses eligible for reimbursement during a calendar year may not affect the expenses eligible for reimbursement in any other calendar year, (c) the reimbursement of an eligible expense shall be made on or before the last day of the calendar year following the year in which the expense is incurred and (d) the right to reimbursement is not subject to liquidation or exchange for another benefit.

I HAVE READ THIS AGREEMENT. I UNDERSTAND THAT I AM GIVING UP IMPORTANT RIGHTS PER SECTION 6, ABOVE. I AM AWARE OF MY RIGHT TO CONSULT WITH AN ATTORNEY OF MY OWN CHOOSING DURING THE CONSIDERATION PERIOD, AND THAT THE COMPANY HAS ADVISED ME TO UNDERTAKE SUCH CONSULTATION BEFORE SIGNING THIS AGREEMENT. I SIGN THIS AGREEMENT FREELY AND VOLUNTARILY, WITHOUT DURESS OR COERCION INTENDING TO WAIVE, SETTLE, AND RELEASE ALL CLAIMS I HAVE OR MIGHT HAVE AGAINST RELEASEES. I AGREE THAT ANY MODIFICATIONS, MATERIAL OR OTHERWISE, MADE TO THIS AGREEMENT, DO NOT RESTART OR AFFECT IN ANY MANNER THE ORIGINAL TWENTY-ONE (21) CALENDAR DAY CONSIDERATION PERIOD.

Employee

Signature: /s/ Greg Rochlin

Date: 7/28/2021

TerrAscend Corp.

Signature: /s/ Jason Michael Marks

Name: Jason Michael Marks

Title: Chief Legal Officer

Date: July 29, 2021

EXHIBIT A

TerrAscend USA, Inc,
14 Murray Street
Box 176
New York, NY 10007
Attn: Board of Directors

July 28, 2021

Re: Resignation

Dear Directors.

Effective on the earlier of (i) the date hereof or (ii) if applicable, such date immediately following the notification to, or receipt of regulatory approval from, the applicable governmental authorities, I, Greg Rochlin, hereby irrevocably resign from all officer, director, or manager positions that I hold with TerrAscend Corp. and its affiliated companies (collectively, "**Company**"), including specifically TerrAscend USA, Inc. I hereby agree to sign any other documents that the Company may reasonably request in order to effectuate such resignations.

Sincerely,

/s/ Greg Rochlin
Greg Rochlin

Exhibit 10.14

SEPARATION AGREEMENT AND GENERAL RELEASE

This Separation Agreement and Release ("**Agreement'**") is entered into between Jason Ackerman ("Employee") and TerrAscend USA, Inc and TerrAscend Corp., the Canadian parent and its affiliated companies (collectively, "**Company**"). The Company and Employee are referred to each in this Agreement as a Party and collectively referred to in this Agreement as the "Parties." This Agreement shall become effective on the eighth day after Employee signs and delivers to the Company without revoking this Agreement ("**Effective Date**").

WHEREAS, Employee's last day of employment with the Company was March 23, 2021;

WHEREAS, pursuant to a Letter Agreement dated May 1, 2020, Employee is required to execute and deliver a release agreement in a form similar to Schedule B attached to the Letter Agreement in order to receive certain severance payments described more fully in this Agreement below;

WHEREAS, various provisions of this Agreement are in a form similar to Schedule B of the Letter Agreement;

WHEREAS, pursuant to a Letter Agreement dated May 1, 2020, Employee was required to execute and be bound by a Non-Competition, Non-Solicitation and Confidentiality Agreement ("**Restrictive Covenant Agreement**") as a condition of employment and the Restrictive Covenant Agreement is attached hereto as**Exhibit A**;

WHEREAS , Employee is subject to continuing obligations under the Restrictive Covenant Agreement , including specifically all confidentiality, assignment of inventions , cooperation, non competition and non-solicitation provisions;

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein, and intending to be legally bound hereby, the Company and Employee hereby agree as follows:

1. **Accrued Payments And Benefits; Existing Obligations**. Regardless of whether Employee signs this Agreement.

(a) Employee's last day of employment with the Company was March 23, 2021 (the "Separation Date"). The Company paid Employee's current base salary or weekly base pay up to the Separation Date.

(b) The Company continued Employee's medical, and dental insurance, at active employee rates through March 31, 2021, in accordance with the Benefits Plan Documents. Additionally , to the extent you satisfy the requirements to be an Assistance Eligible Individual under the American Rescue Plan Act of 2021, the Company will subsidize the full cost of your Consolidated Omnibus Budget and Reconciliation Act ("COBRA") premium payments for continued group health coverage under the Company health plan (at the coverage levels in effect immediately prior to your Termination Date) from the first day of the month following the Termination Date until September 30, 2021 , provided that you timely elect such coverage, remain eligible for such coverage, and otherwise continue to satisfy the requirements as an Assistance Eligible Individual. Beginning October 1, 2021, you will be responsible for the full cost of your COBRA benefits, unless otherwise provided by law..

(SEAL 8/12/2021)

(c) Employee is subject to continuing obligations pursuant to the Non- Restrictive Covenant Agreement attached hereto as Exhibit A.

(d) Employee's eligibility to participate in all other Company-sponsored group benefits, including group life, disability, and accidental death and dismemberment coverage, ended on the Separation Date.

2. **Payments and Benefits**. In consideration for signing this Agreement and complying with its terms, the Company agrees to provide the following payments and benefits to Employee:

(a) Severance. (i) The Company shall pay to Employee an amount equal to the at the annualized rate of Five Hundred Thousand Dollars ($500,000.00) from March 23, 2021 through December 23, 2021 ("**Severance Period**") less applicable deductions and withholdings in accordance with Company's regular payroll, on the next regularly scheduled payroll date following the Effective Date ("**Severance Payment**"); and (ii) notwithstanding the foregoing, within ten (10) days of execution hereof, the Company shall pay to Employee, in lump sum , that portion of the Severance Payment that would have been paid from March 23, 2021 to the execution date hereof, less applicable deductions and withholdings in accordance with the Company's regular payroll. Thereafter, the balance of the Severance Payment shall be remitted to Employee in accordance with sub-paragraph (i) hereof.

(b) PTO; Expenses. Employee shall be paid out all accrued and unused PTO, if any, that shall have been earned as of the Separation Date. As of March 31, 2021, Employee's remaining PTO equaling one hundred and ten hours and an amount of twenty-six thousand, four hundred, forty two dollars and thirty one cents ($26,442.31) was paid in the regularly scheduled payroll. Employee has received payment for all accrued and unused PTO.

(c) Bonus. Within two (2) business days after the Effective Date, Employee shall be paid a pro-rated bonus in the amount of One Hundred Thirty Four Thousand, Seven Hundred Ninety Four Dollars and Fifty Two Cents ($134,794.52).

(d) Options. In connection with his employment, Employee was granted the option to purchase shares of TerrAscend Corporation ("TerrAscend") stock (CSE: TER) (OTCQX: TRSSF) ("**Options**") pursuant to the terms set out in the TerrAscend Stock Option Plan (the ''**Plan**"). The Options are governed by the Plan, and thus the Parties mutually understand that Employee's rights thereunder may not be amended pursuant to this Agreement, and/or without express permission of the appropriate corporate governing body (or bodies). Notwithstanding, the Company shall recommend the following with respect to unvested Options ("Accelerated Unvested Options"):

i. that Employee shall be entitled to 859,260 of the Initial Options at an exercise price of CN$2.42 that these stock options will be deemed to have vested on his Separation Date, and he shall be permitted to exercise such options up to and including January 9, 2030.

(SEAL 8/12/2021)

ii. that Employee shall be entitled to 859,259 of the Second Options at an exercise price of CN$2.96, that these stock options will be deemed to have vested on his Separation Date, and he shall be permitted to exercise such options up to and including January 9, 2030.

(e) Vested Options. All previously vested Options shall remain vested and nothing in this Agreement shall be interpreted in a manner to impact Options

that are vested and are rightfully held by Employee.

(f) Notwithstanding section (d) and (e) above, the Parties agree to the following:

i. The Company shall have a right of first refusal ("ROFR") to buy back for cancellation or to identify a purchaser for any shares that Employee receives pursuant to the exercise of any Vested Options or Accelerated Unvested Options ("**Acquired Shares**"), in compliance with applicable corporate, securities law or stock exchange requirements, and if so exercised, the price paid for the Acquired Shares by the Company shall not be greater than the 'market price' on the date of acquisition of the Acquired Shares. For this purpose, 'market price' shall be calculated to be an amount equal to the simple average of the closing price of the shares for each of the business days on which there was a closing price in the 20 business days preceding the acquisition date; in the event that there has been trading for less than 10 of the 20 business days preceding the acquisition date, 'market price' shall be the average of: (i) the average of the closing bid and ask prices for each day on which there was no trading; and (ii) the closing price of the shares for each day there has been trading.

ii. For so long as the Employee holds any of the Acquired Shares (or the Vested Options or Accelerated Unvested Options), Employee shall provide the Company with prior written notice of his intent to sell any Acquired Shares ("**Employee Notice**"). The Employee Notice shall include the number of Acquired Shares that Employee intends to sell and the date on which he anticipates selling such Acquired Shares (which shall be not earlier than six (6) full business days after the date the Employee Notice is delivered to the Company for share amounts greater than 50,000 and one (l) full business day for share amounts less than or equal to 50,000). Notwithstanding, unless waived by the Company, Employee must wait a minimum of seven (7) full business days between each Employee Notice, and if Employee provides two or more consecutive Employee Notices for share amounts less than or equal to 50,000 within a period of six (6) business days, the six (6) full business day notice period shall apply to the second delivered Employee Notice.

(SEAL 8/12/2021)

iii. The Company shall have six (6) full business days from the date of Employee' s notice , for share amounts greater than 50,000, and one (1) full business day, for share amounts less than or equal to 50,000, to notify Employee in writing that (I) it will purchase all or part of the Acquired Shares identified by the Employee for cancellation, (2) identify a third party that will purchase all or part of the Acquired Shares identified by the Employee, or (3) decline to do either of (1) or (2), all in compliance with applicable corporate, securities law or stock exchange requirements ("**Company Notice**"). If Employee provides two or more consecutive Employee Notices for share amounts less than or equal to 50,000 within a period of six (6) business days, the six (6) full business day notice period shall apply to the second delivered Employee Notice .

iv. If the Company has identified a third party as set forth in section iv(2) above, the Company will put the Employee in touch directly with the third party and it shall be up to the potential purchaser and the Employee to agree upon a price . If the parties cannot agree on a price after five (5) business days, then the Employee is free to sell such shares in the open market. Employee shall be free to negotiate the purchase price and such other terms of the sale which Employee believes in his sole and exclusive discretion are fair and reasonable.

v. The Employee Notice shall be sent to Jason Marks via clo@terrascend.com.

vi. The Company Notice shall be sent to Jason Ackerman via Jackerman67@gmail.com. Nothing herein shall preclude Employee from rescinding a notice of intention to sell Acquired Shares as long as such rescission is effectuated prior to the Company's exercise of the ROFR (either for reacquisition of the Acquired Shares by the Company or for sale to a third-party buyer). If rescission and acceptance of the ROFR occur simultaneously, the Notice shall be deemed rescinded.

vii. No action shall be taken that triggers the ROFR (i.e. attempt to trade in equities for which the Company would be allowed to either purchase or identify a purchaser) until August 25, 2021.

3. **Acknowledgments**. Employee agrees and represents that the following are true and correct:

(SEAL 8/12/2021)

(a) Employee's last day of employment with the Company was March 23, 2021 ("Separation Date"), and the Company has no future obligation to re-employ Employee.

(b) Employee has received all amounts/monies due from the Company through the Separation Date including but not limited to the following: (i) all wages or other compensation and benefits earned, (ii) payment for all accrued but unused paid vacation time, (iii) reimbursement for all reasonable and necessary business expenses. No other amounts, compensation or benefits are due to Employee from the Company, except under this Agreement but, as stated herein, only if the Effective Date occurs and Employee complies with all of the promises and conditions contained herein.

4. **Employee Protections**. Nothing in this Agreement prevents or otherwise limits Employee's ability to communicate directly with and provide information, including documents not otherwise protected from disclosure by any applicable law or privilege, to the Securities and Exchange Commission or any other federal, state, provincial, or local governmental agency or commission ("**Government Agency**") regarding possible legal violations, without disclosure to the Company. The Company may not retaliate against Employee for any of these activities.

5. **General Waiver & Release by Employee**. Except as specifically identified herein, Employee, on behalf of himself, and Employee's heirs, executors, administrators, agents, and/or assigns, does hereby knowingly and voluntarily **RELEASE AND FOREVER DISCHARGE** the Company and all of its parents and their respective subsidiaries affiliates , divisions, insurers , predecessors , and successor corporations and business entities, past, present and future, and its and their agents, directors, officers, employees, attorneys, shareholders, insurers and reinsurers, representatives and employee benefit plans (and the trustees, administrators, fiduciaries, agents, insurers, and reinsurers of such plans) past, present and future, both individually and in their business capacities, and their heirs, executors, administrators, predecessors, successors, and assigns (collectively, the "**COMPANY RELEASEES**"), of and from any and all legally waivable claims causes of actions, suits, lawsuits , debts , and demands whatsoever in law or in equity, known or unknown , vested or contingent, suspected or unsuspected, which Employee ever had, now has or which Employee's heirs, executors, administrators, or assigns hereafter may have arising out of or relating to (a) facts, events, occurrences, or omissions up to and including the date this Agreement is signed by Employee, as a result of Employee's employment by the Company or any of the other Company Releasees, or (b) the termination of Employee s employment with the Company or any of the other Company Releasees.

(a) **Included Claims**. The claims being waived and released include, without limitation

i. any and all claims of violation of any United States or non-U.S. federal, state, provincial, and local law arising from or relating to Employee's recruitment hire, employment, and termination of employment with the Company or any of the other Company Releasees;

(SEAL 8/12/2021)

ii. any and all claims of wrongful discharge, unjust dismissal, constructive discharge, emotional distress, defamation, libel, slander, misrepresentation, fraud, detrimental reliance, breach of contractual obligations, promissory estoppel, negligence, assault and battery, attorneys' fees, and violation of public policy;

iii. to the fullest extent permitted by law, any and all claims to disputed wages , compensation and benefits, including any claims for violation of applicable federal, state, provincial or local statutes, laws, or regulations relating to wages and hours of work;

iv. any and all claims for violation of any federal, state, provincial, or local statute or regulation relating to termination of employment, unlawful discrimination, harassment, or retaliation under applicable federal, state, provincial, and local constitutions, statutes, laws, and regulations (which include s, but is not limited to, Title VII of the Civil Rights Act of 1964, 42 U.S.C. 1981 through 1988 , the Employee Retirement Income Security Act ("ERISA"), the Family and Medical Leave Act of 1993, the Americans with Disabilities Act, the Rehabilitation Act, the Equal Pay Act, the National Labor Relations Act, and the Worker Adjustment and Retraining Notification Act);

v. to the fullest extent permitted by law, any claims under the New York State Human Rights Law, the New York Labor Law (including but not limited to the Retaliatory Action by Employers Law, the New York State Worker Adjustment and Retraining Notification Act, all provisions prohibiting discrimination and retaliation and all provisions regulating wage and hour law), the New York Civil Rights Law, and Section 125 of the New York Workers' Compensation Law;

vi. any and all claims for monetary damages and any other form of personal relief; and

vii. any other claims waivable under federal, state, provincial, or local statute, law, rule, or regulation or under common law.

(b) **No Claims Filed**. Employee warrants and represents that Employee has neither filed nor caused to be filed any charges, claims, complaints, or actions against the Company or any of the other Company Releasees before any federal, state, provincial, or local administrative agency, board, court or other forum.

(c) **Unknown Claims**. In waiving and releasing any and all claims against the Company Releasees, *whether or not now known* to Employee, Employee understands that this means that, if Employee later discovers facts different from or in addition to those facts currently known by Employee , or believed by Employee to be true, the waivers and releases of this Agreement will remain effective in all respects -- despite such different or additional facts and Employee's later discovery of such facts, even if Employee would not have agreed to this Agreement if Employee had prior knowledge of such facts.

(SEAL 8/12/2021)

(d) **Exceptions**. The only claims that are not being waived and released by Employee under this Section 5 are claims Employee may have for:

i. unemployment, workers compensation, state disability, and/or paid family leave insurance benefits pursuant to the terms of applicable state law;

ii. continuation of existing participation in Company-sponsored group health benefit plans, at Employee s full expense, under the United States federal law known as "COBRA" and/or under any applicable state counterpart law if Employee properly and timely elects such continuation benefits and satisfies all requirements under COBRA;

iii. any benefit entitlements that are vested as of the Separation Date pursuant to the terms of a Company-sponsored benefit plan, policy, or other arrangement, whether or not governed by the United States federal law known as "ERISA";

iv. violation of any United States or non-U.S. federal, state, provincial, or local statutory and/or public policy right or entitlement that, by applicable law, is not waivable;

v. any wrongful act or omission occurring after the date Employee signs this Agreement; and

vi. breach of this Agreement.

(e) **Excluded Claims**. Notwithstanding the foregoing, nothing in this Agreement prevents or is intended to prevent Employee from filing a charge with, reporting possible violations of law to, testifying, assisting or participating in any investigation, hearing or whistleblower proceeding conducted by the U.S. Equal Employment Opportunity Commission, the Pennsylvania Human Relations Commission, or other similar federal, state, or local administrative agencies, or any similar federal, state, provincial or local Governmental Agency (e.g., NLRB, SEC, etc.), nor does anything in this Agreement preclude, prohibit, or otherwise limit, in any way Employee's rights and abilities to contact, communicate with, report matters to, or otherwise participate in any whistleblower program administered by any such agencies. However, to the maximum extent permitted under law, this Agreement fully and finally resolves all monetary matters between Employee and the Company, and by signing this Agreement, Employee is waiving any right to monetary damages, attorneys' fees and/or costs related to or arising from any such charge, complaint or lawsuit filed by Employee or on Employee's behalf, individually or collectively.

(SEAL 8/12/2021)

6. **General Waiver and Release by Company**. Except as specifically identified herein, Company, on behalf of itself, and all of Company's parents and their respective subsidiaries, affiliates, divisions, insurers, predecessors, and successor corporations and business entities, past, present and future, and its and their agents, directors, officers, employees, attorneys, shareholders, insurers and reinsurers, representatives and employee benefit plans (and the trustees administrators, fiduciaries, agents, insurers, and reinsurers of such plans) past, present, and future, both individually and in their business capacities, and their heirs, executors, administrators, predecessors, successors, and

assigns (collectively, "**COMPANY RELEASORS**"), do hereby knowingly and voluntarily **RELEASE AND FOREVER DISCHARGE** Employee, his heirs, executors administrators, agents, and/or assigns (collectively, the "**EMPLOYEE RELEASEES**") of and from any and all legally waivable claims, causes of actions, suits, lawsuits, debts, and demands whatsoever in law or in equity known to the Company arising out of or relating to (a) facts, events occurrences , or omissions up to and including the date this Agreement is signed by Employee, as a result of Employee's employment by the Company or any of the other Employee Releasees, (b) the termination of Employee' s employment with the Company or any of the other Employee Releasees,

(a) **No Claims Filed**. Company warrants and represents that Company has neither filed nor caused to be filed any charges, claims, complaints, or actions against the Employee or any of the other Employee Releasees before any federal, state, provincial, or local administrative agency, board, court or other forum.

(b) **No Known Claims**. Company warrants and represents that, as of the Effective Date, after a diligent search and reasonable inquiry, including consultation with the members of the Company's executive management team, it is not currently aware of any claims or causes of action, in law or in equity, of any nature whatsoever, which the Company may have against Employee in any regard arising out of or related in any way to: (i) Employee's employment with the Company; concerning Employee's separation of employment from the Company; has likewise made no disclosures to its shareholders in the context of any public filings, or in the context of any due diligence associated with any prospective M&A transaction, regarding the same.

(c) **Exceptions**. Claims that are not being waived and released by Employee under this Section 6 are claims the Company may have for:

i. any claims arising out of Employee's breach of his continuing obligations under the Restrictive Covenant;

ii. violation of any United States or non-U.S. federal state, provincial, or local statutory and/or public policy right or entitlement that, by applicable law, is not waivable;

iii. any wrongful act or omission occurring after the date Employee signs this Agreement;

iv. breach of this Agreement; and

v. any claims or potential claims that become known to the Company after the Separation Date.

(SEAL 8/12/2021)

7. **Acknowledgement**. Company represents and warrants that it is unaware of any evidence of wrongdoing or other unlawful conduct by any of the Employee Releasees. Company further represents that it has no reason to believe that any of the Employee Releasees has engaged in any wrongdoing or unlawful conduct.

8. **Defend Trade Secrets Act**. Pursuant to Section 7 of the Defend Trade Secrets Act of 2016 (which added 18 U.S.C. § l833(b)), Employee acknowledges that Employee shall not have criminal or civil liability under any federal, state, provincial , or local trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a federal, state, provincial, or local government official, either directly or indirectly, or to an attorney and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition and without limiting the preceding sentence, if Employee files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Employee may disclose the trade secret to Employee's attorney and may use the trade secret information in the court proceeding, if Employee (X) files any document containing the trade secret under seal and (Y) does not disclose the trade secret, except pursuant to court order. Nothing in this Agreement is intended to conflict with 18 U.S.C. § l833(b) or create liability for disclosures of trade secrets that are expressly allowed by such Section.

9. **Confidentiality**. In addition, each Party agrees to keep the terms, conditions and circumstances of Employee's separation from the Company confidential and to not aid or render assistance in any form to any person or entity pursuing, or that may in the future pursue, any claim against the other Party or its officers, directors, shareholders, employees, affiliates, heirs, executors, administrators, agents, and/or assigns (as applicable) of any nature unless required to do so by law.

Each Party acknowledges and agrees to keep the terms, amount, and facts of, and any discussions leading up to this Agreement STRICTLY AND COMPLETELY CONFIDENTIAL, and that neither Party will communicate or otherwise disclose to any other person, the terms, amounts, copies or fact of this Agreement, except as may be required by law or compulsory process; provided , however, that Employee may make such disclosures to Employee' s spouse, tax/financial advisors or legal counsel as long as they agree to keep the information confidential; If Employee is asked about any of such matters, Employee's response shall be that Employee may not discuss any of such matters. If Comp any or Employee is asked about any of such matters, the Parties' response shall be that that this matter has been resolved. All requests for references shall be directed to Company's Human Resources Department, attention Joanna Higgins. In response to a request for a reference, Company shall: (i) state that it is Company's policy to provide only Employee's dates of employment and job title; and (ii) provide such aforesaid information without further comment.

10. **No Admission**. Nothing about the fact or content of this Agreement shall considered to be or treated by Employee or the Company as an admission of any wrongdoing, liability, or violation of law by Employee or by any Releasee.

(SEAL 8/12/2021)

11. **Consideration Period; Effective Date**. Employee has twenty-one (21) days following receipt of this Agreement to consider whether Employee wishes to sign this Agreement. Once Employee signs and delivers this Agreement to the Company Employee will have a period of seven (7) calendar days to revoke it by delivering written notice of revocation to the Company by hand delivery or by facsimile or email transmission to the address stated in Section 15, below. To be effective, any such revocation must be received by the Company no later than 5 P.M. on the seventh calendar day following the day Employee signs and delivers this Agreement to the Company. **If Employee does not sign and deliver this Agreement within the twenty-one (21) day period following the Separation Date or if the Employee revokes his signed Agreement within the seven (7) day revocation period described above, this Agreement shall expire and Employee shall not be entitled to any of the payments described in Section 2.**

12. **Non-Disparagement or Harm**.

(a) Employee hereby agrees and promises that Employee will not make, publish, or cause to be made or published, whether orally, or in written or electronic form, any false or disparaging statements or comments, which in any way relate to, refer to, or otherwise concern the Company or any of its officers, directors , executives, employees, affiliates, agents, and representatives. Provided that nothing in this Agreement shall preclude Employee from communicating or testifying truthfully (i) to the extent required or protected by law, (ii) to any Governmental Agency, (iii) in response to a subpoena to testify issued by a court of competent jurisdiction, or (iv) in any action to challenge or enforce the terms of this Agreement.

(b) The Company shall us its best efforts to cause its officers, directors, senior executives, and representatives of the foregoing not to make, publish, or

cause to be made or published, whether orally, or in written or electronic form, any false or disparaging statements or comments, which in any way relate to, refer to, or otherwise concern the Employee. Provided that nothing in this Agreement shall preclude such Company officers, directors, senior executives, and representatives thereof from communicating or testifying truthfully: (i) to the extent required or protected by law, (ii) to any Governmental Agency, (iii) in response to a subpoena to testify issued by a court of competent jurisdiction, or (iv) in any action to challenge or enforce the terms of this Agreement. The Company will not ratify or condone any disparagement of Employee by any of its officers, directors, executives, management employees, affiliates, agents, representatives. The Company will direct the following individuals not to disparage Employee, whether orally, or in written or electronic form: Members of the Board of Directors as of the date of the execution of this Agreement, officers of TerrAscend Corporation and officers of affiliates, at the time of the execution of this Agreement.

13. **Consultation with Counsel; Reasonable Opportunity to Consider this Agreement; Knowing and Voluntary Acceptance of this Agreement**. Employee is consulting with his attorney before signing this Agreement. Employee acknowledges that he has been given reasonable opportunity to do so. Employee also acknowledges that Employee has carefully read and fully understands all provisions of this Agreement and is entering into this Agreement, including the releases set forth herein, knowingly, freely, and voluntarily in exchange for good and valuable consideration to which Employee would not be entitled in the absence of signing this Agreement. Employee understands that the release contained in Section 5 does not apply to rights and claims that may arise after Employee signs this Agreement.

(SEAL 8/12/2021)

14. **Contra Proferentem**. As Employee has had the opportunity to review this Agreement and have reviewed by counsel of their choosing this Agreement, this Agreement shall be construed as the product of mutual drafting and negotiation by the Parties. Employee acknowledges that Employee has had an opportunity to retain an attorney to review this Agreement. Accordingly, it is specifically agreed that neither the rule of contra proferentem (construction against the drafter), nor any other statute, case law, or rule of interpretation or construction that would or might cause any provision to be construed against a purported drafter, shall apply against any Party.

15. **Delivery to the Company**. Employee should return this Agreement, signed by Employee via email, with the original sent via regular mail to:

Joanna Halligan
Vice President, Human Resources
PO BOX 43125
Mississauga ON
jhalligan@terrascend.com
p: 905.273.9032

With a copy via email to legal@terrascend.com.

16. **Judicial Interpretation/Modification; Severability**. Except for Section 5, in the event that any one or more provisions (or portion thereof) of this Agreement is held to be invalid, unlawful, or unenforceable for any reason, the invalid, unlawful, or unenforceable provision (or portion thereof) shall be construed or modified so as to provide Releasees with the maximum protection that is valid, lawful, and enforceable, consistent with the intent of the Company and Employee in entering into this Agreement. If such provision (or portion thereof) cannot be construed or modified so as to be valid, lawful, and enforceable that provision (or portion thereof) shall be construed as narrowly as possible and shall be severed from the remainder of this Agreement (or provision), and the remainder shall remain in effect and be construed as broadly as possible, as if such invalid, unlawful, or unenforceable provision (or portion thereof) had never been contained in this Agreement. In the event that Section 5 of this Agreement shall be held to be void, voidable, unlawful, or, for any reason, unenforceable, the Agreement shall be voidable at the sole discretion of the Company.

17. **Governing Law and Venue; Confidential Arbitration**. This Agreement shall in all respects be interpreted, enforced, and governed under the laws of the State of New York, exclusive of any choice of law rules. Any dispute, claim or controversy arising out of or relating to this Agreement or the breach, termination, enforcement, interpretation or validity thereof, including the determination of the scope or applicability of this agreement to arbitrate, shall be determined by arbitration in the State and County of New York, before a single arbitrator. The arbitration shall be administered by JAMS pursuant to its Comprehensive Arbitration Rules and Procedures. Judgment on the Award may be entered in any court having jurisdiction. This clause shall not preclude parties from seeking provisional remedies in aid of arbitration from a court of appropriate jurisdiction including specifically any breach of the Restrictive Covenant Agreement by Employee. The Parties shall maintain the confidential nature of the arbitration proceeding and any award including the hearing, except as may be necessary to prepare for or conduct the arbitration hearing on the merits, or except as may be necessary in connection with a court application for a preliminary remedy, a judicial challenge to an award or its enforcement, or unless otherwise required by law or judicial decision. In any arbitration arising out of or related to this Agreement, the arbitrator shall have the option to award to the prevailing party, if any, the costs and attorneys' fees reasonably incurred by the prevailing party in connection with the arbitration (collectively, the "**Legal Fee Standard**"). If the arbitrator determines a party to be the prevailing party under circumstances where the prevailing party won on some but not all of the claims and counterclaims, and the arbitrator further determines that such prevailing party has met the Legal Fee Standard, the arbitrator may award the prevailing party an appropriate percentage of the costs and attorneys' fees reasonably incurred by the prevailing party in connection with the arbitration. To the extent that an arbitrator awards fees under this provision, said arbitrator shall issue a reasoned opinion. To the extent not subject to arbitration any disputes concerning this Agreement shall be brought in, and the parties hereby consent to the personal jurisdiction of, the state courts of the State of New York, County of New York (to the extent that subject matter jurisdiction exists only).

(SEAL 8/12/2021)

18. **Changes to Agreement**. No changes to this Agreement can be effective except by another written agreement signed by Employee and by the Company's Chief Executive Officer.

19. **Complete Agreement**. Except for the agreements and benefit plans noted above (including specifically the Restrictive Covenant Agreement) , as of the Effective Date , this Agreement cancels, supersedes, and replaces any and all prior agreements (written, oral or impliedin-fact or in- law) between Employee and the Company regarding all of the subjects covered by this Agreement. This Agreement is the full, complete, and exclusive agreement between Employee and the Company regarding all of the subjects covered by this Agreement, and neither Employee nor the Company is relying on any representation or promise that is not expressly stated in this Agreement.

20. **Successors and Assigns**.

(a) **Company's Successors**. This Agreement shall be binding upon any successor (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets. For all purposes under this Agreement, the term "Company" shall include any successor to the Company's business or assets that becomes bound by this Agreement.

(b) **Employee's Successors**. This Agreement and all of Employee's rights hereunder shall inure to the benefit of, and be enforceable by, Employee's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

21. **Application of Section 409A of the Code**. This Agreement is intended to comply with the requirements of section 409A of the Internal Revenue Code of

1986 , as amended (the "Code"), or an exception , and payments may only be made under this Agreement upon and event and in a manner permitted by section 409A of the Code, to the extent applicable. Payments and Benefits under this Agreement are intended to be exempt from section 409A of the Code under the separation pay exception, to the maximum extent applicable. Any payments that qualify for the short term deferral or other exception under section 409A of the Code shall be paid under the applicable exception. To the extent required to comply with section 409A of the Code, payments under this Agreement will be postponed for a period six-months following the date of Employee's separation from service. All payments to be made upon a termination of employment under this Agreement shall, to the extent required by section 409A of the Code, only be made upon a "separation from service" under section 409A of the Code, each payment made under the Agreement shall be treated as a separate payment , and if a payment is not made by the designated payment date under the Agreement, to the extent permitted by section 409A, the payment shall be made by December 31 of the calendar year in which the designated date occurs. To the extent that any provision of the Agreement would cause a conflict with the requirements of section 409A of the Code, or would cause the administration of the Agreement to fail to satisfy the requirements of section 409A of the Code, such provision shall be deemed null and void to the extent permitted by applicable law. To the extent prohibited by section 409A, Employee shall not, directly or indirectly, designate the calendar year of payment.

(SEAL 8/12/2021)

All reimbursements provided under this Agreement shall be made or provided in accordance with the requirements of section 409A of the Code, including, where applicable, the requirement that (a) any reimbursement shall be for expenses incurred during Employee's lifetime (or during a shorter period of time specified in this Agreement) , (b) the amount of expenses eligible for reimbursement during a calendar year may not affect the expenses eligible for reimbursement in any other calendar year, (c) the reimbursement of an eligible expense shall be made on or before the last day of the calendar year following the year in which the expense is incurred and (d) the right to reimbursement is not subject to liquidation or exchange for another benefit.

I HAVE READ THIS AGREEMENT. I UNDERSTAND THAT 1 AM GIVING UP IMPORTANT RIGHTS. I HAVE CONSULTED WITH AN ATTORNEY OF MY OWN CHOOSING BEFORE SIGNING THIS AGREEMENT. I SIGN THIS AGREEMENT FREELY AND VOLUNTARILY, WITHOUT DURESS OR COERCION INTENDING TO WAIVE, SETTLE, AND RELEASE ALL CLAIMS I HAVE OR MIGHT HAVE AGAINST RELEASEES.

Employee

Signature: _____*/s/ Jason Ackerman*__
Jason Ackerman

Date: _____8/13/21__

TerrAscend USA, Inc.

Signature: _____*__/s/ Jason Wild_*

Name: Jason Wild

Title: Executive Chairman

Date: _____8/17/21___

TerrAscend Corp.

Signature: _____*_/s/ Jason Wild_*

Name: Jason Wild

Title: Executive Chairman

Date: _____8/17/21___

Exhibit 10.15

Indemnity Agreement

This Agreement is made as of the **[DAY]** day of **[MONTH] 2019** between TerrAscend Corp., a body corporate incorporated under the laws of Ontario (the "**Corporation**"), and **[NAME]** (the "**Indemnified Party**"), an individual resident in the State of New York.

RECITALS:

A. The Indemnified Party is or was a director and/or an officer of the Corporation or an Other Entity (as defined below), or serves or served in a capacity similar thereto for the Corporation or an Other Entity.

B. The Corporation considers it desirable and in its best interests to enter into this Agreement to set out the circumstances and manner in which the Indemnified Party may be indemnified in respect of liabilities or exposures which the Indemnified Party may incur as a result of the Indemnified Party serving or having served as a director or an officer of the Corporation or an Other Entity, or in a capacity similar thereto in respect of the Corporation or an Other Entity, or because of that association with the Corporation or other Entity.

NOW THEREFORE, in consideration of the Indemnified Party's services as a director and/or officer of the Corporation or an Other Entity, or in a capacity similar thereto for the Corporation or an Other Entity, the parties hereto covenant and agree as follows:

1. **Definitions**. In this Agreement:

"**Act**" means the Ontario *Business Corporations Act*, as the same exists on the date hereof or may hereafter be amended.

"**Claim**" includes any demand, suit, action, application, litigation, claim, charge, complaint, prosecution, assessment, reassessment, investigation, inquiry, hearing or proceeding of any nature or kind whatsoever, whether civil, criminal, administrative, investigative, arbitral or otherwise, in which the Indemnified Party is involved as a result of the Indemnified Party serving or having served as a director or officer of the Corporation or an Other Entity, or in a capacity similar thereto in respect of the Corporation or an Other Entity or because of that association.

"Costs" includes any and all costs, charges and expenses actually and reasonably incurred by the Indemnified Party in respect of any Claim including, without limitation, any and all costs, charges and expenses which the Indemnified Party may reasonably incur, suffer, sustain or be required to pay in connection with investigating, initiating, preparing for, defending, serving as or being a witness, providing evidence in connection with, attending any meeting, discovery, trial or hearing, instructing or receiving advice of the Indemnified Party's own or other counsel or other professional advisors in relation to, preparing to prosecute, defend or settle, appealing or otherwise participating in or otherwise being involved in (including in each case, on appeal), any Claim, whether or not any proceeding is commenced, including all legal and other professional fees, charges and disbursements and includes all cost, charges and expenses actually and reasonably incurred by the Indemnified Party in connection with the enforcement of the Indemnified Party's rights under this Agreement.

"Cost Advance" means means an advance of moneys to the Indemnified Party of Costs before the final disposition of any Claim.

"**Losses**" includes all costs, charges, expenses, losses, damages, fees (including any legal, professional or advisory fees or disbursements), liabilities, amounts paid to settle or dispose of any Claim or satisfy any judgment, fines, penalties or liabilities, whether domestic or foreign, without limitation and including any interest thereon, and including any arising by operation of statute (including but not limited to all statutory obligations to creditors, employees, suppliers, contractors, subcontractors and any governmental authority), and whether incurred alone or jointly with others, including any amounts which the Indemnified Party may suffer, sustain, incur or be required to pay as a result of, or in connection with the investigation, defence, settlement or appeal of or preparation for any Claim or in connection with any action to establish a right to indemnification under this Agreement, including all costs, charges and expenses incidental thereto, including all reasonable travel, lodging and accommodation expenses.

"**Other Entity**" means any corporation, partnership, joint venture, trust, unincorporated association, unincorporated organization, unincorporated syndicate or other enterprise for which the Indemnified Party serves or served as a director or officer, or in a capacity similar thereto, at the request of the Corporation.

2. **Indemnity**. Except as prohibited by applicable law, including the Act, the Corporation hereby agrees to indemnify and hold harmless the Indemnified Party, as well as his or her heirs and legal representatives, to the fullest extent permitted by applicable law, including the Act, from and against any and all Losses which the Indemnified Party may suffer, sustain, incur or be required to pay as a result of, or in connection with any Claim, provided:

a) the Indemnified Party acted honestly and in good faith with a view to the best interests of the Corporation or Other Entity, as the case may be;

b) in the case of a Claim that involves a criminal or administrative action or proceeding that is enforced by monetary penalty, the Indemnified Party had reasonable grounds for believing that the Indemnified Party's conduct was lawful; and

c) if the Claim involves an action by or on behalf of the Corporation or Other Entity, as the case may be, to procure a judgment in its favour against the Indemnified Party, a court of competent jurisdiction shall have approved the Indemnified Party's indemnification, the application for such approval to be made by the Corporation at its expense and as soon as reasonably practicable (or, following any delay, by the Indemnified Party, at the expense of the Corporation).

It is the intent of the parties hereto that (i) in the event of any change, after the date of this Agreement, in any applicable law which expands the right of the Corporation to indemnify or make Cost Advances (as defined below) to a director or officer to a greater degree than would be afforded currently under the Corporation's articles, by-laws, and this Agreement, the Indemnified Party shall receive the greater benefits afforded by such change, and (ii) this Agreement be interpreted and enforced so as to provide obligatory indemnification and Cost Advances under such circumstances as set forth in this Agreement, if any, in which the providing of indemnification or Cost Advances would otherwise be discretionary.

3. **Cost Advances**. The Corporation shall make all Cost Advances to the Indemnified Party to the fullest extent permitted by law as soon as is reasonably practicable following the receipt of a demand therefor. Each such written demand will include (i) a written affirmation of the Indemnified Party's good faith belief that the Indemnified Party is entitled to indemnification hereunder, together with particulars of the Costs to be covered by the proposed Cost Advance; and (ii) a written undertaking by the Indemnified Party to repay all Cost Advances if and to the extent that it is determined pursuant to a final judgment that the Indemnified Party is not entitled to indemnification hereunder or that the payment of such Costs is prohibited by applicable law. Such written undertaking to repay Cost Advances will be unsecured and no interest will be charged thereon.

   Notwithstanding any other provision of this Agreement, to the extent that the Indemnified Party is, by reason of the fact that the Indemnified Party is or was a director or officer of the Corporation or of an Other Entity, or serves or served in a similar capacity thereto at the Corporation's request, a witness or participant other than as a named party in an investigation or proceeding, the Corporation will pay to the Indemnified Party on behalf of the Corporation all out-of-pocket expenses actually and reasonably incurred by the Indemnified Party or on the Indemnified Party's behalf in connection therewith.

4. **Taxes**. For greater certainty, a Claim subject to indemnification hereunder shall include any taxes, including any assessment, reassessment, claim or other amount for taxes, charges, duties, levies, imposts or similar amounts, including any interest and penalties in respect thereof, to which the Indemnified Party may be subject or which the Indemnified Party may suffer or incur as a result of, in respect of, arising out of or referable to any indemnification of the Indemnified Party by the Corporation pursuant to this Agreement, including the payment of insurance premiums or any payment made by an insurer under an insurance policy, if such payment is deemed to constitute a taxable benefit or otherwise be or become subject to any tax or levy.

5. **Partial Indemnification**. If the Indemnified Party is determined by a court of competent jurisdiction to be entitled to indemnification by the Corporation under this Agreement for a portion of the Losses incurred in respect of a Claim but not for the total amount thereof, the Corporation shall indemnify the Indemnified Party for the portion to which the Indemnified Party is determined by a court of competent jurisdiction to be so entitled.

6. **Notice of Claim**. The Indemnified Party shall notify the Corporation, and likewise the Corporation shall notify the Indemnified Party, in writing as soon as practicable upon receiving or being served with any demand, statement of claim, writ, assessment, reassessment, notice of motion, application, information, charges, indictment, subpoena, summons, investigation order or other document or communication commencing, threatening or continuing any Claim against which the Indemnified Party may be indemnified or seek advancement under this Agreement. Such notice shall include a copy of the document or communication initiating or threatening the Claim, a description of the Claim or threatened Claim, a summary of the facts giving rise to the Claim or threatened Claim and, if possible, an estimate of any potential liability arising under the Claim or threatened Claim. Failure by the Indemnified Party to so notify the Corporation shall not relieve the Corporation from liability under this Agreement except and only to the extent that such failure materially prejudices the Corporation.

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7. **Legal Counsel**. Except in respect of an action by or on behalf of the Corporation or Other Entity, as the case may be, to procure a judgment in its favour against the Indemnified Party, the Corporation may, and upon the written request of the Indemnified Party shall, promptly after receiving from or delivering to the Indemnified Party written notice of any Claim or threatened Claim as required by Section 6, assume conduct of the defence thereof in a timely manner and retain counsel on behalf of the Indemnified Party, provided that such counsel is satisfactory to the Indemnified Party, acting reasonably, to represent the Indemnified Party in respect of the Claim. In the event the Corporation assumes conduct of the defence on behalf of the Indemnified Party as contemplated by this Section7, the Indemnified Party hereby consents to the conduct thereof and to any action taken by the Corporation, in good faith, in connection therewith, and the Indemnified Party shall fully cooperate in such defence including, without limitation, the provision of documents, attending examinations for discovery, making affidavits, meeting with counsel, testifying and divulging to the Corporation and, where applicable, to its insurers, all information reasonably required to investigate, defend or prosecute the Claim.

8. **Additional Legal Counsel**. The Indemnified Party shall have the right to employ separate counsel of the Indemnified Party's choosing in addition to the legal counsel retained by the Corporation as provided by Section 7 in connection with any Claim or other matter for which the Indemnified Party may be entitled to indemnity hereunder and to participate in the defence thereof provided the fees and disbursements of such additional counsel shall be at the Indemnified Party's expense unless any of the following applies, in which case the legal fees and disbursements of such additional counsel shall be paid by the Corporation on behalf of the Indemnified Party: (i) the Corporation has agreed in writing to pay the fees for such additional counsel; (ii) the Corporation has not appointed counsel to assume the conduct of the defence of such Claim in a timely manner; (iii) the Corporation has appointed counsel that is not satisfactory to the Indemnified Party, acting reasonably; or (iv) the Indemnified Party obtains an opinion from independent counsel (which opinion shall be in writing and provided to the Corporation) that there is an actual or potential conflict of interest between the Indemnified Party and the Corporation such that the Indemnified Party reasonably requests separate legal counsel.

9. **No Presumption as to Absence of Good Faith**. Unless a court of competent jurisdiction has finally held or decided that the Indemnified Party is not entitled to be fully or partially indemnified hereunder, the determination of any Claim by judgment, order, settlement or conviction (whether with or without court approval), or upon a plea of *nolo contendere* or its equivalent, shall not, in and of itself, create any presumption for the purposes of this Agreement that the Indemnified Party is not entitled to indemnity hereunder.

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10. **Settlement of Claim**. No admission of liability and no settlement of any Claim in a manner adverse to the Indemnified Party shall be made without the consent of the Indemnified Party, unless, in the case of a settlement by the Corporation, such settlement: (i) includes an unconditional release of the Indemnified Party from all liability arising out of such Claim; and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of the Indemnified Party.

11. **Other Rights and Remedies Unaffected**. The rights to indemnification and payment provided in this Agreement shall not derogate from or exclude or be diminished by any other rights to which the Indemnified Party may be entitled under any provision of the Act or otherwise under applicable law, the articles or by-laws of the Corporation, the constating documents of an Other Entity, any applicable policy of insurance, guarantee or third-party indemnity, any vote of securityholders of the Corporation or an Other Entity, or otherwise, both as to matters arising out of the Indemnified Party's capacity as a director or officer of the Corporation or Other Entity, or in a capacity similar thereto for the Corporation or an Other Entity, or as to matters arising out of any other capacity in which the Indemnified Party may act for or on behalf of the Corporation. To the extent that a change in the Act, whether by statute or judicial decision, permits greater indemnification by contract than would be afforded currently under this Agreement, it is the intent of the parties that the Indemnified Party shall enjoy by this Agreement the greater benefits so afforded by that change.

12. **Retroactive Effect**. The right to be indemnified or to the reimbursement or advancement of expenses pursuant to this Agreement is intended to be retroactive and shall be available with respect to events occurring prior to the execution hereof. For greater certainty, the rights of the Indemnified Party hereunder shall vest irrevocably at the time of his or her appointment as a director or officer or in any capacity similar thereto of the Corporation or an Other Entity.

13. **Cooperation**. The Corporation and the Indemnified Party shall, from time to time, provide such information and cooperate with the other, as the other may reasonably request, in respect of all matters addressed by this Agreement. The Indemnified Party shall cooperate fully with the Corporation and its insurers and provide any required information with respect to any matters relevant to or arising under any claims by the Corporation under any policy of directors' and officers' liability insurance in respect of or related to a Claim under this Agreement. Without limiting the foregoing, the Indemnified Party and his or her advisors shall at all times be entitled to review during regular business hours all documents, records and other information with respect to the Corporation which are under the Corporation's control and which may be reasonably necessary in order for the Indemnified Party to defend against any Claim that relates to, arises from or is based on the Indemnified Party having acted in his or her capacity as a director or officer of the Corporation or an Other Entity or by reason of that association with the Corporation or an Other Entity, provided that the Indemnified Party shall maintain all such information in strictest confidence except to the extent necessary for the Indemnified Party's defence. Nothing contained herein shall abrogate any legal privilege (solicitor/client, litigation or otherwise) that may be asserted by the Corporation in respect of such documents, records or information to object to disclosure to the Indemnified Party.

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14. **Effective Time**. This Agreement shall be deemed to have effect as and from the first date that the Indemnified Party became a director or officer of the Corporation or an Other Entity, or began serving in a capacity similar thereto for the Corporation or an Other Entity.

15. **Insolvency**. The liability of the Corporation under this Agreement shall not be affected, discharged, impaired, mitigated or released by reason of the discharge or release of the Indemnified Party in any bankruptcy, insolvency, receivership or other similar proceeding of creditors. The rights of the Indemnified Party under this Agreement shall not be prejudiced or impaired by permitting or consenting to any assignment in bankruptcy, receivership, insolvency or any other creditor's proceedings of or against the Corporation or by the winding-up or dissolution of the Corporation.

16. **Multiple Proceedings**. No action or proceeding brought or instituted under this Agreement and no recovery pursuant thereto shall be a bar or defence to any further action or proceeding which may be brought under this Agreement.

17. **Term**. This Agreement shall survive and continue indefinitely after the Indemnified Party has ceased to act as a director or officer of the Corporation and all Other Entities, and in all capacities similar thereto for the Corporation and all Other Entities.

18. **Deeming Provision**. The Indemnified Party shall be deemed to have acted or be acting at the specific request of the Corporation upon the Indemnified Party's being appointed or elected as a director or officer of the Corporation or an Other Entity, or into a capacity similar thereto for the Corporation or an Other Entity. No further documentation or evidence of the request to act from the Corporation to the Indemnified Party shall be required in order to entitle the Indemnified Party to the rights afforded by this Agreement.

19. **Miscellaneous**.

    a) Assignment. No party hereto may assign this Agreement or any rights or obligations under this Agreement without the prior written consent of the other parties hereto. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their successors, heirs, legal representatives and permitted assigns.

    b) Amendments and Waivers. No supplement, modification, amendment or waiver or termination of this Agreement and, unless otherwise specified, no consent or approval by any party hereto, shall be binding unless executed in writing by the party to be bound thereby.

    c) Notices. Any notice, consent or approval required or permitted to be given in connection with this Agreement (for the purposes of this Section 19(c) , a "**Notice**") shall be in writing and shall be sufficiently given if delivered, whether in person, by courier service or other personal method of delivery, or if transmitted by facsimile or e-mail:

        (i) in the case of a Notice to the Indemnified Party at:

        [NAME]
        [ADDRESS]
        [EMAIL]

        (ii) in the case of a Notice to the Corporation at:

        TerrAscend Corp
        P.O. Box 43125
        Mississauga, Ontario
        L5B 4A7
        Attention: General Counsel
        E-mail: legal@terrascend.com

    Any Notice delivered or transmitted to a party hereto as provided above shall be deemed to have been given and received on the day it is delivered or transmitted, provided that it is delivered or transmitted prior to 5:00 p.m. local time in the place of delivery or receipt. However, if the Notice is delivered or transmitted after 5:00 p.m. local time or if such day is not a day during which banks are open for business in the City of Toronto, Ontario, then the Notice shall be deemed to have been given and received on the next day during which banks are open for business in the City of Toronto, Ontario. Either party hereto may, from time to time, change its address by giving Notice to the other party in accordance with the provisions of this Section 19(c).

    d) Severability. If any part of this Agreement or the application of such part to any person, entity or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such part to any other or person or circumstance, shall not be affected thereby and each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by applicable law.

    e) Further Assurances. The Corporation and the Indemnified Party shall, with reasonable diligence, do all such further acts, deeds or things and execute and deliver all such further documents as may be necessary or advisable for the purpose of assuring and conferring on the Indemnified Party the rights hereby created or intended, and of giving effect to and carrying out the intention or facilitating the performance of the terms of this Agreement.

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f) Execution and Delivery. This Agreement may be executed by the Parties in counterparts and may be executed and delivered by facsimile and all such counterparts and facsimiles together shall constitute one and the same agreement.

g) Governing Law. This Agreement is a contract made under and shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable in the Province of Ontario. The Parties hereby irrevocably submit and attorn to the jurisdiction of the courts of the Province of Ontario with respect to all matters arising out of or relating to this Agreement and all matters, agreements or documents contemplated by this Agreement. The Parties hereby waive any objections they may have to the venue being in such courts including, without limitation, any claim that any such venue is in an inconvenient forum.

h) Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof.

i) Interpretation. The headings in this Agreement are for reference only and shall not affect the meaning or interpretation of this Agreement. Unless the context otherwise requires, words importing the singular shall include the plural and vice versa and words importing any gender shall include all genders and the words "including" and "includes" are meant to be illustrative and not limiting.

IN WITNESS WHEREOF each of the parties hereto have duly executed this Agreement.

TERRASCEND CORP.

By: _____
Name:
Title:

_____ _____

Witness [NAME]

EXHIBIT 21.1

List of Subsidiaries of TerrAscend Corp.

Subsidiary	State Or Other Jurisdiction Of Incorporation Or Organization
13172104 Canada Inc.	Canada
TerrAscend Canada Inc.	Ontario
13283941 Canada Inc.	Canada
Solace Health Network Inc.	Canada
TerrAscend Medical Holdings Inc.	Canada
2627685 Ontario Inc.	Ontario
2151924 Alberta Ltd.	Alberta
2671983 Ontario Inc.	Ontario
Solace Rx Inc.	Ontario
Ascendant Laboratories Inc.	Ontario
TerrAscend USA, Inc.	Delaware
TerrAscend America, Inc.	Delaware
Arise Bioscience, Inc.	Delaware
WDB Holding PA, Inc.	Delaware
WDB Holding NV, Inc.	Delaware
WDB Holding CA, Inc.	Delaware
WDB Management CA LLC	California
WDB Holding MI, Inc.	Delaware
Well and Good, Inc.	Delaware
BTHHM Berkeley, LLC	California
PNB Noriega LLC	California
V Products, LLC	California
Ilera Healthcare LLC	Pennsylvania
Ilera Dispensing LLC	Pennsylvania
IHC Real Estate GP, LLC	Delaware
IHC Real Estate LP	Delaware
Ilera Security LLC	Pennsylvania
235 Main Street Mercersburg LLC	Pennsylvania
Ilera InvestCo I, LLC	Pennsylvania
Ilera Dispensing 2 LLC	Pennsylvania
Ilera Dispensing 3 LLC	Pennsylvania
WDB Holding GA, Inc.	Georgia
Aspire Medical Partners, LLC	Georgia
WDB Holding MD, Inc.	Maryland
HMS Health, LLC	Maryland
HMS Processing LLC	Maryland
TerrAscend Utah, LLC	Utah
TerrAscend NJ LLC	New Jersey
Apothecarium Caring Project LLC	California
Oxnard Caring Project LLC	California
Capitola Caring Project, LLC	California
ABI SF LLC	California
RHMT, LLC	California
Deep Thought LLC	California
Howard Street Partners, LLC	California
IHC Management LLC	Delaware
GuadCo LLC	Pennsylvania
KCR Holdings LLC	Pennsylvania
PA Store 299 LLC	Delaware